INDEPENDENT AUDITORS' REPORT

To the Members of **Mahindra Rural Housing Finance Limited**

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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.

Description of Key Audit Matter

Impairment loss allowance

Refer Notes 2.5(ii) and 44(ii) to the financial statements

The key audit matter

The Company has recognized impairment loss allowance of Rs. 36,592.66 lakhs as at 31 March 2019 and has recognized an expense for Rs. 4,314 lakhs in its statement of profit and loss.

The determination of impairment loss allowance is inherently judgmental and relies on management's best estimate due to the following:

- Increased level of data inputs for capturing the historical data to calculate the Probability of Default ('PDs') and Loss Given Default ("LGD") and the completeness and accuracy of that data
- Use of management overlays for considering the probability weighted scenarios, the forward looking macro-economic factors and the timing of cash flows
- Criteria selected to identify significant increase in credit risk

Estimates, by their nature, give rise to a higher risk of material misstatement due to error or fraud. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered this as a key audit matter.

How the matter was addressed in our audit

We performed the following key audit procedures:

- Performed process walkthroughs to identify the key systems, applications and controls used in the impairment allowance processes.
- Assessed the design and implementation of controls in respect of the Company's impairment allowance process such as the timely recognition of impairment loss, the completeness and accuracy of reports used in the impairment allowance process and management review processes over the calculation of impairment allowance and the related disclosures on credit risk management.
- Tested the relevant general IT and applications controls over key systems used in the impairment allowance processes.
- Evaluated whether the methodology applied by the Company is compliant with the requirements of the relevant accounting standards and confirmed that the calculations are performed in accordance with the approved methodology, including checking mathematical accuracy of the workings.
- Tested the periods considered for capturing underlying data as base to PD and LGD calculations are in line with Company's recent experience of past observed periods.
- Tested the accuracy of the key inputs used in the calculation and independently evaluated the reasonableness of the assumptions made.
- Challenged completeness and validity of management overlays with assistance of our financial risk modelling experts by critically evaluating the risks that have been addressed by management through overlays and also considering whether there are other risks not captured which require additional overlays. We also tested management's workings supporting the overlay quantum.

Disclosures:

- We assessed whether the disclosures on key judgements, assumptions and quantitative data with respect to impairment loss allowance in the financial statements are appropriate and sufficient.

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 annual report, but does not include the financial statements and our auditors' report thereon.

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

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

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 and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

- 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.

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

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

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

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

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

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

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 35 to the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Note 37 to the financial statements; and

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

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

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

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
18 April 2019

Annexure A to the Independent Auditor's Report - 31 March 2019

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2019, we report that:

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets are physically verified by the management according to a programme of phased verification, which in our opinion is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties 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 inventory. Accordingly, 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. Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Companies act, 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of sections 73, 74, 75 and 76 of the Act and Rules framed thereunder to the extent notified. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any activities conducted/ services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

(b) According to the information and explanations given to us, the following dues have not been deposited by the Company on account of any disputes.

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	37.75	2011-12	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	5.41	2012-13	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	22.54	2013-14	Commissioner of Income Tax (Appeals)

viii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not defaulted in the repayment of outstanding dues to financial institution, bank, or debenture holder during the year. The Company did not have any borrowings from the government during the year.

ix. According to the information and explanations given to us, the Company has utilised the money raised by way of issue of non-convertible debentures and the terms loans during the year for the purpose for which they were raised. During the year, the Company has not raised moneys by way of initial public offer or further public offer.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, except for 120 cases aggregating Rs. 57.97 Lakhs, we have neither come across any instance of fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

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

xiv. According to the information and explanations given by the management, the Company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

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

xvi. According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
18 April 2019

Annexure B to the Independent Auditor's Report - 31 March 2019

Report on the internal financial controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

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

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to financial statements based on the internal control criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and 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, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of internal financial controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

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

Venkataramanan Vishwanath
Partner
Membership No: 113156

Mumbai
18 April 2019

BALANCE SHEET AS AT 31 MARCH 2019

Particulars	Note	**(Rs. in Lakhs) As at 31 March 2019**	(Rs. in Lakhs) As at 31 March 2018	(Rs. in Lakhs) As at 01 April 2017
ASSETS				
1) Financial Assets				
a) Cash and cash equivalents	3	**2,982.62**	5,577.07	1,622.45
b) Loans	4	**768,924.90**	600,251.67	462,342.35
c) Other Financial assets	5	**315.10**	227.62	161.06
		772,222.62	606,056.36	464,125.86
2) Non-financial Assets				
a) Current tax assets (Net)		**402.53**	171.02	0.94
b) Deferred tax Assets (Net)	6	**7,404.97**	8,780.77	7,143.62
c) Property, Plant and Equipment	7	**2,454.43**	1,797.87	1,526.36
d) Other Intangible assets	8	**115.71**	45.79	32.53
e) Other non-financial assets	9	**542.88**	1,139.33	707.57
		10,920.52	11,934.78	9,411.02
TOTAL ASSETS		**783,143.14**	617,991.14	473,536.88
LIABILITIES AND EQUITY				
LIABILITIES				
1) Financial Liabilities				
a) Payables	10			
Trade Payables				
i) total outstanding dues of micro enterprises and small enterprises		**–**	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises		**4,963.26**	4,642.77	3,344.39
b) Debt Securities	11	**239,650.58**	159,926.84	62,780.94
c) Borrowings (Other than Debt Securities)	12	**362,919.09**	335,310.87	295,905.77
d) Subordinated Liabilities	13	**31,024.26**	28,236.76	18,793.49
e) Other financial liabilities	14	**29,793.84**	12,960.95	45,497.73
		668,351.03	541,078.19	426,322.32
2) Non-Financial Liabilities				
a) Current tax liabilities (Net)		**–**	–	134.92
b) Provisions	15	**1,742.90**	1,897.92	956.49
c) Other non-financial liabilities	16	**340.94**	470.88	326.99
		2,083.84	2,368.80	1,418.40
3) EQUITY				
a) Equity Share capital	17	**12,130.14**	10,813.22	9,513.22
b) Other Equity	18	**100,578.13**	63,730.93	36,282.94
		112,708.27	74,544.15	45,796.16
TOTAL LIABILITIES AND EQUITY		**783,143.14**	617,991.14	473,536.88
Summary of significant accounting policies	2			

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Nityanath Ghanekar
Director
[DIN: 00009725]

V. Ravi
Director
[DIN: 00307328]

Anjali Raina
Director
[DIN: 02327927]

K. Chandrasekar
Director
[DIN: 01084215]

M. Narendra
Director
[DIN: 00536905]

Anuj Mehra
Managing Director
[DIN: 02712119]

Mumbai
18 April 2019

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR YEAR ENDED 31 MARCH 2019

	Particulars	Note	(Rs. in Lakhs) Year ended 31 March 2019	(Rs. in Lakhs) Year ended 31 March 2018
	REVENUE FROM OPERATIONS			
	i) Interest income	19	**135,296.69**	101,983.21
	ii) Dividend income	20	**123.34**	0.09
	iii) Fees and commission income	21	**2,947.06**	1,493.10
I	**Total revenue from operations**		**138,367.09**	103,476.40
II	Other income	22	**27.62**	6.23
III	**Total Income (I+II)**		**138,394.71**	103,482.63
	EXPENSES			
	i) Finance costs	23	**51,756.96**	38,195.61
	ii) Fees and commission expense	24	**111.56**	127.01
	iii) Impairment on financial instruments	25	**8,108.76**	10,781.14
	iv) Employee benefits expenses	26	**26,277.65**	19,246.99
	v) Depreciation and amortization	27	**1,059.72**	783.95
	vi) Others expenses	28	**14,463.67**	10,225.12
IV	**Total Expenses (IV)**		**101,778.32**	79,359.82
V	**Profit before tax (III -IV)**		**36,616.39**	24,122.81
VI	**Tax expense:**			
	(i) Current tax		**10,161.78**	8,367.00
	(ii) Deferred tax		**1,407.73**	(1,632.88)
			11,569.51	6,734.12
VII	**Profit for the year (V-VI)**		**25,046.88**	17,388.69
VIII	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	– Remeasurement loss on defined benefit plans		**(91.34)**	(12.22)
	(ii) Income tax impact thereon		**31.92**	4.27
	Other Comprehensive Income		**(59.42)**	(7.95)
IX	**Total Comprehensive Income for the year (VII+VIII) (Comprising Profit and Other Comprehensive Income for the year)**		**24,987.46**	17,380.74
X	**Earnings per equity share (for continuing operations)**	29		
	(Face value - Rs. 10/- per share)			
	Basic (Rupees)		**22.45**	18.24
	Diluted (Rupees)		**22.24**	18.09
	Summary of significant accounting policies	2		

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached.

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

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Nityanath Ghanekar
Director
[DIN: 00009725]

V. Ravi
Director
[DIN: 00307328]

Anjali Raina
Director
[DIN: 02327927]

K. Chandrasekar
Director
[DIN: 01084215]

M. Narendra
Director
[DIN: 00536905]

Anuj Mehra
Managing Director
[DIN: 02712119]

Mumbai
18 April 2019

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 31 MARCH 2019

		(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)
A	**Equity Share Capital**	**31 March 2019**	31 March 2018	01 April 2017
	Balance at the beginning of the year	**10,813.22**	9,513.22	9,513.22
	Changes in Equity share capital during the year			
	Add: Fresh allotment of shares:			
	- Issue of Shares	**1,282.05**	1,300.00	–
	- Shares issued under Employees' Stock Option Scheme	**193.52**	–	–
		12,288.79	10,813.22	9,513.22
	Less: Shares issued to ESOS Trust but not allotted to employees	**158.65**	–	–
	Balance at the end of the year	**12,130.14**	10,813.22	9,513.22

B Other Equity

	Reserves and Surplus					
	Statutory reserves	**Securities premium**	**General reserves**	**Employee stock options outstanding**	**Retained earnings or Profit & loss account**	**Total**
Balance as at 01 April 2017	9,204.93	17,038.74	290.00	–	9,749.27	36,282.94
Profit for the year	–	–	–	–	17,388.69	17,388.69
Other Comprehensive Income	–	–	–	–	(7.95)	(7.95)
Total Comprehensive Income for the year	–	–	–	–	17,380.74	17,380.74
Dividend paid on equity shares (including tax thereon)	–	–	–	–	(1,717.51)	(1,717.51)
Securities premium on fresh issue of equity share capital	–	11,687.00	–	–	–	11,687.00
Share based payment expense	–	–	–	97.76	–	97.76
Transfers to Statutory reserves	5,000.00	–	–	–	(5,000.00)	–
Balance as at 31 March 2018	**14,204.93**	**28,725.74**	**290.00**	**97.76**	**20,412.50**	**63,730.93**
Balance as at 01 April 2018	14,204.93	28,725.74	290.00	97.76	20,412.50	63,730.93
Profit for the year	–	–	–	–	25,046.88	25,046.88
Other Comprehensive Income	–	–	–	–	(59.42)	(59.42)
Total Comprehensive Income for the year	–	–	–	–	24,987.46	24,987.46
Dividend paid on equity shares (including tax thereon)	–	–	–	–	(2,216.19)	(2,216.19)
Securities premium on fresh issue of equity share capital	–	14,804.70	–	–	–	14,804.70
Premium on shares issued to ESOP Trust but not allotted to employees	–	(904.32)	–	–	–	(904.32)
Transfers to Securities premium on exercise of employee stock options	–	80.29	–	(80.29)	–	–
Share based payment expense	–	–	–	175.55	–	175.55
Transfers to Statutory reserves	7,375.00	–	–	–	(7,375.00)	–
Balance as at 31 March 2019	**21,579.93**	**42,706.41**	**290.00**	**193.02**	**35,808.77**	**100,578.13**

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

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Nityanath Ghanekar
Director
[DIN: 00009725]

V. Ravi
Director
[DIN: 00307328]

Anjali Raina
Director
[DIN: 02327927]

K. Chandrasekar
Director
[DIN: 01084215]

M. Narendra
Director
[DIN: 00536905]

Anuj Mehra
Managing Director
[DIN: 02712119]

Mumbai
18 April 2019

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

STATEMENT OF CASH FLOWS FOR YEAR ENDED 31 MARCH 2019

Particulars		(Rs. in Lakhs) Year ended 31 March 2019	(Rs. in Lakhs) Year ended 31 March 2018
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxes		**36,616.39**	24,122.81
Add/(Less):			
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense		**1,059.72**	783.95
Impairment on financial instruments		**8,108.76**	10,781.14
Loss/ (profit) on sale of fixed assets		**4.88**	0.41
Employee compensation expense on account of ESOP scheme		**175.54**	97.77
Dividend income from investment in mutual funds		**(123.34)**	(0.09)
Profit on sale of investments in mutual funds		**(11.77)**	–
Operating profit before working capital changes	**I**	**45,830.18**	35,785.99
Working capital changes			
Increase in Loans		**(176,419.78)**	(149,023.67)
Trade Payable		**320.49**	1,298.38
Other liabilities		**17,604.19**	(31,803.72)
Provision		**(246.36)**	929.21
	II	**(158,741.46)**	(178,599.80)
Cash used in operations	**(I+II)**	**(112,911.28)**	(142,813.81)
Income tax paid		**(10,393.29)**	(8,672.01)
NET CASH USED IN OPERATING ACTIVITIES (A)		**(123,304.57)**	(151,485.82)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed and intangible assets		**(1,659.34)**	(1,255.29)
Proceeds from sale of property, plant and equipment		**15.02**	21.05
Profit on sale of investments in mutual funds		**11.77**	–
Dividend received from investment in mutual funds		**123.34**	0.09
NET CASH USED IN INVESTING ACTIVITIES (B)		**(1,509.21)**	(1,234.15)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of equity shares (net of issue expenses for 31 March 2019: Rs. 16.30 Lakhs and for 31 March 2018: Rs. 13.00 Lakhs)		**15,217.30**	12,987.00
Debt securities issued		**325,810.00**	281,500.00
Debt securities repaid		**(247,000.00)**	(185,000.00)
Subordinated liabilities issued		**3,500.00**	9,500.00
Subordinated liabilities repaid		**(700.00)**	–
Borrowings other than debt securities issued		**263,500.00**	336,825.00
Borrowings other than debt securities repaid		**(235,891.78)**	(297,419.90)
Dividend paid including dividend distribution tax		**(2,216.19)**	(1,717.51)
NET CASH GENERATED FROM FINANCING ACTIVITIES (C)		**122,219.33**	156,674.59
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)		**(2,594.45)**	3,954.62
Cash and Cash Equivalents at the beginning of the year		**5,577.07**	1,622.45
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (refer note 3)		**2,982.62**	5,577.07

Particulars	**(Rs. in Lakhs)** **Year ended 31 March 2019**	(Rs. in Lakhs) Year ended 31 March 2018
Cash and cash equivalents at the end of the year		
- Cash on hand	**1,645.64**	848.11
- Balances with banks in current accounts	**1,336.98**	4,728.96
Total	**2,982.62**	**5,577.07**

Notes: The above Cash Flow Statement has been prepared under the 'Indirect method' as set out in the Indian Accounting Standard 7 'Cash Flow Statements'.

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

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Anuj Mehra
Managing Director
[DIN: 02712119]

Mumbai
18 April 2019

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

Notes to the Financial Statements for the year ended 31 March 2019

1 COMPANY INFORMATION

Mahindra Rural Housing Finance Limited ('the Company'), incorporated in India is a Housing Finance Company ('HFC') engaged in providing housing finance through its pan India branch network. In exercise of the powers conferred on the National Housing Bank vide Section 29A of The National Housing Bank Act, 1987, the Company has been granted Certificate of Registration dated 13 August 2007 to commence the business of a housing finance institution without accepting public deposits. The Company is a subsidiary of Mahindra & Mahindra Financial Services Limited. Mahindra & Mahindra Limited is the ultimate holding company.

The Company's registered office is at Mahindra Towers, 4th Floor, Dr. G. M. Bhosale Marg, Worli, Mumbai 400018, India.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance and basis for preparation and presentation of financial statements

These standalone or separate financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as per the Companies (Indian Accounting Standards) Rules 2015 as amended and notified under section 133 of the Companies Act, 2013 ("the Act"), in conformity with the accounting principals generally accepted in India and other relevant provisions of the Act.

The Company's financial statements upto and for the year ended 31 March 2018 were prepared in accordance with the Generally Accepted Accounting Principles in India (IGAAP) under the historical cost convention as a going concern and on accrual basis, unless otherwise stated, and in accordance with the provisions of the Act, the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules 2014 (as amended), prudential norms for income recognition, assets classification and provisioning for non-performing assets as well as contingency provision for standard assets as prescribed by The National Housing Bank (NHB) for HFCs and the guidelines issued by Securities and Exchange Board of India (SEBI) to the extent applicable (collectively referred as "Previous GAAP"). Any application guidance/ clarifications/ directions issued by NHB or other regulators are implemented as and when they are issued/ applicable.

These are the Company's first standalone or separate financial statements prepared in accordance with Indian Accounting Standards (Ind AS). The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards for transition from Previous GAAP to Ind AS. An explanation of how transition to Ind AS has affected the previously reported financial position, financial performance and cash flow of the Company is provided in Note 38.

These separate financial statements were approved by the Company's Board of Directors and authorised for issue on 18 April 2019.

2.2 Functional and presentation currency

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

2.3 Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

2.4 Measurement of fair values

A number of Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.The Company has established policies and procedures with respect to the measurement of fair values.Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.5 Use of estimates and judgements

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

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

Following are the areas that involve a higher degree of estimate and judgement or complexity in determining the carrying amount of some assets and liabilities.

(i) Effective Interest Rate (EIR) Method

The Company recognizes interest income/expense using a rate of return that represents the best estimate of a constant rate of return over the expected life of the loans given/taken. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well as expected changes to other fee income/expense that are integral parts of the instrument.

(ii) Impairment of Financial Assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk.

The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

- The Company's criteria for assessing if there has been a significant increase in credit risk
- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulas and the choice of inputs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL model

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 44)

2.6 First-time adoption of Ind AS – mandatory exceptions and optional exemptions

Overall principle:

The Company has prepared the opening balance sheet (refer note 38) as per Ind AS as of 1st April 2017 ("the transition date") by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as discussed below:

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to measure property, plant and equipment, and intangible assets at its Previous GAAP carrying amount and use that previous GAAP carrying amount as its deemed cost at the date of transition to Ind AS.

Notes to the Financial Statements for the year ended 31 March 2019

Leases

The Company has availed the exemption to assess whether an arrangement contains a lease based on facts and circumstances existing on the date of transition to Ind AS.

2.7 Revenue recognition:

a) Recognition of interest income

Effective Interest Rate (EIR) method

Interest income is recognised in the statement of profit and loss using the effective interest method for all financial instruments measured at amortised cost. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

The calculation of the effective interest rate includes transaction costs and fees that are an integral part of the contract. Transaction costs include incremental costs that are directly attributable to the acquisition of financial asset.

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

Interest income

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

When a financial asset becomes credit-impaired, the Company calculates interest income by applying the effective interest rate to the net amortised cost 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.

Additional interest income is recognised when it becomes measurable and when it is not unreasonable to expect its ultimate collection.

b) Fee and commission income

Fee based income are recognised when they become measurable and when it is probable to expect their ultimate collection.

c) Dividend and interest income on investments

Dividends are recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

2.8 Property, Plant and Equipments (PPE)

PPE are stated at cost of acquisition (including incidental expenses), less accumulated depreciation and accumulated impairment loss, if any.

Assets held for sale or disposals are stated at the lower of their net book value and net realisable value.

Advances paid towards the acquisition of PPE outstanding at each balance sheet date are disclosed separately under Other non-financial assets. Capital work in progress comprises the cost of Property, Plant and Equipment that are not ready for its intended use at the reporting date.

Depreciation on PPE is provided on straight-line basis in accordance with the useful lives specified in Schedule II to the Companies Act, 2013 on a pro-rata basis. The estimated useful life for the assets are stated as below:

Assets	Useful life
Buildings	- 60 years
Computers	- 3 years
Furniture and fixtures	- 10 years
Vehicles	- 8 years
Office equipments	- 5 years
Computer Software	- 3 years

For following assets the useful life is taken as estimated by the management based on the actual usage pattern of the assets:

- Assets costing less than Rs.5000/- are fully depreciated in the period of purchase.
- Vehicles used by employees are depreciated over the period of 48 months considering this period as the useful life of the vehicle for the Company, as against the useful life of 8 years as mentioned in Schedule II.

Property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) is recognised in other income/netted off from any loss on disposal in the statement of profit and loss in the year the asset is derecognised.

2.9 Intangible assets:

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Intangible assets comprises of computer software which is amortized over the estimated useful life. The maximum period for such amortization is taken as 36 months based on management's estimates of useful life. Amortisation is calculated using the Straight line method to write down the cost of intangible assets over their estimated useful lives.

2.10 Cash and cash equivalent:

Cash comprises of cash on hand and demand deposits with bank. The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

2.11 Financial instruments:

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. 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 and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the statement of profit and loss.

Classification and subsequent measurement

- ***Financial assets***

  On initial recognition, a financial asset is classified as measured at

  - *Amortised cost;*
  - *Fair Value Through Other Comprehensive Income (FVTOCI) - debt instruments;*
  - *Fair Value Through Other Comprehensive Income (FVTOCI) - equity instruments;*
  - *Fair Value Through Profit and Loss (FVTPL)*

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios being the level at which they are managed. The financial asset is held with the objective to hold financial asset in order to collect contractual cash flows as per the contractual terms that give rise on specified dates to cash flows that are solely payment of principal and interest (SPPI) on the principal amount outstanding. Accordingly, the Company measures bank balances and loans at amortised cost.

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.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

Notes to the Financial Statements for the year ended 31 March 2019

Financial assets: Subsequent measurement and gains and losses -

Financial assets at amortised cost are subsequently measured at amortised cost using effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in Statement of profit and loss. Any gain and loss on derecognition is recognised in Statement of profit and loss.

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

Financial liabilities and equity instruments:
Classification as debt or equity -
Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments -
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. Transaction costs of an equity transaction are recognised as a deduction from equity.

Financial liabilities -
Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is a derivative or it is designated as such on initial recognition. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit and loss.

Derecognition
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 or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. The difference between the carrying value of the financial liability and the consideration paid is recognised in the statement of profit and loss.

Offsetting
Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial instruments
Equity instruments are not subject to impairment under Ind AS 109.

Financial assets carried at amortised cost:
The Company recognises lifetime expected credit loss (ECL) when there has been a significant increase in credit risk since initial recognition and when the financial assets carried at amortised cost is credit impaired. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition. 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on historical experience and forward-looking information.

The expected credit losses on these financial assets are estimated using a historical credit loss experience, adjusted for factors that are specific to the general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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

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 debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit and loss.

2.12 Employee benefits:

a) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Contribution to provident fund and National Pension Scheme
Company's contribution paid/payable during the year to provident fund and National Pension Scheme is recognised in the Statement of profit and loss.

c) Gratuity
The Company's liability towards gratuity scheme is determined by actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. Past services are recognised at the earlier of the plan amendment/curtailment and recognition of related restructuring costs/termination benefits.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains/losses
Remeasurement of defined benefit plans, comprising of acturial gains/losses, return on plan assets excluding interest income are recognised immediately in the balance sheet with corresponding debit or credit to Other Comprehensive Income (OCI). Remeasurements are not reclassified to the statement of profit and loss in the subsequent period.

Remeasurement gains or losses on long-term compensated absences that are classified as other long-term benefits are recognised in the statement of profit and loss.

d) Superannuation fund
The Company makes contribution to the Superannuation scheme, a defined contribution plan, administered by Life Insurance Corporation of India, which are charged to the statement of profit and loss. The Company has no obligation to the scheme beyond its contributions.

Notes to the Financial Statements for the year ended 31 March 2019

e) **Leave encashment/compensated absences/sick leave**
The Company provides for the encashment/availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits for future encashment/availment. The liability is provided based on the number of days of unutilized leave at each balance sheet date on the basis of an independent actuarial valuation.

g) **Employee stock options**
Equity-settled share-based payments to employees are recognised as an expense at the fair value of stock options at the grant date. The fair value determined at the grant date of the Equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

2.13 Finance costs:

Finance costs include interest expense computed by applying the effective interest rate on respective financial instruments measured at amortised cost, i.e., bank term loans, non-convertible debentures, inter corporate deposits, commercial papers and subordinated debts, to the extent they are regarded as an adjustment to the interest cost. Finance costs are charged to the Statement of profit and loss.

2.14 Taxation - Current and deferred tax:

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are 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.

a) **Current tax:**
Current tax comprises amount of tax payable in respect of the taxable income or loss for the year determined in accordance with Income Tax Act, 1961 and any adjustment to the tax payable or receivable in respect of previous years. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b) **Deferred tax:**
Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary difference could be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

2.15 Securities issue expenses:

Expenses incurred in connection with the fresh issue of Share capital are adjusted against Securities premium reserve.

2.16 Impairment of non financial assets:

The Company reviews the carrying amounts of its tangible and other intangible assets at the end of each reporting period, to determine whether there is any indication that those assets have impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is determined for an individual asset, unless the asset does not generate cash flows that are largely independent of those from other assets or group of assets.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the assets is considered impaired, and is written down to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount such that the increased carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised for the asset (or cash-generating unit) in prior years. The reversal of an impairment loss is recognised in the statement of profit and loss.

2.17 Provisions:

Provisions are recognised when there is a present obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

2.18 Leases:

Where the Company is the lessee -
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of profit and loss.

2.19 Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders is divided by the weighted average number of equity shares outstanding during the period, considered for deriving basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.20 Standards issued but not yet effective:

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116, Leases and consequential amendments to various Ind AS standards. The amendments are effective from accounting periods beginning from 1st April 2019.

Ind AS 116 Leases
The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17 on Leases and related interpretive guidance. Company is currently evaluating the impact of Ind AS 116 on its financial statements.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes

Recognition of income tax consequences of dividends:

Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognised when a liability to pay dividend is recognised. The income tax consequences should be recognised in the statement of profit and loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognised. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 19, Employee Benefits

Clarifies that when a plan amendment, curtailment or settlement occurs:

The updated actuarial assumptions used in remeasuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in Other Comprehensive Income. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 109, Financial Instruments

Prepayment Features with Negative Compensation:

It allows particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortised cost or at FVOCI (subject to the business model assessment). Before the amendments, these instruments were measured at FVTPL because the SPPI criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so.

The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or less than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination.

The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

3 Cash and cash equivalents

	31 March 2019	31 March 2018	1 April 2017
Cash on hand	**1,645.64**	848.11	700.23
Balances with banks in current accounts	**1,336.98**	4,728.96	922.22
Total	**2,982.62**	5,577.07	1,622.45

4 Loans and advances (at amortised cost)

		31 March 2019	31 March 2018	1 April 2017
A)	**Loans:**			
	Loans against assets	**804,752.75**	631,126.21	484,690.85
	Other loans and advances	**122.01**	90.67	492.22
	Total (A) - Gross	**804,874.76**	631,216.88	485,183.07
	Less: Impairment loss allowance	**(35,949.86)**	(30,965.21)	(22,840.72)
	Total (A) - Net	**768,924.90**	600,251.67	462,342.35
B)	**i) Secured by tangible assets (hypothecation on land and/or building)**	**804,752.75**	631,126.21	484,690.85
	ii) Unsecured	**122.01**	90.67	492.22
	Total (B) - Gross	**804,874.76**	631,216.88	485,183.07
	Less: Impairment loss allowance	**(35,949.86)**	(30,965.21)	(22,840.72)
	Total (B) - Net	**768,924.90**	600,251.67	462,342.35
C)	**I) Loans in India**			
	i) Public Sector	**–**	–	–
	ii) Others	**804,874.76**	631,216.88	485,183.07
	Total (C) - Gross	**804,874.76**	631,216.88	485,183.07
	Less: Impairment loss allowance	**(35,949.86)**	(30,965.21)	(22,840.72)
	Total (C) (I) - Net	**768,924.90**	600,251.67	462,342.35
	II) Loans outside India	**–**	–	–
	Less: Impairment loss allowance	**–**	–	–
	Total (C) (II) - Net	**–**	–	–
	Total C (I) and C (II)	**768,924.90**	600,251.67	462,342.35

5 Other financial assets

	31 March 2019	31 March 2018	1 April 2017
Security deposits for office premises/others	**310.80**	227.62	157.64
Insurance claims receivable	**4.30**	–	3.42
Total	**315.10**	227.62	161.06

6 Deferred tax assets

	31 March 2019	31 March 2018	1 April 2017
Tax effect of items constituting deferred tax assets:			
Provision for employee benefits	**500.51**	256.63	156.09
Allowance for Expected Credit Loss (ECL)	**1,313.08**	3,188.39	3,123.76
Effective Interest Rate (EIR) - Financial instruments	**5,292.13**	5,145.02	3,770.47
Depreciation on property, plant and equipment	**299.25**	190.73	93.30
Total	**7,404.97**	8,780.77	7,143.62

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

7 Property, plant and equipments

Particulars	Buildings*	Computers	Furniture and fixtures	Vehicles	Office equipments	Total
GROSS CARRYING AMOUNT						
Balance as at 1 April 2017	23.12	805.25	413.69	616.65	1,038.75	2,897.46
Additions during the year	–	347.69	236.15	194.57	276.87	1,055.28
Disposals/deductions during the year	–	2.25	4.91	75.45	2.16	84.77
Balance as at 31 March 2018	23.12	1,150.69	644.93	735.77	1,313.46	3,867.97
Balance as at 1 April 2018	23.12	1,150.69	644.93	735.77	1,313.46	3,867.97
Additions during the year	–	560.38	234.06	506.40	366.19	1,667.03
Disposals/deductions during the year	–	0.58	7.30	72.25	4.48	84.61
Balance as at 31 March 2019	**23.12**	**1,710.49**	**871.69**	**1,169.92**	**1,675.17**	**5,450.39**
ACCUMULATED DEPRECIATION						
Balance as at 1 April 2017	0.52	469.35	215.54	232.09	453.60	1,371.10
Additions during the year	0.38	215.96	128.12	120.98	296.86	762.30
Disposals/deductions during the year	–	1.93	4.35	55.26	1.76	63.30
Balance as at 31 March 2018	0.90	683.38	339.31	297.81	748.70	2,070.10
Balance as at 1 April 2018	0.90	683.38	339.31	297.81	748.70	2,070.10
Additions during the year	0.39	350.70	142.59	177.14	319.75	990.57
Disposals/deductions during the year	–	0.35	5.43	57.21	1.72	64.71
Balance as at 31 March 2019	**1.29**	**1,033.73**	**476.47**	**417.74**	**1,066.73**	**2,995.96**
NET CARRYING AMOUNT						
As at 01 April 2017	22.60	335.90	198.15	384.56	585.15	1,526.36
As at 31 March 2018	22.22	467.31	305.62	437.96	564.76	1,797.87
As at 31 March 2019	**21.83**	**676.76**	**395.22**	**752.18**	**608.44**	**2,454.43**

* **Secured non convertible debentures (NCDs) have exclusive pari passu charges on buildings whose carrying amount is Rs. 22.22 Lakhs (31 March 2018 - Rs. 22.60 Lakhs)**

8 Other intangible assets

Particulars	Computer software
GROSS CARRYING AMOUNT	
Balance as at 1 April 2017	33.46
Additions during the year	34.91
Disposals/deductions during the year	–
Balance as at 31 March 2018	68.37
Balance as at 1 April 2018	68.37
Additions during the year	139.07
Disposals/deductions during the year	–
Balance as at 31 March 2019	**207.44**
ACCUMULATED DEPRECIATION	
Balance as at 1 April 2017	0.93
Additions during the year	21.65
Disposals/deductions during the year	–
Balance as at 31 March 2018	22.58
Balance as at 1 April 2018	22.58
Additions during the year	69.15
Disposals/deductions during the year	–
Balance as at 31 March 2019	**91.73**
NET CARRYING AMOUNT	
As at 01 April 2017	32.53
As at 31 March 2018	45.79
As at 31 March 2019	**115.71**

9 Other non-financial assets

	31 March 2019	31 March 2018	1 April 2017
Capital advances	**390.37**	537.13	372.03
Prepaid expenses	**152.51**	602.20	335.54
Total	**542.88**	1,139.33	707.57

10 Payables

	31 March 2019	31 March 2018	1 April 2017
I) Trade Payables			
i) total outstanding dues of micro enterprises and small enterprises	**–**	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**4,963.26**	4,642.77	3,344.39
II) Other Payables			
i) total outstanding dues of micro enterprises and small enterprises	**–**	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	**–**	–	–
	4,963.26	4,642.77	3,344.39

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

Micro, Small and Medium Enterprises:

Based on and to the extent of the information received by the Company from the suppliers during the year regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), the total outstanding dues of Micro and Small enterprises, which are outstanding for more than the stipulated period and other disclosures as per the Micro, Small and Medium Enterprises Development Act, 2006 (hereinafter referred to as "the MSMED Act") are given below:

		31 March 2019	31 March 2018	1 April 2017
a)	Dues remaining unpaid to any supplier at the year end			
–	Principal	–	–	–
–	Interest on the above	–	–	–
b)	Interest paid in terms of Section 16 of the MSMED Act along with the amount of payment made to the supplier beyond the appointed day during the year			
–	Principal paid beyond the appointed date	–	–	–
–	Interest paid in terms of Section 16 of the MSMED Act	–	–	–
c)	Amount of interest due and payable for the period of delay on payments made beyond the appointed day during the year	–	–	–
d)	Amount of interest accrued and remaining unpaid	–	–	–
e)	Further interest due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises	–	–	–
Total		–	–	–

11 Debt Securities

		31 March 2019	31 March 2018	1 April 2017
At Amortised cost				
i)	**Bonds/Debentures (Secured)**			
-	Non-convertible debentures	**195,247.59**	119,469.04	43,025.71
ii)	**Others (Unsecured)**			
-	Commercial Papers	**44,402.99**	40,457.80	19,755.23
Total		**239,650.58**	159,926.84	62,780.94
Debt securities in India		**239,650.58**	159,926.84	62,780.94
Debt securities outside India		–	–	–
Total		**239,650.58**	**159,926.84**	**62,780.94**

There are no debt securities measured at FVTPL or designated at FVTPL

Details of Bonds/Debentures (Secured) - Non-convertible debentures#:

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest rate range	Amount	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:						
Maturing beyond 5 years	**8.30%-9.18%**	**4,510.00**	8.27%-8.30%	7,000.00	8.30%	1,000.00
Maturing between 3 years to 5 years	**7.82%-9.25%**	**46,500.00**	7.82%-8.90%	33,000.00	8.10%-8.90%	21,350.00
Maturing between 1 year to 3 years	**7.76%-9.75%**	**114,150.00**	7.73%-8.74%	74,350.00	7.90%-8.74%	24,000.00
Maturing within 1 year	**7.73%-8.74%**	**31,500.00**	7.90%-8.00%	7,500.00		–
Total at face value		**196,660.00**		121,850.00		46,350.00
Less: Unamortised finance cost		**1,412.41**		2,380.96		3,324.29
Total amortised cost		**195,247.59**		119,469.04		43,025.71

Secured by pari passu charges on office premise and exclusive charge on receivables under loan contracts, owned assets and book debts to the extent of 100% of outstanding secured debentures.

The rates mentioned above are the applicable rates as at the yearend date. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR)/Treasury bill (T-bill) based spreads.

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures/Bonds 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.

Details of others debt securities (Unsecured) - Commercial Papers:

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest rate range	Amount	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:						
Maturing within 1 year	**7.77%-7.90%**	**45,000.00**	7.45%-7.80%	41,000.00	7.30%-7.60%	20,000.00
Total at face value		**45,000.00**		41,000.00		20,000.00
Less: Unamortised finance cost		**597.01**		542.20		244.77
Total amortised cost		**44,402.99**		40,457.80		19,755.23

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

12 Borrowings (Other than Debt Securities)

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
i) Term loans			
Secured -			
- from banks	**308,738.89**	298,705.56	245,670.47
- from other parties	**3,180.20**	7,651.19	13,706.00
ii) Loans from related parties			
Unsecured -			
- Inter-corporate deposits (ICDs)	**51,000.00**	24,475.00	20,550.00
iii) Loans repayable on demand			
Secured -			
- from banks			
- Cash credit facilities	**–**	4,479.12	15,979.30
Total	**362,919.09**	335,310.87	295,905.77
Borrowings in India	**362,919.09**	335,310.87	295,905.77
Borrowings outside India	**–**	–	–
Total	**362,919.09**	335,310.87	295,905.77

There are no borrowings measured at FVTPL or designated at FVTPL

Details of term loans from banks (Secured)

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest rate range	**Amount**	Interest rate range	Amount	Interest rate range	Amount
1) Repayable on maturity:						
Maturing between 3 years to 5 years	**7.90%-9.50%**	**25,000.00**	7.90%-8.75%	40,000.00	8.40%-8.75%	25,000.00
Maturing between 1 year to 3 years	**8.20%-9.50%**	**57,500.00**	7.85%-8.75%	53,500.00	8.75%-9.70%	30,000.00
Maturing within 1 year	**8.70%-9.50%**	**43,500.00**	8.00%-8.15%	15,000.00	7.90%-9.70%	55,450.00
Total		**126,000.00**		108,500.00		110,450.00
2) Repayable in installments:						
i) Quarterly -						
Maturing between 3 years to 5 years	**8.75%**	**1,111.11**	8.10%-8.35%	4,166.67	8.15%	3,055.56
Maturing between 1 year to 3 years	**8.75%-8.85%**	**12,500.00**	8.10%-8.35%	10,555.56	8.15%	8,333.33
Maturing within 1 year	**8.75%-8.85%**	**9,444.44**	8.10%-8.35%	6,666.67	8.15%	4,298.25
Sub total		**23,055.55**		21,388.90		15,687.14
ii) Half yearly -						
Maturing beyond 3 years to 5 years	**8.70%**	**5,000.00**	8.25%-8.45%	18,333.33	8.75%	6,666.67
Maturing between 1 year to 3 years	**8.70%-9.00%**	**16,666.67**	8.45%	10,000.00	8.75%	10,000.00
Maturing within 1 year	**9.00%**	**6,666.67**	8.45%	3,333.33	8.75%	6,666.66
Sub total		**28,333.34**		31,666.66		23,333.33
iii) Yearly -						
Maturing between 3 years to 5 years	**8.20%-9.70%**	**28,050.00**	8.00%-8.45%	39,650.00	8.20%-9.30%	31,300.00
Maturing between 1 year to 3 years	**8.20%-9.70%**	**72,000.00**	8.00%-9.34%	71,700.00	8.20%-9.63%	55,850.00
Maturing within 1 year	**8.20%-9.34%**	**31,300.00**	8.20%-9.34%	25,800.00	9.25%-9.63%	9,050.00
Sub total		**131,350.00**		137,150.00		96,200.00
Total		**182,738.89**		190,205.56		135,220.47
Total (1+2) (As per contractual terms)		**308,738.89**		298,705.56		245,670.47
Less Unamortized Finance Cost		**–**		–		–
Total Amortized Cost		**308,738.89**		298,705.56		245,670.47

Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans

The rates mentioned above are the applicable rates as at the yearend date. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR)/Treasury bill (T-bill) based spreads.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

Details of Secured term loans from other parties (National Housing Bank)

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest rate range	Amount	Interest rate range	Amount	Interest rate range	Amount
1) Repayable in installments:						
Quarterly -						
Maturing between 3 years to 5 years	–	–	8.80%	378.00	7.65%-9.30%	2,054.80
Maturing between 1 year to 3 years	**9.30%-9.55%**	**973.80**	7.95%-9.05%	3,637.20	7.65%-9.05%	6,339.39
Maturing within 1 year	**9.05%-9.65%**	**2,206.40**	7.95%-9.05%	3,635.99	7.65%-9.70%	5,311.81
Total		**3,180.20**		7,651.19		13,706.00
Less Unamortized Finance Cost		–		–		–
Total Amortized Cost		**3,180.20**		7,651.19		13,706.00

Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans

Details of Inter-corporate deposits (ICDs) (Unsecured):

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest rate range	Amount	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:						
Maturing between 1 year to 3 years	–	–	–	–	9.80%	200.00
Maturing within 1 year	**7.75%-9.40%**	**51,000.00**	7.20%-8.55%	24,475.00	7.60%-9.80%	20,350.00
Total		**51,000.00**		24,475.00		20,550.00
Less Unamortized Finance Cost		–		–		–
Total Amortized Cost		**51,000.00**		24,475.00		20,550.00

Loans repayable on demand - Cash credit facilities with banks (Secured)

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest rate range	Amount	Interest rate range	Amount	Interest rate range	Amount
Repayable on maturity:						
Maturing within 1 year		–	7.90%-10.25%	4,479.12	8.15%-10.50%	15,979.30
Total		–		4,479.12		15,979.30
Less Unamortized Finance Cost		–		–		–
Total Amortized Cost		–		4,479.12		15,979.30

Secured by exclusive charge on receivables under loan contracts and book debts to the extent of 100% of outstanding secured loans

The rates mentioned above are the applicable rates as at the yearend date. These includes floating rate loans which are based on Marginal Cost of fund based Lending Rate (MCLR)/Treasury bill (T-bill) based spreads.

Receivables under loan contracts, book debts and building as of 31 March 2019 with an outstanding amount of Rs. 4,71,203.71 Lakhs (31 March 2018: Rs. 4,14,588.16 Lakhs; 01 April 2017: Rs. 2,36,525.47 Lakhs) are pledged as collateral against the borrowings.

13 Subordinated liabilities

	31 March 2019	31 March 2018	1 April 2017
At Amortised cost			
Unsecured Subordinated redeemable non-convertible debentures	**31,024.26**	28,236.76	18,793.49
Total	**31,024.26**	28,236.76	18,793.49
Subordinated liabilities in India	**31,024.26**	28,236.76	18,793.49
Subordinated liabilities outside India	–	–	–
Total	**31,024.26**	28,236.76	18,793.49

There are no subordinated liabilities measured at FVTPL or designated at FVTPL

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

Details of Subordinated liabilities (at Amortised cost) - Unsecured Subordinated redeemable non-convertible debentures#:

From the Balance Sheet date	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Interest rate range	Amount	Interest rate range	Amount	Interest rate range	Amount
A) Issued on private placement						
Repayable on maturity:						
Maturing beyond 5 years	**8.40%-9.50%**	**31,200.00**	8.40%-9.50%	27,700.00	8.40%-9.50%	18,200.00
Maturing between 3 years to 5 years	–	–	–	–	–	–
Maturing between 1 year to 3 years	–	–	–	–	11.00%	700.00
Maturing within 1 year	–	–	11.00%	700.00	–	–
Sub-total at face value		**31,200.00**		28,400.00		18,900.00
Less: Unamortised finance cost		**175.74**		163.24		106.51
Total amortised cost		**31,024.26**		28,236.76		18,793.49

\# The funds raised by the Company during the year by issue of Unsecured Subordinated reedemable Non Convertible Debentures/Bonds 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.

14 Other financial liabilities

	31 March 2019	31 March 2018	1 April 2017
Interest accrued but not due on borrowings	**16,373.23**	7,654.15	3,559.15
Credit balances in current accounts with banks as per books	**6,802.88**	–	38,673.76
Insurance premium payable	**1,900.95**	2,289.35	1,682.92
Salary, Bonus and performance pay payable	**4,445.76**	2,656.47	1,389.73
Provision for expenses	**177.39**	163.03	66.16
Other Liabilities	**93.63**	197.95	126.01
Total	**29,793.84**	12,960.95	45,497.73

15 Provisions

	31 March 2019	31 March 2018	1 April 2017
Provision for employee benefits			
- Gratuity	**97.67**	110.74	112.69
- Leave encashment	**1,002.43**	473.73	291.34
Provision for loan commitment	**642.80**	1,313.45	552.46
Total	**1,742.90**	1,897.92	956.49

16 Other non-financial liabilities

	31 March 2019	31 March 2018	1 April 2017
Statutory dues payable	**340.94**	470.88	326.99
Total	**340.94**	470.88	326.99

17 Equity Share capital

	31 March 2019	31 March 2018	1 April 2017
Authorised capital:			
150,000,000 (31 March 2018: 150,000,000) Equity shares of Rs.10/- each	**15,000.00**	15,000.00	10,000.00
	15,000.00	15,000.00	10,000.00
Issued capital:			
122,887,870 (31 March 2018: 108,132,166) Equity shares of Rs.10/- each	**12,288.79**	10,813.22	9,513.22
Subscribed and paid-up capital:			
122,887,870 (31 March 2018: 108,132,166) Equity shares of Rs.10/- each fully paid up	**12,288.79**	10,813.22	9,513.22
Less: Shares issued to ESOS Trust but not allotted to employees	**158.65**	–	–
Total	**12,130.14**	10,813.22	9,513.22

	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
a) Reconciliation of number of equity shares:						
Balance at the beginning of the year	**108,132,166**	**10,813.22**	95,132,166	9,513.22	75,729,181	7,572.92
Add: Fresh allotment of shares:						
Issue of Shares	**12,820,512**	**1,282.05**	13,000,000	1,300.00	19,402,985	1,940.30
Shares issued under Employees' Stock Option Scheme	**1,935,192**	**193.52**	–	–	–	–

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

		As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
		No. of shares	**Rs. in lakhs**	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
	Less: Shares issued to ESOS Trust but not allotted to employees	**(1,586,530)**	**(158.65)**	–	–	–	–
	Balance at the end of the year	**121,301,340**	**12,130.14**	108,132,166	10,813.22	95,132,166	9,513.22
b)	**Number of equity shares held by holding company or ultimate holding company including shares held by its subsidiaries/associates:**						
	Holding Company: Mahindra & Mahindra Financial Services Limited	**109,061,167**	**10,906.12**	96,240,655	9,624.07	83,240,655	8,324.07
	(including 12 shares held jointly with nominees)						
	Percentage of holding (%)	**88.75%**	**88.75%**	89.00%	89.00%	87.50%	87.50%
c)	**Shareholders holding more than 5 percent shares:**						
	Mahindra & Mahindra Financial Services Limited	**109,061,167**	**10,906.12**	96,240,655	9,624.07	83,240,655	8,324.07
	Percentage of holding (%)	**88.75%**	**88.75%**	89.00%	89.00%	87.50%	87.50%
	National Housing Bank	**11,891,511**	**1,189.15**	11,891,511	1,189.15	11,891,511	1,189.15
	Percentage of holding (%)	**9.68%**	**9.68%**	11.00%	11.00%	12.50%	12.50%

d) **Terms/rights 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. The dividend proposed by the board of directors and approved by the shareholders in the annual general meeting is 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 preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

18 **Other Equity**

Description of the nature and purpose of Other Equity:

Statutory reserve

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. The Company transfers an amount to Special Reserve at year end. The Company does not anticipate any withdrawal from Special Reserve in the foreseeable future.

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

General reserve

General reserve is created through annual transfer of profits at a specified percentage in accordance with applicable regulations under the erstwhile Companies Act, 1956. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable profits for that year. Consequent to introduction of the Companies Act, 2013, the requirement to mandatorily transfer specified percentage of net profits to General reserve has been withdrawn. However, the amount previously transferred to the General reserve can be utilised only in accordance with the specific requirements of the Companies Act, 2013.

Employee stock options outstanding

The Employee Stock Options outstanding represents reserve in respect of equity-settled share options granted to the eligible employees in pursuance of the Employee Stock Option Plan.

Retained earnings

Retained earnings or accumulated surplus represents total of all profits retained since Company's inception. Retained earnings are credited with current year profits, reduced by losses, if any, dividend payouts, transfers to General reserve or any such other appropriations to specific reserves.

Details of dividends proposed

	For the year ended	
	31 March 2019	31 March 2018
Face value per share (Rupees)	**10.00**	10.00
Dividend percentage	**20%**	17%
Dividend per share (Rupees)	**2.00**	1.70
Dividend on Equity shares	**2,457.76**	1,838.25
Estimated dividend distribution tax	**505.31**	377.94
Total Dividend including Dividend distribution tax	**2,963.07**	2,216.19

The dividends proposed for the financial year ended 31 March 2018 have been paid to shareholders in the subsequent financial year and accounted on payment basis on approval of the members of the Company at relevant annual general meeting. Accordingly, the dividends proposed for the current financial year ended 31 March 2019 shall be paid to shareholders on approval of the members of the Company at the forthcoming annual general meeting.

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

19 Interest income

	31 March 2019	31 March 2018
On financial assets measured at Amortised cost		
Interest on loans	**135,295.57**	101,982.28
Other interest income	**1.12**	0.93
Total	**135,296.69**	101,983.21

20 Dividend income

	31 March 2019	31 March 2018
Dividend income from investments in mutual funds	**123.34**	0.09
Total	**123.34**	0.09

21 Fees and commission income

	31 March 2019	31 March 2018
Service charges and other fees on loan transactions	**2,947.06**	1,493.10
Total	**2,947.06**	1,493.10

22 Other income

	31 March 2019	31 March 2018
Profit/loss on sale of current investments (net)	**11.77**	–
Others	**15.85**	6.23
Total	**27.62**	6.23

23 Finance costs

	31 March 2019	31 March 2018
On financial liabilities measured at Amortised cost		
Interest on borrowings	**29,938.55**	26,078.13
Interest on debt securities	**18,715.22**	9,402.26
Interest on subordinated liabilities	**2,718.50**	2,397.44
Other borrowing costs	**384.69**	317.78
Total	**51,756.96**	38,195.61

24 Fees and commission expense

	31 March 2019	31 March 2018
Fees, commission/brokerage	**111.56**	127.01
Total	**111.56**	127.01

25 Impairment on financial instruments

	31 March 2019	31 March 2018
On financial instruments measured at Amortised cost		
Loans	**4,314.00**	8,885.48
Bad debts/Loss on termination	**3,794.76**	1,895.66
Total	**8,108.76**	10,781.14

26 Employee benefits expenses

	31 March 2019	31 March 2018
Salaries and wages	**23,786.61**	17,376.64
Contribution to provident and other funds	**1,642.37**	1,212.27
Share based payments to employees	**205.10**	188.44
Staff welfare expenses	**643.57**	469.64
Total	**26,277.65**	19,246.99

27 Depreciation, amortization and impairment

	31 March 2019	31 March 2018
Depreciation on property, plant and equipment	**990.57**	762.30
Amortization of intangible assets	**69.15**	21.65
Total	**1,059.72**	783.95

28 Other expenses

	31 March 2019	31 March 2018
Rent	**657.66**	438.05
Rates and taxes, excluding taxes on income	**101.13**	67.42
Electricity charges	**161.75**	111.59
Repairs and maintenance	**377.89**	309.23
Communication Costs	**512.42**	445.25
Printing and Stationery	**799.18**	613.31
Travelling and conveyance expenses	**5,147.38**	3,439.46
Advertisement and publicity	**87.20**	82.06
Administration support charges	**579.86**	557.25
Directors' fees, alowances and expenses	**34.23**	37.85
Auditor's fees and expenses -		
- Audit fees	**20.78**	13.04
- Taxation matters	**1.64**	1.50
- Other services	**11.67**	8.89
- Reimbursement of expenses	**1.67**	0.81
Legal and professional charges	**2,059.44**	1,535.46
Insurance	**764.18**	514.91
Manpower outsourcing cost	**366.95**	55.03
Loss on Sale/retirement of Property, Plant and Equipment	**4.88**	0.41
Donations	**2.20**	0.20
CSR Expenditure	**413.91**	271.63
Other expenditure	**2,357.65**	1,721.77
Total	**14,463.67**	10,225.12

29 Earning Per Share

	31 March 2019	31 March 2018
Profit for the year (Rupees in lakhs)	**25,046.88**	17,388.69
Weighted average number of Equity Shares used in computing basic EPS	**111,550,426**	95,310,248
Effect of potential dilutive Equity Shares	**1,086,095**	827,005
Weighted average number of Equity Shares used in computing diluted EPS	**112,636,521**	96,137,253
Basic Earnings per share (Rs.) (Face value of Rs. 10/- per share)	**22.45**	18.24
Diluted Earnings per share (Rs.)	**22.24**	18.09

(Rs. in Lakhs)

Notes to the Financial Statements for the year ended 31 March 2019

30 Employee Stock Option Scheme:

The Company has used fair value method to account for the compensation cost of stock options. Fair value of options is based on the valuation of the independent valuer using the Black -Scholes model.

Description of ESOP Scheme:

Particulars	**ESOP**
Vesting requirements	Stock Options due for vesting on each vesting date shall vest on the basis of time i.e. mere continuance of employment as on relevant date of vesting.
Vesting Conditions	25% on expiry of 12 months from the date of grant
	25% on expiry of 24 months from the date of grant
	25% on expiry of 36 months from the date of grant
	25% on expiry of 48 months from the date of grant
Method of Settlement	Equity settled

The Fair value of options, based on the valuation of the independent valuer as on the date of grant are:

	31 March 2019			31 March 2018		
Vesting Date	**No of years vesting**	**Fair Value (Rs.) per share**	**Exercise Price (Rs.)**	No of years vesting	Fair Value (Rs.) per share	Exercise Price (Rs.)
Grant Dated 7 October 2017	–	–	–	4 years	23.01	67
Grant Dated 8 December 2017	–	–	–	4 years	23.08	67
Grant Dated 16 January 2018	–	–	–	4 years	23.24	67

The Key assumptions used in Black-Scholes model for calculating fair value as on the date of grant are:

	31 March 2019	31 March 2018		
Variables#		Grant dated 7 October 2017	Grant dated 8 December 2017	Grant dated 16 January 2018
1) Risk free interest rate	–	6.56%	6.78%	7.16%
2) Expected life	–	4 years	4 years	4 years
3) Expected volatility	–	41.25%	40.95%	40.54%
4) Dividend yield	–	2.24%	2.24%	2.24%
5) Price of the underlying share at the time of option grant (Rs.)	–	67	67	67

the value mentioned against each of the variables are based on the weighted average percentage of vesting.

Number and weighted average exercise price of options

		31 March 2019		31 March 2018	
Sr. No	**Particulars**	**Number of options**	**Weighted Average Exercise Price**	Number of options	Weighted Average Exercise Price
1	Outstanding at the beginning of the year	**19,35,192**	**67**	–	–
2	Granted during the year	**–**	**–**	19,35,192	67
3	Forfeited/Lapsed during the year	**84,616**	**67**	–	–
4	Exercised during the year	**348,662**	**67**	–	–
5	Outstanding at the end of the year	**1,501,914**	**67**	19,35,192	67
6	Exercisable at the end of the year	**114,804**	**67**	–	–

(Rs. in Lakhs)

Range of exercise price and weighted average remaining contractual life of outstanding options:

	31 March 2019			31 March 2018		
Grant date	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life (in years)**	**Weighted Average Exercise Price (Rs.)**	Number of Options Outstanding	Weighted Average Remaining Contractual Life (in years)	Weighted Average Exercise Price (Rs.)
07-Oct-17	**1,235,215**	**4.38**		1,614,783	6.53	
08-Dec-17	**135,699**	**4.59**	**67.00**	171,409	6.70	67.00
16-Jan-18	**131,000**	**4.51**		149,000	6.80	

31 Employee Benefits

General description of defined benefit plans:

Gratuity

The Company provides for gratuity, a defined benefit retirement plan covering qualifying employees. The plan provides for lump sum payments to employees upon death while in employment or on separation from employment after serving for the stipulated period mentioned under The Payment of Gratuity Act, 1972. The Company makes annual contribution to the gratuity scheme adminstered by the Life Insurance Corporation of India through its gratuity fund.

Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk

The present value of defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Defined benefit plans:

		Funded Plan Gratuity		
	Particulars	**31 March 2019**	31 March 2018	01 April 2017
I	**Amount recognised in the Statement of Profit and Loss for the year ended 31st March:**			
1	Current service cost	**163.50**	101.71	67.88
2	Interest cost on benefit obligation (Net)	**8.37**	6.90	1.87
3	Adjustment due to opening balance	**(3.60)**	(18.98)	17.19
4	**Total expenses included in employee benefits expense**	**168.27**	89.63	86.94
II	**Amount recognised in Other Comprehensive income for the year**			
1	Actuarial (gains)/losses-Actuarial (gains)/losses arising from changes in demographic assumption	**22.97**	–	–
2	Actuarial (gains)/losses-Actuarial (gains)/losses arising from changes in financial assumption	**6.71**	(6.84)	36.88
3	Actuarial (gains)/losses-Actuarial (gains)/losses arising from changes in experience adjustment	**61.66**	19.06	21.08
4	Return on plan assets	**–**	–	–
	Recognised in other comprehensive income	**91.34**	12.22	57.96
III	**Change in the present value of obligation during the year ended 31st March**			
1	Present value of defined benefit obligation at the beginning of the year	**374.56**	257.66	131.66
2	Current service cost	**163.50**	101.71	67.88
3	Interest cost/income	**29.26**	18.96	10.53
4	Remeasurements (gains)/losses			
	(i) Actuarial (gains)/losses-Actuarial (gains)/losses arising from changes in demographic assumption	**22.97**	–	–
	(ii) Actuarial (gains)/losses-Actuarial (gains)/losses arising from changes in financial assumption	**6.71**	(6.84)	36.88
	(iii) Actuarial (gains)/losses-Actuarial (gains)/losses arising from changes in experience adjustment	**61.66**	19.06	21.08
5	Benefits paid	**(28.47)**	(15.99)	(10.37)
6	Liabilities assumed/(settled)	**–**	–	–
7	Present value of defined benefit obligation at the end of the year	**630.19**	374.56	257.66

(Rs. in Lakhs)

Notes to the Financial Statements as at 31 March 2019

	Particulars	Funded Plan Gratuity 31 March 2019	31 March 2018	01 April 2017
IV	**Change in fair value of plan assets during the year**			
1	Fair value of plan assets at the beginning of the year	**263.82**	144.97	125.44
2	Interest income	**–**	–	–
3	Contributions by employer	**272.69**	103.79	38.43
4	Benefits paid	**(28.47)**	(15.99)	(10.37)
5	Return on plan assets excluding interest income	**20.88**	12.07	8.66
6	Adjustment to the opening balance/exchange rate variation	**3.60**	18.98	(17.19)
7	Fair value of plan assets at the end of the year	**532.52**	263.82	144.97
V	**Net Asset/(Liability) recognised in the Balance Sheet as at**			
1	Present value of defined benefit obligation as at	**630.19**	374.56	257.66
2	Fair value of plan assets	**532.52**	263.82	144.97
3	Surplus/(Deficit)	**(97.67)**	(110.74)	(112.69)
4	Current portion of the above	**97.67**	110.74	92.96
5	Non current portion of the above	**–**	–	19.73
VI	**Actuarial assumptions**			
1	Discount rate	**7.67%**	7.81%	7.36%
2	Salary growth rate	**5.00%**	5.00%	5.00%
3	Attrition rate	**43% for age upto 35, 36% for age 36-45, 17% for 46 and above**	45.57% for age upto 35, 32.71% for age 36-45, 25.00% for 46 and above	45.22% for age upto 35, 34.63% for age 36-45, 36.84% for 46 and above

Quantitative sensitivity analysis for impact of significant assumptions on defined benefit obligation are as below:

Assumptions	31 March 2019	31 March 2018	01 April 2017
One percentage point increase in discount rate	**(105.24)**	(5.54)	(3.06)
One percentage point decrease in discount rate	**133.60**	5.59	4.00
One percentage point increase in salary growth rate	**135.98**	3.65	3.03
One percentage point decrease in salary growth rate	**(108.52)**	(3.66)	(2.17)

Maturity profile of defined benefit obligation

	31 March 2019	31 March 2018	01 April 2017
Within 1 year	**542.10**	348.56	100.04
Between 2 and 5 years	**3,915.23**	2,724.06	400.99

The estimate of future salary increases, considered in actuarial valuation, considers inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Company's contribution to provident fund and superannuation fund aggregating Rs.709.69 Lakhs (31 March 2018: Rs.549.62 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expenses.

32 Operating segments

There is no separate reportable segment as per Ind AS 108 on "Operating Segments" in respect of the Company.

There are no operations outside India and hence there is no external revenue or assets which require disclosure.

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 2019 or 31 March 2018

33 Leases

The office premises of the Company taken are on cancellable lease basis and hence, there are no lease commitments.

34 Frauds reported during the year

There were 125 cases (31 March 2018: 73 cases, 31 March 2017: 29 cases) of frauds amounting to Rs. 111.98 Lakhs (31 March 2018: Rs.112.25 Lakhs, 31 March 2017: Rs 37.24 Lakhs) reported during the year. The Company has recovered an amount of Rs. 36.53 Lakhs (31 March 2018: Rs.35.73 Lakhs, 31 March 2017: Rs 21.13 Lakhs) and wherever required has initiated appropriate legal actions against the individuals involved. The claims for the un-recovered losses are lodged with the insurance companies on merit basis.

35 Contingent liabilities and commitments (to the extent not provided for)

	31 March 2019	31 March 2018	1 April 2017
i) Claims against the Company not acknowledged as debt			
Legal suits filed by customers	**104.25**	67.30	4.64
Income Tax	**60.98**	60.98	60.98
ii) Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	**115.55**	150.23	243.22
Other commitments:			
Amount on account of loan sanctioned but not disbursed	**63,529.76**	115,097.21	43,152.23
Total	**63,810.54**	115,375.72	43,461.07

The Company's pending litigations comprise of claims against the Company primarily by the customers and proceedings pending with Income Tax authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The amount of provisions/contingent liabilities is based on management's estimate, and no significant liability is expected to arise out of the same.

In February 2019, Supreme Court of India in its judgement opined on the applicability of allowances that should be considered to measure obligations under Employees Provident Fund Act, 1952. The Company has been legally advised that there are interpretative challenges on the application of judgement retrospectively and therefore has currently not considered any probable obligations for past periods. Accordingly, the Company has made a provision for provident fund contribution from the date of the Supreme Court order.

(Rs. in Lakhs)

36 Corporate Social Responsibility (CSR)

During the year, the Company has incurred an expenditure of Rs. 413.91 Lakhs (31 March 2018: Rs. 271.63 Lakhs) towards CSR activities which includes contribution/donations made to the trusts which are engaged in activities prescribed under section 135 of the Companies Act, 2013 read with Schedule VII to the said Act and expense of Rs. 9.70 Lakhs (31 March 2018: Rs. 4.70 Lakhs) towards the CSR activities undertaken by the Company.

Detail of amount spent towards CSR activities:

a) Gross amount required to be spent by the Company during the year is Rs. 413.77 lakhs (31 March 2018: Rs. 271.45 lakhs).

b) Amount spent by the Company during the year:

		For the year ended 31 March 2019			For the year ended 31 March 2018		
Particulars		**In cash**	**Yet to be paid in cash**	**Total**	In cash	Yet to be paid in cash	Total
i)	Construction/acquisition of any asset	**–**	**–**	**–**	–	–	–
ii)	On purpose other than (i) above	**413.91**	**–**	**413.91**	271.63	–	271.63

37 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

38 First-time adoption of Ind AS

This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements, including the balance sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018 to comply with Ind AS.

	Note	As at 31 March 2018			As at 01 April 2017		
Particulars		Previous GAAP	Adjustments	Ind AS	Previous GAAP	Adjustments	Ind AS
ASSETS							
1) Financial Assets							
a) Cash and cash equivalents		5,577.07	–	5,577.07	1,622.45	–	1,622.45
b) Loans	i & iii	604,606.90	(4,355.23)	600,251.67	469,221.64	(6,879.29)	462,342.35
c) Other Financial assets		227.62	–	227.62	161.06	–	161.06
		610,411.59	(4,355.23)	606,056.36	471,005.15	(6,879.29)	464,125.86
2) Non-financial Assets							
a) Current tax assets (Net)		171.02	–	171.02	0.94	–	0.94
b) Deferred tax Assets (Net)	vi & vii	1,862.15	6,918.62	8,780.77	1,408.39	5,735.23	7,143.62
c) Property, Plant and Equipment		1,797.87	–	1,797.87	1,526.36	–	1,526.36
d) Other Intangible assets		45.79	–	45.79	32.53	–	32.53
e) Other non-financial assets	i	1,289.61	(150.28)	1,139.33	794.27	(86.70)	707.57
		5,166.44	6,768.34	11,934.78	3,762.49	5,648.53	9,411.02
Total Assets		615,578.03	2,413.11	617,991.14	474,767.64	(1,230.76)	473,536.88
LIABILITIES AND EQUITY							
LIABILITIES							
1) Financial Liabilities							
a) Payables							
Trade Payables							
i) total outstanding dues of micro enterprises and small enterprises		–	–	–	–	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	i	4,337.15	305.62	4,642.77	3,185.22	159.17	3,344.39
b) Debt Securities	ii	160,110.13	(183.29)	159,926.84	62,824.77	(43.83)	62,780.94
c) Borrowings (Other than Debt Securities)	ii	335,310.87	–	335,310.87	295,905.77	–	295,905.77

(Rs. in Lakhs)

Particulars		Note	As at 31 March 2018 Previous GAAP	Adjustments	Ind AS	As at 01 April 2017 Previous GAAP	Adjustments	Ind AS
d)	Subordinated Liabilities	ii	28,400.00	(163.24)	28,236.76	18,900.00	(106.51)	18,793.49
e)	Other financial liabilities		12,960.95	–	12,960.95	45,497.73	–	45,497.73
			541,119.10	(40.91)	541,078.19	426,313.49	8.83	426,322.32
2)	**Non-Financial Liabilities**							
a)	Current tax liabilities (Net)		–	–	–	134.92	–	134.92
b)	Provisions	iii	584.47	1,313.45	1,897.92	404.03	552.46	956.49
c)	Other non-financial liabilities		470.88	–	470.88	326.99	–	326.99
			1,055.35	1,313.45	2,368.80	865.94	552.46	1,418.40
3)	**EQUITY**							
a)	Equity Share capital		10,813.22	–	10,813.22	9,513.22	–	9,513.22
b)	Other Equity	iv & v	62,590.36	1,140.57	63,730.93	38,074.99	(1,792.05)	36,282.94
			73,403.58	1,140.57	74,544.15	47,588.21	(1,792.05)	45,796.16
Total Liabilities and Equity			615,578.03	2,413.11	617,991.14	474,767.64	(1,230.76)	473,536.88

Particulars		Note	Year ended 31 March 2018 Previous GAAP	Adjustments	Ind AS
Revenue from operations					
i)	Interest income	i	91,871.08	10,112.13	101,983.21
ii)	Dividend income		0.09	–	0.09
iii)	Fees and commission income	i	8,124.41	(6,631.31)	1,493.10
I	**Total Revenue from operations**		99,995.58	3,480.82	103,476.40
II	Other income		6.23	–	6.23
III	**Total Income (I+II)**		100,001.81	3,480.82	103,482.63
Expenses					
i)	Finance costs	ii	38,328.23	(132.62)	38,195.61
ii)	Fees and commission expense		127.01	–	127.01
iii)	Impairment on financial instruments	iii	8,916.93	1,864.21	10,781.14
iv)	Employee benefits expenses	iv & v	19,161.45	85.54	19,246.99
v)	Depreciation and amortization		783.95	–	783.95
vi)	Others expenses		10,225.12	–	10,225.12
IV	**Total Expenses (IV)**		77,542.69	1,817.13	79,359.82
V	**Profit before tax (III -IV)**		22,459.12	1,663.69	24,122.81
VI	**Tax expense:**				
	(i) Current tax		8,367.00	–	8,367.00
	(ii) Deferred tax	vi & vii	(453.76)	(1,179.12)	(1,632.88)
			7,913.24	(1,179.12)	6,734.12
VII	**Profit for the year (V-VI)**		14,545.88	2,842.81	17,388.69
VIII	**Other Comprehensive Income**				
	(i) Items that will not be reclassified to profit or loss				
	– Remeasurement gain/(loss) on defined benefit plans	iv	–	(12.22)	(12.22)
	(ii) Income tax impact thereon	vii	–	4.27	4.27
	Other Comprehensive Income		–	(7.95)	(7.95)
IX	**Total Comprehensive Income for the year (VII+VIII) (Comprising Profit and other Comprehensive Income for the year)**		14,545.88	2,834.86	17,380.74

(Rs. in Lakhs)

Reconciliations between Ind AS and Previous GAAP for equity and profit or loss are given below:

Particulars		Note no.	Profit Reconciliation Year ended 31 March 2018
Profit after tax as reported under Previous GAAP			14,545.88
Adjustments:			
a)	Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR		
	i. Financial assets	i	(4,066.22)
	ii. Financial liabilities	ii	132.62
b)	Income accrued on non performing assets	i	7,547.04
c)	Impact on application of Expected Credit Loss method for loan loss provisions	iii	(1,864.21)
d)	Reclassification of actuarial loss to Other Comprehensive Income	iv	12.22
e)	ESOP amortisation expense	v	(97.76)
f)	Tax impact on above adjustments	vi	(581.36)
g)	Derecognition of deferred tax liability on special reserve	vii	1,760.48
Profit after tax as per Ind AS			**17,388.69**
Other Comprehensive Income/(loss) (net of tax)		iv	(7.95)
Total Comprehensive Income as per Ind AS			17,380.74

Particulars			Equity Reconciliation As at 31 March 2018	Year ended 1 April 2017
Equity as reported under Previous GAAP			73,403.58	47,588.21
Adjustments:				
a)	Impact on recognition of financial assets and financial liabilities at amortised cost by application of EIR			
	i. Financial assets	i	(15,024.63)	(10,958.42)
	ii. Financial liabilities	ii	196.26	63.64
b)	Income accrued on non performing assets	i	21,111.00	13,563.97
c)	Impact on application of Expected Credit Loss method for loan loss provisions	iii	(12,060.68)	(10,196.47)
d)	Reclassification of actuarial loss to Other Comprehensive Income	iv	70.18	57.96
e)	Tax impact on above adjustments	vi	2,003.62	2,584.98
f)	Derecognition of deferred tax liability on special reserve	vii	4,890.67	3,130.19
Equity as per Ind AS			74,590.00	45,834.06
Other Comprehensive Income/(loss) (net of tax)		iv	(45.85)	(37.90)
Total Equity as per Ind AS			74,544.15	45,796.16

Transition to Ind AS did not have any significant impact on cash flow from operating, investing and financing activites each, prepared under Previous GAAP

Material adjustments on adoption of Ind AS are explained below:

i *Interest income measured using effective interest method*

Under Previous GAAP, origination fees income received from customers was recognised upfront. Under Ind AS, such fees is amortised over the expected life of the loan assets and recognised as interest income using effective interest method.

Under Previous GAAP, interest income on non performing assets (i.e. loans that are 90 days past due) was not accrued. Under Ind AS interest income on such loans are accrued on their net carrying amount.

ii *Interest expense measured using effective interest method*

Under Previous GAAP, all origination transaction costs incurred by the Company was recognised upfront. Under Ind AS, such costs are amortised over the expected life of the financial liabilities and recognised as interest expense using effective interest method.

iii *Impairment Allowance for expected credit loss*

Under Previous GAAP, the provisioning for non performing assets was done in accordance with the Housing Finance Companies (NHB) Directions, 2010. Under Ind AS, impairment allowance for financial instruments is made based on expected credit loss model.

iv *Reclassification of actuarial loss/(gain) to Other Comprehensive Income (OCI)*

Actuarial gain and losses relating to defined benefit plan are recognised in other comprehensive income under Ind AS. Under Previous GAAP, these were recognised in statement of profit and loss.

v *Employee stock option scheme*

Under Previous GAAP, the cost of Employee Stock Options was recognised at intrinsic value as at the grant date. Under Ind AS , the same is recognised on the basis of fair value of the stock options as at the grant date.

vi *Deferred tax adjustments*

Deferred tax effect of the above Ind AS adjustments have been recognised on transition date and during the year ended 31 March 2018.

vii *Deferred tax liability on special reserve*

Under Previous GAAP, Company recognised deferred tax on special reserve created under the National Housing Bank Act, 1987. Under Ind AS, the special reserve is not regarded as taxable temporary difference and hence, deferred tax liability is not recognised. Deferred tax liability derecognised as at 01 April 2017 and for the year ended 31 March 2018 is Rs. 3130.19 Lakhs and Rs. 1760.48 Lakhs respectively.

39 Capital Management and Financial Instruments

Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital so as to create value for its shareholders. The same is done through a mix of either equity and/or preference and/or convertible and/or combination of short term/long term debt as may be appropriate.

The Company determines the amount of capital required on the basis of its operations, capital expenditure and strategic investment plans.

The Company is subject to the capital adequacy requirements of the National Housing Bank (NHB). Regulatory capital consists of Tier I capital, which comprises of share capital, share premium and retained earnings including current year profit less deferred tax assets and intangible assets. The other component of regulatory capital is Tier 2 capital instruments, which include qualified subordinated debt. Further, capital adequacy requirement of NHB is based on Previous GAAP.

Under NHB's capital adequacy guidelines, the Company is required to maintain a minimum capital adequacy ratio of 12% consisting of Tier I and Tier II Capital. The total of Tier II Capital at any point of time shall not exceed 100 percent of Tier I Capital. The Company follows accounting policies as prescribed under National Housing Bank Directions to manage capital under NHB regulations.

Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB, as set out below:

(Rs. in Lakhs)

	31 March 2019	31 March 2018	1 April 2017
Tier 1 capital	**101,361.47**	71,495.64	46,147.29
Tier 2 capital	**33,460.23**	29,751.95	20,099.76
Total capital	**134,821.70**	101,247.59	66,247.05
Risk weighted assets	**342,706.90**	308,659.10	216,932.94
Tier 1 capital ratio	**29.58%**	23.16%	21.27%
Tier 2 capital ratio	**9.76%**	9.64%	9.27%
Total capital ratio	**39.34%**	32.80%	30.54%

40 Taxation

Deferred tax assets

	Balance as at 1 April 2017	Charge/ (credit) to profit and loss	Charge/ (credit) to OCI	Balance as at 31 March 2018	**Charge/ (credit) to profit and loss**	**Charge/ (credit) to OCI**	**Balance as at 31 March 2019**
Tax effect of items constituting deferred tax assets:							
– Provision for employee benefits	156.09	96.27	4.27	256.63	**211.96**	**31.92**	**500.51**
– Allowance for Expected Credit Loss (ECL)	3,123.76	64.63	–	3,188.39	**(1,875.32)**	**–**	**1,313.08**
– Effective Interest Rate (EIR) on financial instruments	3,770.47	1,374.55	–	5,145.02	**147.11**	**–**	**5,292.13**
– Depreciation on property, plant and equipment	93.30	97.43	–	190.73	**108.52**	**–**	**299.25**
Total Deferred Tax Assets (net)	7,143.62	1,632.88	4.27	8,780.77	**(1,407.73)**	**31.92**	**7,404.97**

Income tax recognised in Statement of Profit and loss

	31 March 2019	31 March 2018
Current tax:		
In respect of current year	**9,950.00**	8,330.00
In respect of prior years	**211.78**	37.00
	10,161.78	8,367.00
Deferred tax:		
In respect of current year origination and reversal of temporary differences	**1,407.73**	(1,632.88)
	1,407.73	(1,632.88)
Total Income tax recognised in Statement of Profit and loss	**11,569.51**	6,734.12

Income tax recognised in Other Comprehensive Income

	31 March 2019	31 March 2018
Deferred tax related to items recognised in Other Comprehensive Income during the year:		
Remeasurement of defined employee benefits	**(31.92)**	(4.27)
Total Income tax recognised in Other Comprehensive Income	**(31.92)**	(4.27)

Reconciliation of estimated income tax expense at tax rate to income tax expense reported in the statement of profit and loss is as follows:

	31 March 2019	31 March 2018
Profit before tax	**36,616.39**	24,122.81
Applicable income tax rate*	**34.944%**	34.608%
Expected income tax expense	**12,795.23**	8,348.42
Tax effect of adjustments to reconcile expected Income tax expense at tax rate to reported income tax expense:		
Effect of income exempt from tax	**(43.10)**	–
Effect of expenses/provisions not deductible in determining taxable profit	**(1,392.34)**	(1,669.20)
Effect of differential tax rate	**(2.06)**	17.90
Tax of earlier years	**211.78**	37.00
Income tax expense	**11,569.51**	6,734.12

* Applicable income tax rate as at 31 March 2019 is 34.944% and is increased due to increase in cess from 3% in comparitive year to 4% in current year.

41 Change in liabilities arising from financing activities

Particulars	**1 April 2018**	**Cash flows**	**Others#**	**31 March 2019**
Share capital	**10,813.22**	**1,316.92**	**–**	**12,130.14**
Securities premium	**28,725.74**	**13,900.38**	**80.29**	**42,706.41**
Debt securities	**159,926.84**	**78,810.00**	**913.74**	**239,650.58**
Borrowings other than debt securities	**335,310.87**	**27,608.22**	**–**	**362,919.09**
Subordinated liabilities	**28,236.76**	**2,800.00**	**(12.50)**	**31,024.26**
Dividend paid including dividend distribution tax	**–**	**(2,216.19)**	**–**	**–**
Total liabilities from financing activities	**563,013.43**	**122,219.33**	**981.53**	**688,430.48**

Particulars	1 April 2017	Cash flows	Others#	31 March 2018
Share capital	9,513.22	1,300.00	–	10,813.22
Securities premium	17,038.74	11,687.00	–	28,725.74
Debt securities	62,780.94	96,500.00	645.90	159,926.84
Borrowings other than debt securities	295,905.77	39,405.10	–	335,310.87
Subordinated liabilities	18,793.49	9,500.00	(56.73)	28,236.76
Dividend paid including dividend distribution tax	–	(1,717.51)	–	–
Total liabilities from financing activities	404,032.16	156,674.59	589.17	563,013.43

includes securities premium on exercise of employees stock option and unamortised finance cost

(Rs. in Lakhs)

42 Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual amortisations.

	31 March 2019			31 March 2018			01 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Assets									
Financial Assets									
Cash and cash equivalents	2,982.62	–	2,982.62	5,577.07	–	5,577.07	1,622.45	–	1,622.45
Loans	225,601.20	543,323.70	768,924.90	177,610.89	422,640.78	600,251.67	125,001.07	337,341.28	462,342.35
Other Financial assets	28.23	286.87	315.10	29.02	198.60	227.62	28.10	132.96	161.06
Non-financial Assets									
Current tax assets (Net)	–	402.53	402.53	–	171.02	171.02	–	0.94	0.94
Deferred tax Assets (Net)	–	7,404.97	7,404.97	–	8,780.77	8,780.77	–	7,143.62	7,143.62
Property, Plant and Equipment	–	2,454.43	2,454.43	–	1,797.87	1,797.87	–	1,526.36	1,526.36
Other Intangible assets	–	115.71	115.71	–	45.79	45.79	–	32.53	32.53
Other non-financial assets	124.70	418.18	542.88	588.53	550.80	1,139.33	320.23	387.34	707.57
Total	228,736.75	554,406.39	783,143.14	183,805.51	434,185.63	617,991.14	126,971.85	346,565.03	473,536.88
Liabilities									
Financial Liabilities									
Payables									
Trade Payables									
i) total outstanding dues of micro enterprises and small enterprises	–	–	–	–	–	–	–	–	–
ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4,963.26	–	4,963.26	4,642.77	–	4,642.77	3,344.39	–	3,344.39
Debt Securities	75,759.79	163,890.79	239,650.58	47,938.91	111,987.93	159,926.84	19,750.75	43,030.19	62,780.94
Borrowings (Other than Debt Securities)	144,117.51	218,801.58	362,919.09	83,390.11	251,920.76	335,310.87	117,106.02	178,799.75	295,905.77
Subordinated Liabilities	–	31,024.26	31,024.26	680.30	27,556.46	28,236.76	–	18,793.49	18,793.49
Other financial liabilities	23,983.82	5,810.02	29,793.84	11,753.03	1,207.92	12,960.95	45,497.73	–	45,497.73
Non-Financial Liabilities									
Current tax liabilities (Net)	–	–	–	–	–	–	134.92	–	134.92
Provisions	1,123.81	619.09	1,742.90	1,897.92	–	1,897.92	956.49	–	956.49
Other non-financial liabilities	340.94	–	340.94	470.88	–	470.88	326.99	–	326.99
Total	250,289.13	420,145.74	670,434.87	150,773.92	392,673.07	543,446.99	187,117.29	240,623.43	427,740.72
Net	(21,552.38)	134,260.65	112,708.27	33,031.59	41,512.56	74,544.15	(60,145.44)	105,941.60	45,796.16

43 Analysis of financial assets and liabilities and loan commitments by remaining contractual maturities

a The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities by remaining contractual maturities:

31 March 2019	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents and other bank balances	2,982.62	–	–	–	–	–	–	–	–	–	2,982.62
Loans and advances	73,492.76	15,405.43	14,557.35	39,659.80	75,469.77	285,399.52	167,356.32	37,599.81	28,394.33	53,269.23	790,604.32
Other financial assets	14.45	2.65	0.75	4.68	6.10	79.38	42.16	51.16	113.77	–	315.10
Total Undiscounted Financial Assets	76,489.83	15,408.08	14,558.10	39,664.48	75,475.87	285,478.90	167,398.48	37,650.97	28,508.10	53,269.23	793,902.04
Financial Liabilities											
Debt securities	–	15,000.00	45,000.00	10,000.00	6,500.00	114,150.00	46,500.00	–	4,510.00	–	241,660.00
Borrowings other than (debt securities)	12,087.88	11,750.00	8,947.22	37,468.43	73,863.98	159,640.47	59,161.11	7,000.00	24,200.00	–	394,119.09
Other financial liabilities	12,012.31	5,559.41	7,018.00	3,683.15	642.22	5,842.00	–	–	–	–	34,757.09

(Rs. in Lakhs)

31 March 2019	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Total Undiscounted Financial Liabilities	**24,100.19**	**32,309.41**	**60,965.22**	**51,151.58**	**81,006.20**	**279,632.47**	**105,661.11**	**7,000.00**	**28,710.00**	**–**	**670,536.18**
Total Undiscounted Financial Assets/(Liabilities) - Net	**52,389.64**	**(16,901.33)**	**(46,407.12)**	**(11,487.10)**	**(5,530.33)**	**5,846.43**	**61,737.37**	**30,650.97**	**(201.90)**	**53,269.23**	**123,365.86**

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	**38,117.86**	**25,411.90**	**63,529.76**

a The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities by remaining contractual maturities:

31 March 2018	Upto 1 month	Over 1 month & up to 2 month	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents and other bank balances	5,577.07	–	–	–	–	–	–	–	–	–	5,577.07
Loans and advances	57,569.06	11,471.30	11,124.67	31,162.05	57,580.97	229,218.54	140,027.64	30,440.84	18,952.67	37,277.07	624,824.81
Other financial assets	17.72	1.53	0.24	3.70	5.84	31.87	28.01	49.67	89.04	–	227.62
Total Undiscounted Financial Assets	63,163.85	11,472.83	11,124.91	31,165.75	57,586.81	229,250.41	140,055.65	30,490.51	19,041.71	37,277.07	630,629.50
Financial Liabilities											
Debt securities	–	11,000.00	30,000.00	–	7,500.00	74,350.00	33,000.00	6,000.00	1,000.00	–	162,850.00
Borrowings other than (debt securities)	8,798.37	2,525.00	17,663.89	23,272.65	31,830.19	149,392.76	102,528.00	1,000.00	26,700.00	–	363,710.86
Other financial liabilities	4,365.48	4,653.76	4,156.53	2,497.09	721.76	1,197.38	11.71	–	–	–	17,603.71
Total Undiscounted Financial Liabilities	13,163.85	18,178.76	51,820.42	25,769.74	40,051.95	224,940.14	135,539.71	7,000.00	27,700.00	–	544,164.57
Total Undiscounted Financial Assets/(Liabilities) - Net	50,000.00	(6,705.93)	(40,695.51)	5,396.01	17,534.86	4,310.27	4,515.94	23,490.51	(8,658.29)	37,277.07	86,464.93

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	69,058.33	46,038.88	115,097.21

a The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities by remaining contractual maturities:

01 April 2017	Upto 1 month	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Financial Assets											
Cash and cash equivalents and other bank balances	1,622.45	–	–	–	–	–	–	–	–	–	1,622.45
Loans and advances	37,788.42	7,994.11	8,010.00	22,729.26	41,987.40	177,013.83	120,615.82	31,981.01	11,691.66	22,606.85	482,418.36
Other financial assets	4.95	0.02	0.02	21.67	1.45	132.95	–	–	–	–	161.06
Total Undiscounted Financial Assets	39,415.82	7,994.13	8,010.02	22,750.93	41,988.85	177,146.78	120,615.82	31,981.01	11,691.66	22,606.85	484,201.87
Financial Liabilities											
Debt securities	5,000.00	5,000.00	10,000.00	–	–	24,000.00	21,350.00	–	1,000.00	–	66,350.00
Borrowings other than (debt securities)	25,271.50	14,700.00	1,464.91	13,136.63	62,532.99	111,422.72	68,077.02	–	18,200.00	–	314,805.77
Other financial liabilities	36,249.84	7,840.79	2,735.24	1,203.04	797.50	15.71	–	–	–	–	48,842.12
Total Undiscounted Financial Liabilities	66,521.34	27,540.79	14,200.15	14,339.67	63,330.49	135,438.43	89,427.02	–	19,200.00	–	429,997.89
Total Undiscounted Financial Assets/(Liabilities) - Net	(27,105.52)	(19,546.66)	(6,190.13)	8,411.26	(21,341.64)	41,708.35	31,188.80	31,981.01	(7,508.34)	22,606.85	54,203.98

b The table below summarises the contractual expiry by maturity of the undiscounted cash flows of the Company's loan commitments

	Up to 3 months	Over 3 months & upto 12 months	Total
Loan commitments	25,891.34	17,260.89	43,152.23

44 Financial Risk Management Framework

In the course of its business, the Company is exposed to certain financial risks namely credit risk, interest risk, currency risk & liquidity risk.The Company's primary focus is to achieve better predictability of financial markets and seek to minimize potential adverse effects on its financial performance.

The financial risks are managed in accordance with the Company's risk management policy which has been approved by its Board of Directors.

Board of Directors of the Company have established Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring risk management policies for its business. The Company's financial services businesses are exposed to high credit risk given the unbanked rural customer base. The credit risk is managed through credit norms established based on historical experience.

i) Market Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

a) Currency Risk

Company does not have significant foreign currency exposure. As a result, the Company is not exposed to currency risk.

b) Interest Rate Risk

The Company uses a mix of cash and borrowings to manage the liquidity & fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates.

Interest Rate sensitivity

The sensitivity analyses below have been determined based on exposure to financial instruments at the end of the reporting year. For floating rate liabilities, analysis is prepared assuming the amount of liability outstanding at the end of the reporting year was outstanding for the whole year.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Currency	Increase/ decrease in basis points	Effect on profit before tax	Effect on pre-tax equity
Year ended 31 March 2019	**INR**	**100**	**1,310.34**	**–**
Year ended 31 March 2018	INR	100	1,434.75	–

Offsetting of balances: The Company has not offset financial assets and financial liabilities.

ii) Credit Risk Management

Credit risk is the risk that the Company will incur a loss because its customers fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its loans primarily based on days past due monitoring as at a period end. Repayment by individual customers and portfolio is tracked regularly and required steps for recovery are taken through follow ups and legal recourse.

(Rs. in Lakhs)

Credit quality of financial assets

The following table sets out information about credit quality of loan assets measured at amortised cost based on months past due information. The amount represents gross carrying amount.

Particulars	31 March 2019	31 March 2018	1 April 2017
Gross carrying value of loan assets			
Neither Past due nor impaired	**456,340.86**	319,901.49	273,952.40
30 days past due	**83,187.48**	76,416.43	55,296.28
31 - 90 days past due	**160,582.65**	148,862.22	96,456.61
Impaired (more than 90 days past due)	**104,763.77**	86,036.74	59,477.78
Total Gross carrying value as at reporting date	**804,874.76**	631,216.88	485,183.07

Since the company is into retail home loan lending business, there is no significant credit risk of any individual customer that may impact company adversely, and hence, the Company has calculated its ECL allowances on a collective basis.

Inputs considered in the ECL model

In assessing the impairment of loan assets under Expected Credit Loss (ECL) Model, the assets have been segmented into three stages. The three stages reflect the general pattern of credit deterioration of a financial instrument. The differences in accounting between stages, relate to the recognition of expected credit losses and the measurement of interest income.

The Company categorises loan assets into stages primarily based on the Days Past Due status.

Stage 1 : 0-30 days past due
Stage 2 : 31-90 days past due
Stage 3 : More than 90 days past due

(i) Definition of default

The Company considers a financial asset to be in "default" and therefore Stage 3 (credit impaired) for ECL calculations when the borrower becomes 90 days past due on its contractual payments.

(ii) Exposure at default

"Exposure at Default" (EAD) represents the gross carrying amount of the assets subject to impairment calculation. Future expected cash flows (principal and interest) for respective future years has been used as exposure for Stage 1 and Stage 2. This exposure is then multiplied by respective years Marginal Probability of Default (PD) and Loss Given Default (LGD) percentage to arrive at the expected credit losses. These expected credit losses are then discounted with the appropriate EIR to calculate the present value of the of these expected credit losses.

(iii) Estimations and assumptions considered in the ECL model

The Company has made the following assumptions in the ECL Model:

a. "Loss given default" (LGD) is common for all three Stages and is based on loss in past portfolio. Actual cashflows on the past portfolio are discounted at portfolio EIR rate for arriving at the loss rate.

b. "Probability of Default" (PD) is applied on Stage 1 and Stage 2 on portfolio basis and for Stage 3 PD at 100%. This is calculated as an average of the last 60 months yearly movement of default rates and further adjusted for macro economic factors.

(iv) Measurement of ECL

ECL is measured as follows:

- financial assets that are not credit impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive);

- financial assets that are credit impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan committments: as the present value of the difference between the contractual cash flows that are due to the Company if the committment is drawn down and the cash flows that the Company expects to receive.

(v) *Forward Looking Information*

Historical PDs have been converted into forward looking PD which incorporates the forward looking economic outlook.

The macroeconomic variables considered by the Company are robust reflections of the state of economy which result into systematic risk for the respective portfolio segments.

Additionally, three different scenarios (base case, best case and worst case) have been considered for ECL calculation. Along with the actual numbers considered as base case, other scenarios take care of the worsening as well as improvments in the forward looking economic outlook.

(vi) *Assessment of significant increase in credit risk*

When determining whether the credit risk has increased significantly since initial recognition, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience, including forward-looking information. The Company considers reasonable and supportable information that is relevant and available without undue cost and effort. The Company's accounting policy is not to use the practical expedient that the financial assets with 'low' credit risk at the reporting date are deemed not to have had a significant increase in credit risk. As a result, the Company monitors all financial assets and loan commitments that are subject to impairment for significant increase in credit risk.

As a part of the qualitative assessment of whether a customer is in default, the Company also considers a variery 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:

- A Stage 3 customer having other loans which are in Stage 1 or 2.
  - Cases where Company suspects fraud and legal proceedings are initated.

(vii) *Policy for write off of Loan Assets*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the loan outstanding dues. However, financial assets that are written off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the statement of profit and loss.

(viii) *Analysis of inputs to the ECL model with respect to macro economic variable*

The below table shows the values of the forward looking macro economic variable used in each of the scenarios for the ECL calculations. For this purpose, the Company has used the data source of Economist Intelligence Unit.The upside and downside % change has been derived using historical standard deviation from the base scenario based on previous 8 years change in the variable.

Impairment loss

The expected credit loss allowance provision for loans is determined as follows:

(Rs. in Lakhs)

	Performing Loans - 12 month ECL	Underperforming loans - lifetime ECL not credit impaired	Impaired loans - lifetime ECL credit impaired	Total
Gross Balance as at 31 March 2019	**539,528.34**	**160,582.65**	**104,763.77**	**804,874.76**
Expected credit loss rate	**0.93%**	**6.68%**	**19.32%**	
Carrying amount as at 31 March 2019 (net of impairment provision)	**534,536.73**	**149,860.84**	**84,527.33**	**768,924.90**
Gross Balance as at 31 March 2018	396,317.92	148,862.22	86,036.74	631,216.88
Expected credit loss rate	0.66%	8.88%	17.59%	
Carrying amount as at 31 March 2018 (net of impairment provision)	393,700.06	135,649.31	70,902.30	600,251.67
Gross Balance as at 1 April 2017	329,248.68	96,456.61	59,477.78	485,183.07
Expected credit loss rate	0.53%	9.83%	19.51%	
Carrying amount as at 1 April 2017 (net of impairment provision)	327,492.80	86,973.08	47,876.47	462,342.35

Level of Assessment - Aggregation Criteria

The Company recognises the expected credit losses (ECL) on a collective basis that takes into account comprehensive credit risk information.

Considering the economic and risk characterstics, pricing range, sector concentration, the Company calculates ECL on a collective basis for all stages - Stage 1, Stage 2 and Stage 3 assets.

An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to loans is, as follows:

Gross exposure reconciliation - Loans

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	329,248.68	96,456.61	59,477.78	485,183.07
– Transfers to Stage 1	18,094.77	(14,356.71)	(3,738.06)	–
– Transfers to Stage 2	(63,586.96)	65,953.97	(2,367.01)	–
– Transfers to Stage 3	(17,888.83)	(12,939.98)	30,828.81	–
– Loans that have been derecognised during the period	(17,813.82)	(4,467.12)	(2,210.53)	(24,491.47)
New loans originated during the year	167,243.33	29,064.00	593.21	196,900.54
Write-offs*	(3.86)	–	(3,249.72)	(3,253.58)
Remeasurement of net exposure	(18,975.39)	(10,848.55)	6,702.26	(23,121.68)
Gross carrying amount balance as at 31 March 2018	396,317.92	148,862.22	86,036.74	631,216.88
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**34,825.74**	**(29,849.86)**	**(4,975.88)**	–
– Transfers to Stage 2	**(54,642.54)**	**57,066.55**	**(2,424.01)**	–
– Transfers to Stage 3	**(14,821.78)**	**(15,088.54)**	**29,910.32**	–
– Loans that have been derecognised during the period	**(20,266.82)**	**(6,831.64)**	**(5,834.03)**	**(32,932.49)**
New loans originated during the year	**188,354.81**	**16,415.03**	**171.36**	**204,941.20**
Write-offs	–	–	**(6,119.10)**	**(6,119.10)**

Particulars	Stage 1	Stage 2	Stage 3	Total
Remeasurement of net exposure	**9,761.01**	**(9,991.11)**	**7,998.37**	**7,768.27**
Gross carrying amount balance as at 31 March 2019	**539,528.34**	**160,582.65**	**104,763.77**	**804,874.76**

* The contractual amount outstanding on financial assets that have been written off during the year ended 31 March 2019 and were still subject to enforcement activity was Rs. 2,835.64 Lakhs (31 March 2018: Rs. 1,386.68 Lakhs)

Gross exposure reconciliation - Loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount balance as at 1 April 2017	39,828.57	3,200.94	122.72	43,152.23
– Transfers to Stage 1	37.44	(37.44)	–	–
– Transfers to Stage 2	(562.13)	564.12	(1.99)	–
– Transfers to Stage 3	(137.27)	(34.78)	172.05	–
– Loans that have been derecognised during the period	(37,422.08)	(3,039.90)	(60.56)	(40,522.54)
New loans originated during the year	107,464.38	5,669.34	12.45	113,146.17
Write-offs	–	–	–	–
Remeasurement of net exposure	(522.52)	(137.33)	(18.80)	(678.65)
Gross carrying amount balance as at 31 March 2018	108,686.39	6,184.95	225.87	115,097.21
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**74.69**	**(74.49)**	**(0.20)**	–
– Transfers to Stage 2	**(261.64)**	**261.64**	–	–
– Transfers to Stage 3	**(6.38)**	**(6.92)**	**13.30**	–
– Loans that have been derecognised during the period	**(106,669.77)**	**(6,075.04)**	**(189.32)**	**(112,934.13)**
New loans originated during the year	**61,899.64**	**901.12**	**1.94**	**62,802.70**
Write-offs	–	–	–	–
Remeasurement of net exposure	**(1,248.18)**	**(187.84)**	–	**(1,436.02)**
Gross carrying amount balance as at 31 March 2019	**62,474.75**	**1,003.42**	**51.59**	**63,529.76**

Reconciliation of ECL balance on loans

(Rs. in Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	1,755.88	9,483.53	11,601.31	22,840.72
– Transfers to Stage 1	2,346.74	(1,411.59)	(935.15)	–
– Transfers to Stage 2	(340.06)	819.75	(479.69)	–
– Transfers to Stage 3	(95.93)	(1,272.30)	1,368.23	–
– Loans that have been derecognised during the period	(91.11)	(438.84)	(631.21)	(1,161.16)
New loans originated during the year	1,108.23	2,580.01	70.71	3,758.95
Write-offs	(0.01)	–	(511.15)	(511.16)
Net remeasurement of loss allowance	(2,065.88)	3,452.35	4,651.39	6,037.86
ECL allowance balance as at 31 March 2018	2,617.86	13,212.91	15,134.44	30,965.21
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**3,651.33**	**(2,649.77)**	**(1,001.56)**	–
– Transfers to Stage 2	**(362.54)**	**809.42**	**(446.88)**	–
– Transfers to Stage 3	**(98.72)**	**(1,339.41)**	**1,438.13**	–
– Loans that have been derecognised during the period	**(122.62)**	**(604.92)**	**(1,541.74)**	**(2,269.28)**
New loans originated during the year	**1,758.29**	**1,096.00**	**24.45**	**2,878.74**
Write-offs	–	–	**(853.39)**	**(853.39)**
Net remeasurement of loss allowance	**(2,451.99)**	**197.58**	**7,482.99**	**5,228.58**
ECL allowance balance as at 31 March 2019	**4,991.61**	**10,721.81**	**20,236.44**	**35,949.86**

Reconciliation of ECL balance on loan commitments

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance balance as at 1 April 2017	214.12	314.73	23.61	552.46
– Transfers to Stage 1	3.68	(3.68)	–	–
– Transfers to Stage 2	(3.02)	3.40	(0.38)	–
– Transfers to Stage 3	(0.74)	(3.42)	4.16	–
– Loans that have been derecognised during the period	(201.19)	(298.89)	(11.65)	(511.73)
New loans originated during the year	717.05	503.27	2.16	1,222.48
Write-offs	–	–	–	–
Net remeasurement of loss allowance	(4.71)	33.63	21.32	50.24
ECL allowance balance as at 31 March 2018	725.19	549.04	39.22	1,313.45
Changes due to loans recognised in the opening balance that have:				
– Transfers to Stage 1	**6.65**	**(6.61)**	**(0.04)**	–
– Transfers to Stage 2	**(1.75)**	**1.75**	–	–
– Transfers to Stage 3	**(0.04)**	**(0.61)**	**0.65**	–
– Loans that have been derecognised during the period	**(711.75)**	**(539.28)**	**(32.87)**	**(1,283.90)**
New loans originated during the year	**555.42**	**60.17**	**0.37**	**615.96**
Write-offs	–	–	–	–
Net remeasurement of loss allowance	**(15.27)**	**2.54**	**10.02**	**(2.71)**
ECL allowance balance as at 31 March 2019	**558.45**	**67.00**	**17.35**	**642.80**

The increase in ECL of the portfolio was driven by an increase in the size of the portfolio, movements between stages as a result of increases in credit risk and due to deterioration in economic conditions.

Significant changes in the gross carrying value that contributed to change in loss allowance

The Company provides loans to retail individual customers in rural and semi urban areas which are of small ticket size. Change in any single customer repayment will not impact significantly to Company's provisioning. All customers are being monitored based on past due and corrective actions are taken accordingly to limit the Company's risk.

Concentration of Credit Risk

Company's loan portfolio is predominantly to finance retail home loans. The Company manages concentration of risk primarily by geographical region in India.The following tables show the geographical concentrations of loans:

(Rs. in Lakhs)

Particulars	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Concentration by Geographical region in India:			
North	**14,996.06**	13,156.36	7,384.60
East	**6,958.53**	5,645.21	4,607.77
West	**510,836.54**	420,700.35	326,490.47
South	**272,083.63**	191,714.96	146,700.23
Total Carrying Value	**804,874.76**	631,216.88	485,183.07

Maximum Exposure to credit Risk

The maximum exposure to credit risk of loans is their carrying amount. The maximum exposure is before considering the effect of mitigation through collateral.

Collaterals

Narrative Description of Collateral

Collateral primarily include land and constructed/purchased house property by retail loan customers. Company generally does not obtain additional collateral during the term of the loan.

The below tables provide an analysis of the fair values of collateral held for Credit impaired assets:

31 March 2019	**Maximum exposure to Credit Risk**	**Land and Building**	**Surplus Collateral**	**Total Collateral**	**Net Exposure**	**Associated ECL**
Loans:						
a) Loans against assets	**104,749.71**	**198,088.82**	**(95,234.47)**	**102,854.35**	**1,895.36**	**20,235.22**
b) Others	**14.06**	**–**	**–**	**–**	**14.06**	**1.22**
Total	**104,763.77**	**198,088.82**	**(95,234.47)**	**102,854.35**	**1,909.42**	**20,236.44**

31 March 2018	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	86,008.23	172,244.60	(87,015.51)	85,229.09	779.14	15,132.12
b) Others	28.51	–	–	–	28.51	2.33
Total	86,036.74	172,244.60	(87,015.51)	85,229.09	807.65	15,134.45

01 April 2017	Maximum exposure to Credit Risk	Land and Building	Surplus Collateral	Total Collateral	Net Exposure	Associated ECL
Loans:						
a) Loans against assets	59,474.63	129,764.62	(70,630.60)	59,134.02	340.61	11,601.17
b) Others	3.15	–	–	–	3.15	0.14
Total	59,477.78	129,764.62	(70,630.60)	59,134.02	343.76	11,601.31

Collaterals Repossessed

Company did not obtain non financial assets during the year by taking possession of collateral it held as security.

Quantitative Information of Collateral – Credit Impaired assets

The Company holds residential properties as collateral for the housing loans it grants to its customers. The Company monitors its exposure to retail lending using the Loan To Value (LTV) ratio, which is calculated as the ratio of the gross amount of the loan - or the amount committed for loan committments - to the value of the collateral. The value of the collateral for residential housing loans is typically based on the collateral value at origination.

(Gross value of total loans to value of collateral)

	Gross Value of total loans		
Loan To Value	**31 March 2019**	31 March 2018	1 April 2017
Upto 50%	**424,259.31**	331,367.41	264,391.13
51 - 70%	**277,994.90**	224,117.62	160,180.16
71 - 100%	**89,946.91**	69,513.93	57,467.07
Above 100%	**12,551.63**	6,127.25	2,652.49
	804,752.75	631,126.21	484,690.85

(Loan commitments to value of collateral)

	Gross Value of commitments		
Loan To Value	**31 March 2019**	31 March 2018	1 April 2017
Upto 50%	**29,910.03**	56,209.52	35,637.28
51 - 70%	**6,005.20**	38,830.07	754.84
71 - 100%	**3,666.45**	9,902.84	123.12
Above 100%	**–**	–	–
	39,581.68	104,942.43	36,515.24

(Gross value of credit impaired loans to value of collateral)

	Gross Value of loans in stage 3		
Loan To Value	**31 March 2019**	31 March 2018	1 April 2017
Upto 50%	**31,004.04**	28,399.29	23,039.83
51 - 70%	**29,996.39**	27,478.80	19,241.86
71 - 100%	**31,238.75**	24,002.94	14,543.60
Above 100%	**12,510.65**	6,127.25	2,652.49
	104,749.83	86,008.29	59,477.78

(Rs. in Lakhs)

iii) Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established Asset and Liability Management Committee (ALCO) for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Company also has Inter corporate deposits line available from holding company & fellow subsidiary companies within its group to meet any short term fund requirements.

a) Maturity profile of non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The amount disclosed in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company may be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is calculated considering interest rate prevailing as at respective year end date.

Particulars	Less than 1 Year	1-3 Years	3 Years to 5 Years	5 years and above
Non-derivative financial liabilities				
31 March 2019				
Trade Payable:	**4,963.26**	**–**	**–**	**–**
Debt Securities:				
– Principal	**76,500.00**	**114,150.00**	**46,500.00**	**4,510.00**
– Interest	**10,259.40**	**32,806.04**	**8,184.71**	**1,861.86**
Borrowings (Other than Debt Securities):				
– Principal	**144,117.51**	**159,640.47**	**59,161.11**	**–**
– Interest	**28,210.92**	**25,156.23**	**2,464.85**	**–**
Subordinated liabilities:				
– Principal	**–**	**–**	**–**	**31,200.00**
– Interest	**2,782.00**	**5,577.83**	**5,576.94**	**8,875.73**
Other financial liabilities:	**29,793.84**	**–**	**–**	**–**
Total	**296,626.93**	**337,330.57**	**121,887.61**	**46,447.59**
31 March 2018				
Trade Payable:	4,642.77	–	–	–
Debt Securities:				
– Principal	48,500.00	74,350.00	33,000.00	7,000.00
– Interest	5,518.34	14,637.63	7,833.32	1,146.54
Borrowings (Other than Debt Securities):				
– Principal	83,390.11	149,392.76	102,528.00	–
– Interest	25,248.41	31,998.99	7,858.74	–
Subordinated liabilities:				
– Principal	700.00	–	–	27,700.00
– Interest	2,495.06	4,917.02	4,914.63	9,689.81
Other financial liabilities:	12,960.95	–	–	–
Total	183,455.64	275,296.40	156,134.69	45,536.35
1 April 2017				
Trade Payable:	3,344.39	–	–	–
Debt Securities:				
– Principal	20,000.00	24,000.00	21,350.00	1,000.00
– Interest	2,601.06	4,613.69	1,193.91	415.00
Borrowings (Other than Debt Securities):				
– Principal	117,106.02	110,722.72	68,077.02	–
– Interest	22,267.71	25,209.06	5,458.91	–
Subordinated liabilities:				
– Principal	–	700.00	–	18,200.00
– Interest	1,730.79	3,336.34	3,304.11	7,559.82
Other financial liabilities:	45,497.73	–	–	–
Total	212,547.70	168,581.81	99,383.95	27,174.82

(Rs. in Lakhs)

iv) Measurement of Fair Value

Valuation technique for Fair value measurement

Fair value of loans & borrowings are calculated using a portfolio based approach, grouping them as far as possible into homogenous groups based on similar characteristics (such as tenor & rates of interest). Using the Discounted cash flow approach, the values are then calculated for the portfolio considering all significant characteristics of the loans and borrowings.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

– Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial Instruments measured at amortised cost

Particulars	Carrying Value	Fair value		Fair value	
			Level 1	Level 2	Level 3
As at 31 March 2019					
Financial assets					
a) Cash and cash equivalent	**2,982.62**	**2,982.62**	**2,982.62**	**–**	**–**
b) Loans and advances to customers	**768,924.90**	**758,757.38**	**–**	**–**	**758,757.38**
c) Other financial assets	**315.10**	**315.10**	**–**	**315.10**	**–**
Total	**772,222.62**	**762,055.10**	**2,982.62**	**315.10**	**758,757.38**
Financial liabilities					
a) Trade Payables	**4,963.26**	**4,963.26**	**–**	**4,963.26**	**–**
b) Debt securities	**239,650.58**	**242,787.48**	**198,384.49**	**44,402.99**	**–**
c) Borrowings other than debt securities	**362,919.09**	**361,181.56**	**–**	**361,181.56**	**–**
d) Subordinated Liabilities	**31,024.26**	**30,829.07**	**30,829.07**	**–**	**–**
e) Other financial liabilities	**29,793.84**	**29,793.84**	**–**	**29,793.84**	**–**
Total	**668,351.03**	**669,555.21**	**229,213.56**	**440,341.65**	**–**
As at 31 March 2018					
Financial assets					
a) Cash and cash equivalent	5,577.07	5,577.07	5,577.07	–	–
b) Loans and advances to customers	600,251.67	603,306.10	–	–	603,306.10
c) Other financial assets	227.62	227.62	–	227.62	–
Total	606,056.36	609,110.79	5,577.07	227.62	603,306.10
Financial liabilities					
a) Trade Payables	4,642.77	4,642.77	–	4,642.77	–
b) Debt securities	159,926.84	161,663.87	121,206.07	40,457.80	–
c) Borrowings other than debt securities	335,310.87	334,509.09	–	334,509.09	–
d) Subordinated Liabilities	28,236.76	29,109.05	29,109.05	–	–
e) Other financial liabilities	12,960.95	12,960.95	–	12,960.95	–
Total	541,078.19	542,885.73	150,315.12	392,570.61	–
As at 1 April 2017					
Financial assets					
a) Cash and cash equivalent	1,622.45	1,622.45	1,622.45	–	–
b) Loans and advances to customers	462,342.35	461,288.20	–	–	461,288.20
c) Other financial assets	161.06	161.06	–	161.06	–
Total	464,125.86	463,071.71	1,622.45	161.06	461,288.20
Financial liabilities					
a) Trade Payables	3,344.39	3,344.39	–	3,344.39	–
b) Debt securities	62,780.94	63,334.04	43,578.81	19,755.23	–
c) Borrowings other than debt securities	295,905.77	295,857.65	–	295,857.65	–
d) Subordinated Liabilities	18,793.49	19,898.00	19,898.00	–	–
e) Other financial liabilities	45,497.73	45,497.73	–	45,497.73	–
Total	426,322.32	427,931.81	63,476.81	364,455.00	–

(Rs. in Lakhs)

There were no transfers between Level 1 and Level 2 during the year.

There is no financial instrument measured at fair value on a recurring or non recurring basis as at 31 March 2019, 31 March 2018 and 1 April 2017

Macro Economic Variable	ECL Scenario	Probability Assigned	2019	2020	2021	2022	2023	2024	2025	Subsequent Years
			%	%	%	%	%	%	%	%
Agriculture (% real change p.a)										
	Best Case	25%	6.0	5.8	5.9	6.1	5.5	6.7	5.5	6.3
	Base Case	65%	3.6	3.4	3.5	3.7	3.1	4.3	3.1	3.9
	Worst Case	10%	1.2	1.0	1.1	1.3	0.7	1.9	0.7	1.5

45 Compensation of key management personnel of the Company

Key management personnel are those individuals who have the authority and responsibility for planning and exercising power to directly or indirectly control the activities of the Company or its employees. The Company considers its Managing Director to be the key management personnel for the purposes of IND AS 24 Related Party Disclosures.

	31 March 2019	31 March 2018
Short-term employee benefits	**190.86**	161.64
Post-employment benefits	**5.21**	4.09
Other long-term benefits	**–**	1.15
Share-based payments	**60.42**	47.54
	256.49	214.42

46 Related party disclosures:

i) As per Ind AS 24 on 'Related party disclosures', the related parties of the Company are as follows:

a)	**Ultimate Holding Company**	Mahindra & Mahindra Limited
b)	**Holding Company**	Mahindra & Mahindra Financial Services Limited
c)	**Fellow Subsidiaries:** (entities with whom the Company has transactions)	Mahindra Insurance Brokers Limited NBS International Limited Mahindra Asset Management Company Private Limited. Mahindra Integrated Business Solutions Private Limited. Mahindra Logistics Limited Mahindra Vehicle Manufacturers Limited Mahindra Holidays and Resorts India Limited Mahindra Defence Systems Limited Mahindra Retail Limited
d)	**Associates of Ultimate Holding Company** (entities with whom the Company has transactions)	Tech Mahindra Limited Swaraj Engines Limited
e)	**Key Management Personnel:**	Mr. Anuj Mehra (Managing Director)

ii) The nature and volume of transactions of the Company during the year with above related parties were as follows:

	Holding Company		**Fellow Subsidiaries**		**Associates of Ultimate Holding Company**		**Key Management Personnel**	
Particulars	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
Interest expense								
– Mahindra & Mahindra Limited	**357.51**	213.04	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**37.97**	77.00	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**1,967.13**	1,214.61	**–**	–	**–**	–
– Mahindra Asset Management Company Private Limited	**–**	–	**427.52**	420.62	**–**	–	**–**	–
– Mahindra Logistics Limited	**–**	–	**0.67**	–	**–**	–	**–**	–
– Mahindra Vehicle Manufacturers Limited	**–**	–	**5.92**	–	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**470.00**	613.66	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**42.15**	–	**–**	–
Other expenses								
– Mahindra & Mahindra Limited	**226.61**	126.86	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**698.44**	648.14	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**1.06**	7.65	**–**	–	**–**	–
– Mahindra Integrated Business Solutions Private Limited	**–**	–	**613.67**	114.08	**–**	–	**–**	–
– Mahindra Defence Systems Limited	**–**	–	**2.48**	–	**–**	–	**–**	–

(Rs. in Lakhs)

Particulars	Holding Company		Fellow Subsidiaries		Associates of Ultimate Holding Company		Key Management Personnel	
	Year ended 31 March 2019	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018	**Year ended 31 March 2019**	Year ended 31 March 2018
– Mahindra Holidays and Resorts India Limited	**–**	–	**0.39**	–	**–**	–	**–**	–
– Mahindra Retail Limited	**–**	–	**30.28**	–	**–**	–	**–**	–
ESOP Expenses								
– Mahindra & Mahindra Limited	**0.32**	1.19	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**26.58**	92.64	**–**	–	**–**	–	**–**	–
Remuneration								
– Mr. Anuj Mehra	**–**	–	**–**	–	**–**	–	**256.49**	214.42
Purchase of fixed assets								
– Mahindra & Mahindra Limited	**242.98**	103.10	**–**	–	**–**	–	**–**	–
– Mahindra & Mahindra Financial Services Limited	**2.75**	–	**–**	–	**–**	–	**–**	–
– NBS International Limited	**–**	–	**3.21**	–	**–**	–	**–**	–
– Mahindra Retail Limited	**–**	–	**414.05**	–	**–**	–	**–**	–
Dividend paid								
– Mahindra & Mahindra Financial Services Limited	**1,636.09**	1,248.61	**–**	–	**–**	–	**–**	–
Inter corporate deposits taken								
– Mahindra & Mahindra Limited	**10,000.00**	5,000.00	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**29,500.00**	19,375.00	**–**	–	**–**	–
– Mahindra Asset Management Company Private Limited	**–**	–	**900.00**	–	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**10,000.00**	–	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**1,000.00**	–	**–**	–
– Mahindra Logistics Limited	**–**	–	**1,500.00**	–	**–**	–	**–**	–
– Mahindra Vehicle Manufacturers Limited	**–**	–	**5,000.00**	–	**–**	–	**–**	–
Inter corporate deposits repaid/matured								
– Mahindra & Mahindra Limited	**10,000.00**	–	**–**	–	**–**	–	**–**	–
– Mahindra Insurance Brokers Limited	**–**	–	**19,375.00**	10,350.00	**–**	–	**–**	–
– Mahindra Asset Management Company Private Limited	**–**	–	**1,000.00**	100.00	**–**	–	**–**	–
– Tech Mahindra Limited	**–**	–	**–**	–	**–**	10,000.00	**–**	–
– Swaraj Engines Limited	**–**	–	**–**	–	**1,000.00**	–	**–**	–
Issue of Share Capital (incl Securities premium)								
– Mahindra & Mahindra Financial Services Limited	**15,000.00**	13,000.00	**–**	–	**–**	–	**–**	–

iii) Balances as at the end of the year:

Particulars	Holding Company			Fellow Subsidiaries			Associates of Ultimate Holding Company			Key Management Personnel		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Balances as at the end of the year												
Subordinate debt held (including interest accrued but not due)												
– Mahindra & Mahindra Financial Services Limited	–	700.76	700.57	–	–	–	–	–	–	–	–	–
– Mahindra Asset Management Company Private Limited	–	–	–	**4,856.83**	4,856.88	4,856.15	–	–	–	–	–	–

(Rs. in Lakhs)

	Holding Company			Fellow Subsidiaries			Associates of Ultimate Holding Company			Key Management Personnel		
Particulars	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017	**As at 31 March 2019**	As at 31 March 2018	As at 1 April 2017
Payables												
– Mahindra & Mahindra Limited	**13.50**	46.91	180.79	–	–	–	–	–	–	–	–	–
– Mahindra & Mahindra Financial Services Limited	**82.64**	47.28	95.91	–	–	–	–	–	–	–	–	–
– Mahindra Insurance Brokers Limited	–	–	–	**80.82**	14.54	17.01	–	–	–	–	–	–
– Mahindra Integrated Business Solutions Private Limited	–	–	–	**26.12**	9.78	5.80	–	–	–	–	–	–
Inter corporate deposits outstanding (including interest accrued but not due)												
– Mahindra & Mahindra Limited	**5,020.56**	5,191.74	–	–	–	–	–	–	–	–	–	–
– Mahindra Insurance Brokers Limited	–	–	–	**30,585.35**	20,007.30	10,674.66	–	–	–	–	–	–
– Mahindra Asset Management Company Private Limited	–	–	–	–	107.27	214.55	–	–	–	–	–	–
– Tech Mahindra Limited	–	–	–	–	–	–	**10,423.00**	–	10,188.17	–	–	–
– Mahindra Logistics Limited	–	–	–	**1,500.61**	–	–	–	–	–	–	–	–
– Mahindra Vehicle Manufacturers Limited	–	–	–	**5,005.33**	–	–	–	–	–	–	–	–

47 Events after reporting date

The dividends proposed for the current financial year ended 31 March 2019 shall be paid to shareholders on approval of the members of the Company at the forthcoming Annual General Meeting and hence, has been treated as a non adjusting event (refer note no. 18). There have been no other events after the reporting date that require disclosure in these financial statements.

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

For and on behalf of the Board of Directors
Mahindra Rural Housing Finance Limited

Venkataramanan Vishwanath
Partner
Membership No: 113156

Ramesh Iyer
Director
[DIN: 00220759]

Nityanath Ghanekar
Director
[DIN: 00009725]

V. Ravi
Director
[DIN: 00307328]

Anjali Raina
Director
[DIN: 02327927]

K. Chandrasekar
Director
[DIN: 01084215]

M. Narendra
Director
[DIN: 00536905]

Anuj Mehra
Managing Director
[DIN: 02712119]

Mumbai
18 April 2019

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary

1 Additional Disclosures as prescribed by National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.1 Capital

(Rs. in Lakhs)

Particulars		31 March 2019	31 March 2018
(i)	CRAR (%)	**39.34%**	32.80%
(ii)	CRAR – Tier I Capital (%)	**29.58%**	23.20%
(iii)	CRAR – Tier II Capital (%)	**9.76%**	9.60%
(iv)	Amount of subordinated debt raised as Tier – II Capital	**31,200**	28,400
(v)	Amount raised by issue of Perpetual Debt Instruments	**Nil**	Nil

1.2 Investments

The investments outstanding as at 31 March 2019 is NIL (31 March 2018: NIL), hence no provision for diminution is required for invetments.

1.3 Derivatives

The Company has not entered into any derivatives during the current year or previous year and accordingly no disclosure is made pursuant to the provisions of point no. 3.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.4 Securitization

The Company has not entered into any transactions of securitization / assignment during the current year or previous year and accordingly no disclosure is made pursuant to the provisions of point no. 3.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.5 Assets Liability Management

Particulars	Upto 31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowing from Bank	11,788.35	9,202.40	7,222.22	24,743.43	46,963.98	159,640.47	59,161.11	–	–	–	318,721.97
Market Borrowing	6,150.00	18,500.00	46,725.00	22,725.00	33,400.00	114,150.00	46,500.00	7,000.00	28,710.00		323,860.00
Foreign Currency Liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	19,628.17	14,234.75	13,020.30	41,856.21	84,652.60	265,271.94	186,266.69	84,987.77	28,696.53	54,817.49	793,432.45
Investments	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency Assets	–	–	–	–	–	–	–	–	–	–	–

1.6 Exposure

1.6.1 Exposure to real estate sector Exposure to real estate sector

(Rs. In Lakhs)

Category			31 March 2019	31 March 2018
a)	Direct exposure			
	(i)	Residential Mortgages -		
		Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	**790,482**	624,734
		Of the above Individual housing loan upto Rs.15 lakh	**777,857**	614,242
	(ii)	Commercial real estate -		
		Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	**Nil**	Nil
	(iii)	Investments in mortgage backed securities (MBS) and other securitised exposures -		
		a) Residential	**Nil**	Nil
		b) Commercial real estate	**Nil**	Nil
b)	Indirect Exposure			
		Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	**Nil**	Nil

1.6.2 The Company does not have any exposure towards capital market and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.2, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.6.3 The Company has not financed any parent Company products and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.3, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.6.4 The Company has not exceeded the prudential exposure limits w.r.t. Single Borrower Limit (SBL)/Group Borrower Limit (GBL) and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.4, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.6.5 The Company has not given any unsecured advances against collateral of rights, licenses, authorisations, etc. and accordingly no disclosure is made pursuant to the provisions of point no. 3.7.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.7 Miscellaneous

1.7.1 The Company has not obtained registration from any Financial sector regulator other than National Housing Bank.

1.7.2 No Penalty has been imposed on the Company by National Housing Bank.

1.7.3 Related Party Policy:

All Contracts/arrangements/transactions entered into by the Company during the current year with related parties were in the ordinary course of business and on an arm's length basis.

Pursuant to section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, there are no transactions to be reported under Section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

The policy on related party transactions is approved by the audit committee and the board of directors of the Company.

1.7.4 Rating assigned by Credit Rating Agencies and migration of rating during the year.

During the year under consideration, India Ratings & Research Private Limited has reaffirmed the rating to the Company's bank facilities, non-convertible debentures and subordinated debt as 'IND AA+/stable' outlook and 'IND A1+' rating to the commercial paper issued by the Company.

CARE Ratings Limited (Formerly known as 'Credit Analysis & Research Limited') has reaffirmed the rating to the Company's non-convertible debentures and subordinated debt as 'CARE AA+/stable' outlook.

CRISIL Limited has reaffirmed 'CRISIL AA+/Stable' outlook to the Company's non-convertible debentures and subordinated debt and 'CRISIL A1+' rating to the Company's commercial paper.

1.7.5 Remuneration of Independent Directors

Particulars of Remuneration	**Names of Directors**			
Independent Directors	**Mr. Nityanath Ghanekar**	**Mrs. Anjali Raina**	**Mr. Narendra Mairpady**	**Total**
Fee for attending board / committee meetings	3.70	2.10	3.10	8.90
	(5.00)	(5.40)	(4.00)	(14.40)
Commission	7.50	7.50	7.50	22.50
	(7.50)	(7.50)	(7.50)	(22.50)
Total	**11.20**	9.60	**10.60**	31.40
	(12.50)	**(12.90)**	**(11.50)**	**(36.90)**

Notes: Figures in bracket represent corresponding figures of previous year.

1.8 During the year there were no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

1.9 Other Disclosures

1.9.1 Provisions and Contingencies

(Rs. in Lakhs)

Breakup of "Provisions & Contingencies" shown under the head Expenditure in Statement of Profit and Loss	**31 March 2019**	31 March 2018
1. Provisions for depreciation on Investment	–	–
2. Provision made towards Income Tax	**10,293.21**	7,913.24
3. Provision towards NPA	**5,939.45**	6,729.08
4. Provision for Standard Assets	**208.28**	292.19
5. Other Provision and Contingencies	–	–

The Company has complied with norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognizing non-performing assets in preparation of accounts.

Breakup of Loan & Advances and Provisions thereon	**Housing**		**Non Housing**	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Standard Assets				
a) Total Outstanding Amount	**708,102.97**	556,659.95	**6,948.00**	6,091.29
b) Provisions made	**2,228.70**	2,027.02	**31.53**	24.93
Sub-Standard Assets				
a) Total Outstanding Amount	**28,267.33**	30,317.06	**79.49**	22.45
b) Provisions made	**5,394.86**	5,479.57	**13.86**	4.04
Doubtful Assets - Category – I				
a) Total Outstanding Amount	**21,270.27**	21,083.68	**35.19**	9.47
b) Provisions made	**6,343.90**	6,010.96	**10.50**	2.86
Doubtful Assets - Category – II				
a) Total Outstanding Amount	**24,813.89**	13,269.09	**31.12**	0.28
b) Provisions made	**10,560.66**	5,576.99	**14.53**	0.11

Breakup of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March 2019	31 March 2018	**31 March 2019**	31 March 2018
Doubtful Assets - Category – III				
a) Total Outstanding Amount	**1,563.50**	917.22	**13.94**	28.51
b) Provisions made	**1,563.50**	917.22	**13.94**	28.51
Loss Assets				
a) Total Outstanding Amount	**189.74**	145.77	–	–
b) Provisions made	**189.74**	145.77	–	–
TOTAL				
a) Total Outstanding Amount	**784,207.71**	**622,392.77**	**7,107.74**	**6,152.00**
b) Provisions made	**26,281.36**	**20,157.53**	**84.36**	**60.45**

Loan receivable includes Rs. 18,072.33 Lakhs outstanding towards financing of insurance as of 31 March 2019 and Rs. 15,693.77 Lakhs as of 31 March 2018.

The Company has made adequate provision for Non Performing Assets identified, in accordance with the Housing Finance Companies (NHB) Directions, 2010. As per the practice consistently followed, the Company has also made additional provision on prudential basis. The cumulative additional provision made by the Company as on 31 March 2019 is Rs. 2,668.51 Lakhs (31 March 2018 is Rs. 1,851.89 Lakhs).

In line with Notification No. NHB.HFC.DIR.3/CMD/2011 & Notification No. NHB.HFC.DIR.18/MD&CEO/2017 (effective date 02 August, 2017) issued by National Housing Bank, the Company has made a provision 0.40 % and 0.25 % respectively on outstanding Standard Assets.

In accordance with Accounting Standard 29 (AS-29) "Provisions, Contingent Liabilities and Contingent Assets", the following are the details of the movement in provisions for the year ending 31 March 2019:

(Rs. in Lakhs)

Movement of provisions for NPAs (excluding provisions on standard assets)	31 March 2019	31 March 2018
a) Opening balance	**18,166.03**	11,436.95
b) Provisions made during the year	**18,132.16**	15,491.21
c) Write-off of short provision/write-back of excess provisions	**(12,192.71)**	(8,762.13)
d) Closing balance	**24,105.48**	18,166.03
Movement of provisions for standard assets	**31 March 2019**	31 March 2018
a) Opening balance	**2,051.95**	1,759.76
b) Provisions made during the year	**208.28**	292.19
c) Closing balance	**2,260.23**	2,051.95

1.9.2 Draw Down from Reserves

The Company has not withdrawn any amount from any reserve in the current year or in the previous year.

1.9.3 Concentration of Public Deposits, Advances, Exposures and NPAs

1.9.3.1 The Company is a non deposit accepting Housing Finance Company, hence there are no public deposits and accordingly no disclosure is made pursuant to the provisions of point no. 5.3.1, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.9.3.2 Concentration of Loans & Advances

(Rs. in Lakhs)

Particulars	31 March 2019	31 March 2018
Total Loans & Advances to twenty largest borrowers	**653.50**	622.37
Percentage of Loans & Advances to Twenty largest borrowers to Total Advances of the HFC	**0.08%**	0.10%

1.9.3.3 Concentration of all exposure (including off-balance sheet exposure)

(Rs. in Lakhs)

Particulars	31 March 2019	31 March 2018
Total Exposure to twenty largest borrowers / customers	**692.58**	690.42
Percentage of Exposure to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	**0.08%**	0.09%

1.9.3.4 Concentration of NPAs

(Rs. in Lakhs)

Particulars	31 March 2019	31 March 2018
Total Exposure to top ten NPA accounts	**250.52**	238.35

1.9.3.5 Sector – wise NPAs

Sl. No.		Sector	Percentage of NPAs to Total Advances in that sector
a)	**Housing Loans:**		
	1	Individuals	9.71%
	2	Builders/Project Loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil
b)	**Non-Housing Loans:**		
	1	Individuals	2.52%
	2	Builders/Project Loans	Nil
	3	Corporates	Nil
	4	Others (specify)	Nil

1.9.4 Movement of NPAs

(Rs. in Lakhs)

Particulars		31 March 2019	31 March 2018
(I)	**Net NPAs to Net Advances (%)**	**6.81%**	7.85%
(II)	**Movement of NPAs (Gross)**		
a)	Opening Balance	**65,793.54**	46,633.25
b)	Additions during the year	**70,234.26**	64,225.82
c)	Reductions during the year	**(59,763.33)**	(45,065.53)
d)	Closing Balance	**76,264.47**	65,793.54
(III)	**Movement of Net NPAs**		
a)	Opening Balance	**47,627.51**	35,196.30
b)	Additions during the year	**52,102.10**	48,734.61
c)	Reductions during the year	**(47,570.62)**	(36,303.40)
d)	Closing Balance	**52,158.99**	47,627.51
(IV)	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
a)	Opening Balance	**18,166.03**	11,436.95
b)	Provision made during the year	**18,132.16**	15,491.21
c)	Write-off of short provision/ write-back of excess provisions	**(12,192.71)**	(8,762.13)
d)	Closing Balance	**24,105.48**	18,166.03

1.9.5 Overseas Assets

The Company does not own any overseas asset and accordingly no disclosure is made pursuant to the provisions of point no. 5.5, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.9.6 The Company does not have any off balance sheet Special Purpose Vehicles sponsored and accordingly no disclosure is made pursuant to the provisions of point no. 5.6, Annexure 4 of NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9th, 2017.

1.10 Disclosure of Customers Complaints

(Rs. in Lakhs)

Particulars		31 March 2019	31 March 2018
a)	No. of complaints pending at the beginning of the year	**Nil**	Nil
b)	No. of complaints received during the period	**29**	31
c)	No. of complaints redressed during the period	**29**	31
d)	No. of complaints pending at the end of the period	**Nil**	Nil

1.11 Movement of Statutory Reserve
(As per Section 29C of the National Housing Bank Act, 1987)
(In compliance with NHB Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016)

(Rs. in Lakhs)

Particulars		31 March 2019	31 March 2018
Balance at the beginning of the year			
a)	Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**110.00**	85.00
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**14,094.93**	9,119.93
Total		**14,204.93**	9,204.93
Addition/Appropriation/Withdrawal during the year			
Add:			
a)	Amount Transferred u/s 29C of the NHB Act, 1987	**25.00**	25.00
b)	Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**7,350.00**	4,975.00
Less:			
a)	Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act 1987	–	–

(Rs. in Lakhs)

Particulars	**31 March 2019**	31 March 2018
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	–	–
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	**135.00**	110.00
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	**21,444.93**	14,094.93
Total	**21,579.93**	14,204.93

1.12 The Company has not granted any loans or advances against collateral of gold jewellery.

For and on behalf of the Board of Directors

Mahindra Rural Housing Finance Limited

Ramesh Iyer
Director
[DIN: 00220759]

Nityanath Ghanekar
Director
[DIN: 00009725]

V. Ravi
Director
[DIN: 00307328]

Anjali Raina
Director
[DIN: 02327927]

K. Chandrasekar
Director
[DIN: 01084215]

M. Narendra
Director
[DIN: 00536905]

Anuj Mehra
Managing Director
[DIN: 02712119]

Dharmesh Vakharia
Chief Financial Officer

Navin Joshi
Company Secretary