INDEPENDENT AUDITOR'S REPORT

To the Members of

India Shelter Finance Corporation Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

1. We have audited the accompanying financial statements of India Shelter Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at 31 March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
2. 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 including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March, 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules 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

4. 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.
5. We have determined the matter described below to be the key audit matter to be communicated in our report.

Expected Credit Losses ('ECL') on loans and other financial assets
(Refer Note 2.9 to the accompanying financial statements for significant accounting policy and note 5 and 7 for the loan assets, other financial assets and ECL related disclosures)

Key audit matter	How our audit addressed the key audit matter
As at 31 March, 2021, the Company has reported gross loans assets amounting to ₹ 201,217.29 lakhs and other financial assets amounting to ₹ 2,825.26 against which impairment of ₹ 3,100.33 lakhs and ₹ 16.71 lakhs respectively has been recorded. Ind AS 109- Financial Instruments, requires the Company to provide for impairment of its financial assets using ECL approach which involves estimation of probability of loss on the financial assets over their life, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets.	Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements are reasonable and the related disclosures in the financial statements made by the management are appropriate. These procedures included, but were not limited, to the following: (a) obtained an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculates the expected credit losses and the appropriateness of data on which the calculation is based;

Expected Credit Losses ('ECL') on loans and other financial assets (Refer Note 2.9 to the accompanying financial statements for significant accounting policy and note 5 and 7 for the loan assets, other financial assets and ECL related disclosures)	
Key audit matter	**How our audit addressed the key audit matter**
Estimation of expected credit losses is a complex matter since it uses statistical model and requires the management to exercise significant judgements. Refer to Note 5. Considering the significance of the above matter to the overall financial statements, and the degree of management's judgment, this area required significant auditor attention to test such complex accounting estimates. Therefore, we have identified this as a key audit matter for current year audit. We also draw attention to note 44 of the accompanying financial statements, regarding the possible effects of the uncertainties involved on the appropriateness of allowance for ECL on the above-mentioned loan assets and other financial assets as on 31 March, 2021, as the same is fundamental to the understanding of the users of financial statements.	(b) considered the Company's accounting policies for estimation of expected credit loss on loans and other financial assets, and assessing compliance with the policies in terms of Ind AS 109; (c) Tested the design and operating effectiveness of the key controls over calculation of the expected credit losses; (d) tested the accuracy and completeness of inputs through substantive procedures and assessing the reasonableness of the assumptions used which included the following: • As modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios; • Evaluated the appropriateness of the Company's determination of significant increase in credit risk ('SICR') in accordance with the applicable accounting standard considering impact of COVID-19 and the basis for classification of various exposures into various stages. For a sample of exposures, we also tested the appropriateness of the Company's categorization across various stages; • Assessed the critical assumptions including management's assessment of the impact of COVID-19 on these assumptions, and input data used in the estimation of expected credit loss models for specific key credit risk parameters, such as the transfer logic between stages, probability of default (PD) or loss given default (LGD); • Performed an assessment of the adequacy of the credit losses expected by developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets; • Tested on test check basis, the reasonableness of estimates of expected realizable values of underlying collaterals; ➢ tested the arithmetical calculation of the expected credit losses; ➢ obtained written representations from management on whether they believe significant assumptions used in calculation of expected credit losses are reasonable; Assessed the appropriateness and adequacy of the related presentation and disclosures in note 38.5 "Financial risk management" to the accompanying financial statements in accordance with the applicable accounting standards.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

10. 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 Standards on Auditing 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.

11. As part of an audit in accordance with Standards on Auditing, 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;

12. 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.

13. 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.

14. 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 auditor's 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

15. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

16. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India 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.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;

    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 financial statements dealt with by this report are in agreement with the books of account;

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

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2021 from being appointed as a director in terms of section 164(2) of the Act;

    f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 12 May, 2021 as per Annexure B expressed unmodified opinion; and

    g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. the Company, as detailed in note 33 to the financial statements, has disclosed the impact of pending litigation on its financial position as at 31 March, 2021.

        ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at 31 March, 2021;

        iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March, 2021; and

        iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8 November, 2016 to 30 December, 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner
Membership No.: 095256
UDIN: 21095256AAAAAO1644

Place: Noida
Date: 12 May, 2021

ANNEXURE A

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, 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 have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.

(c) The title deeds of all the immovable properties (which are included under the head 'Property, plant and equipment') are held in the name of the Company.

(ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income-tax Act, 1961	**Income tax**	**445.23**	**89.05**	**Assessmentyear 2017-18**	**Commissioner of Income-tax (Appeals)**	**Assessing officer has passed a stay order till the disposal of appeal**

(viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government during the year.

(ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand.

(x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) Managerial remuneration has been paid by the Company in accordance with the requisite approvals

ANNEXURE A (Contd.)

mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner
Membership No.: 095256
UDIN:21095256AAAAAO1644

Place: Noida
Date: 12 May, 2021

ANNEXURE B

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

1. In conjunction with our audit of the financial statements of India Shelter Finance Corporation Limited ('the Company') as at and for the year ended 31 March, 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. 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 Standards on Auditing issued by the ICAI prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note 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 were established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such controls were operating effectively as at 31 March, 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner
Membership No.: 095256
UDIN: 21095256AAAAAO1644

Place: Noida
Date: 12 May, 2021

IndiaShelter Home Loans

BALANCE SHEET

AS AT 31 MARCH, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

	Notes	As at 31 March, 2021	As at 31 March, 2020
ASSETS			
(1) Financial assets			
(a) Cash and cash equivalents	3	23,309.46	1,733.99
(b) Bank balance other than cash and cash equivalents	4	18,058.31	16,513.80
(c) Loans	5	1,98,116.96	1,47,515.19
(d) Investments	6	-	9,385.88
(e) Other financial assets	7	2,808.55	209.50
(2) Non-financial assets			
(a) Current tax assets (net)	8	3.55	344.55
(b) Deferred tax assets (net)	9	933.65	1,006.14
(c) Property, plant and equipment	10	1,403.13	1,621.19
(d) Other intangible assets	11	107.74	163.53
(e) Other non-financial assets	12	1,174.97	1,153.18
(f) Assets held for sale		347.85	252.18
Total assets		**2,46,264.17**	**1,79,899.13**
LIABILITIES AND EQUITY			
Liabilities			
(1) Financial liabilities			
(a) Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	13	12.12	2.58
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	13	450.63	404.48
(b) Debt securities	14	8,222.38	24,588.20
(c) Borrowings (other than debt securities)	15	1,40,906.65	68,872.16
(d) Other financial liabilities	16	2,088.81	633.74
(2) Non-financial liabilities			
(a) Provisions	17	359.73	401.13
(b) Other non-financial liabilities	18	496.89	168.47
Total liabilities		**1,52,537.21**	**95,070.76**
(3) Equity			
(a) Equity share capital	19	4,297.84	4,283.02
(b) Other equity	20	89,429.12	80,545.35
Total equity		**93,726.96**	**84,828.37**
Total liabilities and equity		**2,46,264.17**	**1,79,899.13**

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

This is the balance sheet referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner

Membership No.: 095256

Place: Noida
Date: 12 May, 2021

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chief Executive Officer and
Managing Director
DIN: 02132315

Place: Gurugram
Date: 12 May, 2021

Rupinder Singh
Director

DIN: 09153382

Place: Chennai
Date: 12 May, 2021

Ashish Gupta
Chief Financial Officer

Place: Delhi
Date: 12 May, 2021

Mukti Chaplot
Company Secretary
Membership No. 38326

Place: Delhi
Date: 12 May, 2021

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31 MARCH, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

		Notes	For the year ended 31 March, 2021	For the year ended 31 March, 2020
REVENUE FROM OPERATIONS				
(i)	Interest income	21	27,457.21	21,213.58
(ii)	Fees and commission income	22	999.26	957.34
(iii)	Net gain on fair value changes	23	291.85	737.14
(iv)	Net gain on derecognition of financial instruments under amortised cost category		2,922.29	-
(I)	**Total revenue from operations**		**31,670.61**	**22,908.06**
(II)	Other income	24	609.22	82.98
(III)	**Total income (I+II)**		**32,279.83**	**22,991.04**
EXPENSES				
(i)	Finance costs	25	10,534.81	7,534.87
(ii)	Impairment on financial instruments	26	1,984.73	1,173.32
(iii)	Employee benefits expenses	27	6,168.58	5,037.61
(iv)	Depreciation and amortisation	28	509.84	586.88
(v)	Other expenses	29	1,786.18	2,274.48
(IV)	**Total expenses**		**20,984.14**	**16,607.16**
(V)	**Profit before tax (III-IV)**		**11,295.69**	**6,383.88**
(VI)	**Tax expense:**	30		
	(1) Current tax		2,477.20	1,842.95
	(2) Deferred tax charge/(credit)		79.63	(150.21)
	Total tax expense		**2,556.83**	**1,692.74**
(VII)	**Profit for the year (V-VI)**		**8,738.86**	**4,691.14**
(VIII)	**Other comprehensive income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remesurment of defined benefit obligations		(28.39)	(0.20)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		7.15	0.05
	Total other comprehensive income		**(21.24)**	**(0.15)**
(IX)	**Total comprehensive income for the year(VII+VIII)**		**8,717.62**	**4,690.99**
(X)	**Earnings per equity share**	40		
	Basic (₹)		20.39	10.99
	Diluted (₹)		19.86	10.80

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

This is the statement of profit and loss referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner

Membership No.: 095256

Place: Noida
Date: 12 May, 2021

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chief Executive Officer and
Managing Director
DIN: 02132315

Place: Gurugram
Date: 12 May, 2021

Rupinder Singh
Director

DIN: 09153382

Place: Chennai
Date: 12 May, 2021

Ashish Gupta
Chief Financial Officer

Place: Delhi
Date: 12 May, 2021

Mukti Chaplot
Company Secretary
Membership No. 38326

Place: Delhi
Date: 12 May, 2021

IndiaShelter Home Loans

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

A. EQUITY SHARE CAPITAL

Particulars	Balance as at 01 April, 2019	Changes during the year	Balance as at 31 March, 2020	Changes during the year	Balance as at 31 March, 2021
Equity share capital	4,240.45	42.57	4,283.02	14.82	4,297.84

B. OTHER EQUITY

Particulars	Share application money pending allotment	Reserves and Surplus				Items of other comprehensive income	Total
		Statutory reserve	Securities premium	Employee share based payment reserve	Retained earnings	Re-measurements of defined benefit plans	
Balance as at 01 April, 2019	53.11	1,737.56	67,784.64	230.57	5,877.61	30.64	**75,714.13**
Transfer to statutory reserve	-	938.23	-	-	(938.23)	-	**-**
Movement during the year	(53.11)	-	34.78	158.56	-	-	**140.23**
Profit for the year	-	-	-	-	4,691.14	-	**4,691.14**
Other comprehensive income	-	-	-	-	-	(0.20)	**(0.20)**
Income tax on other comprehensive income	-	-	-	-	-	0.05	**0.05**
Balance as at 31 March, 2020	**-**	**2,675.79**	**67,819.42**	**389.13**	**9,630.52**	**30.49**	**80,545.35**
Transfer to statutory reserve	-	1,747.77	-	-	(1,747.77)	-	**-**
Movement during the year	-	-	5.17	160.98	-	-	**166.15**
Profit for the year	-	-	-	-	8,738.86	-	**8,738.86**
Other comprehensive income	-	-	-	-	-	(28.39)	**(28.39)**
Income tax on other comprehensive income	-	-	-	-	-	7.15	**7.15**
Balance as at 31 March, 2021	**-**	**4,423.56**	**67,824.59**	**550.11**	**16,621.61**	**9.25**	**89,429.12**

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

This is the statement of changes in equity referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner

Membership No.: 095256

Place: Noida
Date: 12 May, 2021

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chief Executive Officer and
Managing Director
DIN: 02132315

Place: Gurugram
Date: 12 May, 2021

Rupinder Singh
Director

DIN: 09153382

Place: Chennai
Date: 12 May, 2021

Ashish Gupta
Chief Financial Officer

Place: Delhi
Date: 12 May, 2021

Mukti Chaplot
Company Secretary
Membership No. 38326

Place: Delhi
Date: 12 May, 2021

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(A) CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,295.69	6,383.88
Adjustments for:		
Depreciation and amortisation	509.84	586.88
Effective interest rate adjustment on financial assets	533.26	739.08
Effective interest rate adjustment on debt securities and borrowings	(9.59)	(283.59)
Share based payments to employees	161.21	159.41
Impairment on financial instruments	1,984.73	1,173.32
Impairment on assets held for sale	4.62	31.23
Net loss on derecognition of property, plant and equipment	14.65	6.28
Net unrealised gain on fair value change of investments	-	(35.88)
Net gain on derecognition of financial instruments under amortised cost category	(2,922.29)	-
Gain on termination of leases	(22.02)	-
Interest expense on lease liabilities	77.33	126.13
Operating profit before working capital changes	**11,627.43**	**8,886.74**
Movements in working capital		
Increase in loans	(53,068.15)	(35,346.09)
Decrease/(increase) in investments	9,385.88	(1,373.12)
Decrease in other financial assets	306.52	108.56
Increase in other non-financial assets	(137.21)	(316.23)
Increase in trade payables	55.69	19.84
Increase/(decrease) in other financial liabilities	1,455.06	(611.00)
Increase/(decrease) in other non-financial liabilities	328.41	(60.99)
(Decrease)/increase in provisions	(104.69)	42.99
(Decrease)/increase in interest accrued on debt securities and borrowings	(411.95)	1,258.90
Cash flows used in operating activities post working capital changes	**(30,563.01)**	**(27,390.40)**
Income tax paid (net)	(2,136.19)	(1,764.57)
Net cash flows used in operating activities (A)	**(32,699.20)**	**(29,154.97)**
(B) CASH FLOWS FROM INVESTING ACTIVITIES		
Payments made for purchase of property, plant and equipment and intangible assets	(177.95)	(146.35)
Proceeds from sale of property, plant and equipment	0.76	2.04
Investment in other bank balance (net)	(1,544.51)	(14,881.21)
Net cash used in investing activities (B)	**(1,721.70)**	**(15,025.52)**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(C) CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of equity share capital	19.99	24.24
Proceeds from debt securities	1,500.00	10,000.00
Proceeds from borrowings(other than debt securities)	97,840.02	44,346.23
Repayment of borrowings	(25,184.81)	(13,019.74)
Repayment of debt securities	(17,857.15)	(1,428.58)
Payment towards lease liabilities	(321.68)	(385.46)
Net cash flows from financing activities (C)	**55,996.37**	**39,536.69**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**21,575.47**	**(4,643.80)**
Cash and cash equivalents at the beginning of the year	1,733.99	6,377.79
Cash and cash equivalents at the end of the year	23,309.46	1,733.99
Components of cash and cash equivalents		
Cash on hand	53.61	10.60
Balances with banks (of the nature of cash and cash equivalents)		
(a) Balance with banks in current accounts	4,051.21	1,723.39
(b) Deposits with original maturity of less than 3 months	19,204.64	-
Total cash and cash equivalents	**23,309.46**	**1,733.99**

*Refer note 15 for reconciliation of liabilities arising from financing activities.

Note: The above statement of cash flows has been prepared under the "Indirect Method" as set out in Indian Accounting Standard (Ind AS) - 7 'Statement of Cash flows' as specified under Section 133 of the Companies Act, 2013, ('Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

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

This is the statement of cash flows referred to in our report of even date.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner

Membership No.: 095256

Place: Noida
Date: 12 May, 2021

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chief Executive Officer and
Managing Director
DIN: 02132315

Place: Gurugram
Date: 12 May, 2021

Rupinder Singh
Director

DIN: 09153382

Place: Chennai
Date: 12 May, 2021

Ashish Gupta
Chief Financial Officer

Place: Delhi
Date: 12 May, 2021

Mukti Chaplot
Company Secretary
Membership No. 38326

Place: Delhi
Date: 12 May, 2021

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021

(All amounts in ₹ Lacs, unless otherwise stated)

1. Company overview/Corporate information

India Shelter Finance Corporation Limited ("the Company") is a Housing Finance Company registered under section 29A of The National Housing Bank Act, 1987 vide Registration Certificate No. 09.0087.10 dated 14 September, 2010. The Company is engaged in providing secured retail home loans, home equity loans and loans against property to borrowers for a period up to twenty years. These loans are primarily to be used by the borrowers for home purchase, home improvements, home extension and for construction of dwelling units on plots owned by borrowers.

The Company does not accept public deposits, and utilises internal and external funds to provide loans to borrowers.

The Company's registered office and principal place of business is situated at 6th Floor, Plot No-15, Sector 44, Gurugram - 122001. The debentures of the Company are listed on the Bombay Stock Exchange.

1.1. Basis of preparation

(i) Statement of compliance with Indian Accounting Standards (Ind AS)

These financial statements ("the Financial Statements") have been prepared in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Companies Act, 2013 ('Act') and other relevant provisions of the Act and guidelines issued by National Housing Bank (NHB) to the extent applicable. The Company has uniformly applied the accounting policies for the periods presented in these financial statements.

The financial statements for the year ended 31 March, 2021 were authorised and approved for issue by the Board of Directors on 12 May, 2021.

(ii) Historical cost convention

The financial statements have been prepared on historical cost basis except for certain financial assets and financial liabilities which are measured at fair values at the end of each reporting period as explained in relevant accounting policies. The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India.

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

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

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

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

2. Summary of significant accounting policies

These financial statements have been prepared using the significant accounting policies and measurement bases summarised as below. These policies are applied consistently for all the periods presented in the financial statements, except where the Company has applied certain exemptions upon transition.

(All amounts in ₹ Lacs, unless otherwise stated)

2.1. Revenue recognition

Interest and processing fee income on loans

Interest and processing fee income on financial assets is recognised on a time proportion basis considering the amount outstanding and the effective interest rate applicable.

Effective Interest Rate ("EIR")

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

The future cash flows are estimated taking into account all the contractual terms of the instrument.

The calculation of the EIR includes all fees paid or received between parties to the contract that are incremental and directly attributable to the specific lending arrangement, transaction costs, and all other premiums or discounts. For financial assets measured at Fair Value Through Profit and Loss ("FVTPL"), transaction costs are recognised in the statement of profit and loss at initial recognition.

Interest income/expenses is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets/liabilities (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets interest income is calculated by applying the EIR to he amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for expected credit losses).

Interest/Dividend income on investment

Interest income on investments and fixed deposits is recognised on time proportionate basis with reference to EIR method. Dividend income is accounted for when the right to receive it is established.

Income from assignment

Gains arising out of direct assignment transactions comprise the difference between the interest on the loan portfolio and the applicable rate at which the direct assignment is entered into with the assignee, also known as the right of excess interest spread (EIS). The future EIS basis the scheduled cash flows on execution of the transaction, discounted at the applicable rate entered into with the assignee is recorded upfront in the statement of profit and loss. EIS is evaluated and adjusted for ECL and expected prepayment.

Fee and Commission Income

Fee and commission income includes fees other than those that are an integral part of EIR method. The Company recognises the fee and commission income at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

Miscellaneous income

All other income is recognised on an accrual basis upon satisfaction of performance obligation, when there is no uncertainty in the ultimate realisation/collection and income can be measured reliably.

2.2. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand (including imprest), demand deposits and short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

2.3. Cash flow statement

Cash flows are reported using indirect method as set out in Ind AS -7 "Statement of Cash Flows", whereby profit/loss before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.4. Property, plant and equipment

Recognition and initial measurement

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

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, wherever applicable.

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

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation on property, plant and equipment is provided on the straight line method over the useful life of the assets as prescribed under Part 'C' of Schedule II of the Companies Act, 2013, or in case of assets where the estimated useful life was determined basis technical evaluation carried out by the Company, over the useful life so determined.

Depreciation on additions to fixed assets is provided for full month in which acquisition of the assets is made. No depreciation is provided for the month of sale/disposal of asset. Leasehold improvements are amortised over a period of lease. Asset costing less than ₹ 10,000 each are fully depreciated in the year of capitalisation.

The residual values, useful lives and method of depreciation are reviewed at the end of each financial year.

Estimated useful lives of the assets are as follows:

Asset category	Life (in Years)
Plant & Equipment- Computer and other related equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	8 years
Handheld communication devices (included in office equipment)	2 years
Leasehold improvements	Over the period of the lease or the estimated useful life whichever is lesser.

De-recognition

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in the statement of profit and loss, when the asset is derecognised.

2.5. Intangible assets

Recognition and initial measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price including any import duties and other taxes (other than those subsequently recoverable from taxation authorities), borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Amortisation method, estimated useful lives and residual value

Intangible assets are amortised over a period of 4 years from the date when the assets are available for use. The estimated useful life (amortisation period) of the intangible assets is arrived basis the expected pattern of consumption of economic benefits and is reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

De-recognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in statement of profit and loss when the asset is derecognised.

2.6. Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. For the purpose of assessing impairment, the smallest identifiable group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit.

Recoverable amount is higher of an asset's or cash generating unit's fair value less cost of disposal and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

If at the reporting date there is an indication that previously assessed impairment loss no longer exists, the recoverable amount is reassessed, and the asset is reflected at the recoverable amount subject to maximum of depreciable historical cost.

2.7. Taxation

Tax expense recognised in Statement of Profit and Loss comprises the sum of deferred tax and current tax except to the extent it recognised in other comprehensive income or directly in equity.

Current tax comprises the tax payable or receivable on taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. Current tax is computed in accordance with relevant tax regulations. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

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

With effect from 1 April, 2019, with introduction of Taxation Laws (Amendment) Ordinance, 2019, where section 115BAA was introduced in the Income-tax Act, 1961 proposing option to compute income tax liability at revised taxation rates. Further, under section 115JB (MAT provisions) a sub-section was introduced stating non-applicability of Minimum Alternative Tax ('MAT') provisions on the companies exercising option to pay income tax under section 115BAA. The tax expense for the current financial year 2020-21 and previous year 2019-2020, has been computed considering the revised tax provisions and thereby the provisions of MAT are not applicable to the Company.

MAT policy applicable before 1 April, 2019, MAT under the provisions of the Income-tax Act, 1961 was recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Deferred tax is recognised in respect of temporary differences between carrying amount of assets and liabilities for financial reporting purposes and corresponding amount used for taxation purposes. Deferred tax assets are recognised on unused tax loss, unused tax credits and deductible temporary differences to the extent it is probable that the future taxable profits will be available against which they can be used. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously. Deferred tax relating to items recognised outside statement of profit and loss is recognised outside statement of profit or loss (either in other comprehensive income or in equity).

2.8. Employee benefits

Short-term employee benefits

Short-term employee benefits including salaries, short term compensated absences (such as a paid annual leave) where the absences are expected to occur within twelve months after the end of the period in

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

which the employees render the related service, profit sharing and bonuses payable within twelve months after the end of the period in which the employees render the related services and non-monetary benefits for current employees are estimated and measured on an undiscounted basis.

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

Defined contribution plans

The Company has a defined contribution plans namely provident fund, pension fund and employees state insurance scheme. The contribution made by the Company in respect of these plans are charged to the Statement of Profit and Loss.

Defined benefit plans

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. Where in the employee will receive on retirement is defined by reference to employee's length of service and last drawn salary. Under the defined benefit plans, the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Company, even if plan assets for funding the defined benefit plan have been set aside. The liability recognised in the statement of financial position for defined benefit plans is the present value of the Defined Benefit Obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries. Actuarial gains/ losses resulting from re-measurements of the liability/ asset are included in other comprehensive income.

Other long-term employee benefits

The Company also provides the benefit of compensated absences to its employees which are in the nature of long-term employee benefit plan. Liability in respect of compensated absences becoming due and expected to be availed after one year from the Balance Sheet date is estimated in the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged to Statement of Profit and Loss in the year in which such gains or losses are determined.

Share based payment

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the option 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. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

In respect of re-pricing of existing stock option, the incremental fair value of the option on the date of re-pricing is accounted for as employee cost over the remaining vesting period.

2.9. Expected credit losses and write-off of financial assets

Loan assets

Loans are classified into performing and non-performing assets in terms of policy adopted by the Company, subject to minimum classification and provisioning norms required under 'The Housing Finance Companies (NHB) Directions' issued by National Housing Bank (NHB) from time to time.

All loan exposures to borrowers with instalment structure are stated at disbursed value after netting off:

i. unearned income

ii. instalments appropriated up to the year end

Under Ind AS, the Company's assets have been classified as follows based on Exposure at Default:

- Stage 1: Performing Assets
- Stage 2: Under Performing Assets
- Stage 3:
  (a) Performing but identified as assets having some degree of stress;
  (b) Non-Performing Assets

Under Ind AS, asset classification and provisioning moves from the 'rule based', incurred losses model to the Expected Credit Loss (ECL) model of providing for expected future credit losses. Thus, loan loss provisions are made on the basis of the Company's historical loss experience, future expected credit loss and after factoring in various macro-economic parameters

The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default, defined as follows:

Probability of Default (PD) - The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12 months PD), or over the remaining lifetime (Lifetime PD) of the obligation.

Loss Given Default (LGD) – LGD represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and preference of claim and availability of collateral or other credit support.

Exposure at Default (EAD) – EAD is based on the amounts the Company expects to be owed at the time of default. For a revolving commitment, the Company includes the current drawn balance plus any further amount that is expected to be drawn up to the current contractual limit by the time of default, should it occur.

Forward-looking economic information (including management overlay) is included in determining the 12-month and lifetime PD, EAD and LGD. The assumptions underlying the expected credit loss are monitored and reviewed on an ongoing basis.

Trade receivables

In respect of trade receivables, the Company applies the simplified approach of Ind AS 109, which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of trade receivables.

Other financial assets

In respect of its other financial assets, the Company assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Company uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Company compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Company assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Write-offs

Financial assets are written off either partially or in their entirety to the extent that there is no realistic prospect of recovery. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

2.10. Provisions, contingent assets and contingent liabilities

Provisions are recognised only when there is a present obligation, as a result of past events, and when a reliable estimate of the amount of obligation can be made at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed for:

- Possible obligations which will be confirmed only by future events not wholly within the control of the Company or
- Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

2.11. Leases

The Company as a Lessee:

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

is, or contains, a lease, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is re measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property and equipment' and lease liabilities in 'borrowings (other than debt securities)' in the balance sheet.

2.12. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value 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 fair value through statement of profit and loss are recognised immediately in statement of profit and loss.

Financial assets

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers

Classification and Subsequent measurement of financial assets

Financial assets are classified in to three categories for subsequent measurement:

- Financial asset at amortised cost
- Financial asset at fair vaue through other comprehensive income (FVTOCI)
- Financial asset at fair valur through profit and loss(FVTPL)

Financial asset at amortised cost

Financial instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the

(All amounts in ₹ Lacs, unless otherwise stated)

principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the Statement of Profit and Loss.

Financial assets (debt instruments) at FVOCI

Financial asset (debt instruments) is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI. Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

Financial asset which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL. Financial assets classified under FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

De-recognition of financial assets

Financial assets (or where applicable, a part of financial asset or part of a group of similar financial assets) are derecognised (i.e. removed from the Company's balance sheet) when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and substantially all the risks and rewards are transferred. Further, if the Company has not retained control, it shall also derecognise the financial asset and recognise separately as assets or liabilities any rights and obligations created or retained in the transfer.

Financial liabilities

Debt and equity instruments issued by a 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.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method.

Subsequent measurement

Subsequent to initial recognition, all non-derivative financial liabilities are measured at amortised cost using the effective interest method.

De-recognition of financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Offsetting of financial instruments

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

2.13. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.14. Foreign currency

Functional and presentation currency

Items included in the financial statement of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements have been prepared and presented in Indian Rupees (₹), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency, by applying the exchange rates on the foreign currency amounts at the date of the transaction. Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Statement of Profit and Loss in the year in which they arise.

2.15. Insurance Claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.16. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months.

2.17. Share/Securities issue expense

Share/security issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the Securities Premium Account. Share/security issue expenses in excess of the balance in the Securities Premium Account are expensed off in the Statement of Profit and Loss.

2.18. Assets held for sale

Assets acquired by the Company under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002. has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these assets and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.19. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and make strategic decision.

2.20. Significant management judgement in applying accounting policies and estimation uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the related disclosures. Actual results may differ from these estimates.

Significant management judgements:

Expected credit loss ('ECL') – The measurement of expected credit loss allowance for financial assets measured at amortised cost requires use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g.

likelihood of customers defaulting and resulting losses). The Company makes significant judgements with regard to the following while assessing expected credit loss:

- Determining criteria for significant increase in credit risk;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Significant estimates:

Provision for employee benefits - Provision for employee benefits, requires that certain assumptions such as expected future salary increases, average life expectancy and discount rates etc. are made in order to determine the amount to be recorded for retirement benefit obligations. Substantial changes in the assumed development of any of these variables may significantly change the Company's retirement benefit obligations.

Useful lives of depreciable/amortisable assets – Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

2.21 Recent Accounting Pronouncements

Amendment to Ind AS 116 "Leases" – Insertion of practical expedient for COVID-19 related lease concessions

The amendment provides lessee with a practical expedient and an exemption to assess whether a COVID-19 related rent concession is a lease modification to payments originally due on or before 30 June, 2021.

Amendment to Ind AS 109 "Financial Instruments" and Ind AS 107 "Financial Instruments: Disclosures" – Interest rate Benchmark Reform

The amendments provide relief from the specific hedge accounting requirements assuming that the interest rate benchmark is not altered as a result of the interest rate benchmark reform.

Recent pronouncements: On 24March, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 1 April, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet

a) Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

b) Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.

c) Specified format for disclosure of shareholding of promoters.

d) Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.

e) If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.

f) Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of Profit and Loss

a) Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

3. CASH AND CASH EQUIVALENTS

Particulars		As at 31 March, 2021	As at 31 March, 2020
I.	Cash on hand	53.61	10.60
II.	Balances with banks (of the nature of cash and cash equivalents)		
	(a) Balance with banks in current accounts	4,051.21	1,723.39
	(b) Deposits with original maturity of less than 3 months	19,204.64	-
Sub-total (a and b)		**23,255.85**	**1,723.39**
Total (I and II)		**23,309.46**	**1,733.99**

4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deposits with original maturity of more than 3 months*	18,058.31	16,513.80
Total	**18,058.31**	**16,513.80**

***The lien and margin money details of deposits (net of interest accrued) shown under note 4 are given below:**

a. Deposits under lien aggregating to ₹ 392.01 Lacs (31 March, 2020: ₹ 392.01 Lacs) being securitisation comfort provided to investors as collateral.

b. Margin money amounting to ₹ 1,675 Lacs (31 March, 2020: ₹ 1,225 Lacs) with DCB Bank, Federal Bank and HDFC Bank for providing bank guarantee to National Housing Bank under Refinance assistance and UIDAI for Aadhar linked e-kyc services respectively.

c. Deposits amounting to ₹ 1,378.69 Lacs (31 March, 2020: ₹ 385 Lacs) are under lien against borrowings from banks.

5. LOANS

Particulars	As at 31 March, 2021	As at 31 March, 2020
At amortised cost		
Term loans	2,01,084.25	1,48,933.25
Staff loans	133.04	201.19
Total gross	**2,01,217.29**	**1,49,134.44**
Less: Impairment loss allowance	3,100.33	1,619.25
Total net	**1,98,116.96**	**1,47,515.19**
Secured by tangible assets	2,01,217.29	1,49,134.44
Total	**2,01,217.29**	**1,49,134.44**
Less: Impairment loss allowance	3,100.33	1,619.25
Total net	**1,98,116.96**	**1,47,515.19**
Loans in India		
Public sectors	-	-
Others (individuals and other corporates)	2,01,217.29	1,49,134.44
Total gross	**2,01,217.29**	**1,49,134.44**
Less: Impairment loss allowance	3,100.33	1,619.25
Total net	**1,98,116.96**	**1,47,515.19**

(All amounts in ₹ Lacs, unless otherwise stated)

5.1 Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security by way of equitable mortgage of property.

5.2 Loan details

Particulars	Principal	Interest outstanding	Effective interest rate adjustment	Total
As at 31 March, 2021	2,03,685.22	726.90	(3,194.83)	2,01,217.29
As at 31 March, 2020	1,51,422.94	373.08	(2,661.58)	1,49,134.44

5.3 There were no loans given against the collateral of gold jewellery and hence the percentage of such loans to the total outstanding asset is Nil (31 March, 2020: Nil).

5.4 Loans sanctioned but undisbursed amount to ₹ 11,022.64 Lacs as on 31 March, 2021 (31 March, 2020: ₹ 13,295.16 Lacs).

5.5 The Company has securitised assets amounting to ₹ 6,143.84 Lacs (31 March, 2020: ₹ 5,472.75 Lacs). These loan assets have not been de-recognised from the loan portfolio of the Company as these does not meet the de-recognition criteria. the Company is responsible for collection and servicing of this loan portfolio on behalf of buyers/investors. In terms of the said securitisation agreements, the Company pays to buyer/investor on monthly basis the prorated collection amount as per the respective agreement terms.

5.6 During the financial year 2020-21, the Company has assigned pools of certain loans amounting to ₹ 16,949.36 Lacs (31 March, 2020: Nil) by way of a direct assignment transactions. These loans have been de-recognised from the loan portfolio of the Company as the sale of loan assets is an absolute assignment and transfer on a 'no-recourse' basis. The Company continues to act as a servicer to the assignment transaction on behalf of assignee. In terms of the assignment agreements, the Company pays to assignees, on a monthly basis, the pro-rata collection amounts.

5.7 Expected credit loss

Expected credit loss is a calculation of the present value of the amount expected not to be recovered on a financial asset, for financial reporting purposes. Credit risk is the potential that the obligor and counterparty will fail to meet its financial obligations to the lender. This requires an effective assessment and management of the credit risk at both individual and portfolio level.

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

(i) Definition of default

The Company considers a financial instrument as defaulted and considered it as Stage 3 (credit-impaired) for ECL calculations in all cases, when the borrower becomes more than 90 days past due on its contractual payments. The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.

ii) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

iii) Loss given default

The Company segments its retail lending products into homogeneous portfolios, based on key characteristics that are relevant to the estimation of future cash flows. The data applied is collected loss data and involves a wider set of transaction characteristics (e.g., product type, wider range of collateral types, loan to value (LTV) ratio, expected realisation rate, etc.) as well as borrower characteristics.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

iv) Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 month ECL or lifetime ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk when contractual payments are more than 30 days past due.

When estimating ECL on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

v) Delinquency buckets have been considered as the basis for the staging of all loans with:

0-30 days past due loans classified as stage 1,

31-90 days past due loans classified as stage 2 and

> 90 days past due loans classified as stage 3

vi) Macro economic factors

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, Inflation, Housing Price Index and 10 year bond yield were analysed for their correlation. Based on the analysis of trend, the Company has considered the 10 year bond yield as relevant macro-economic factor as it shows improved correlation with the portfolio performance.

vii) Credit quality of asset

The Company has classified all individual loans as amortised cost and has assessed it at the collective pool level. The individual loan book has been divided into the housing and non-housing (Loan against property) sub portfolios.

The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the yearly slippages from advances originating in a particular year. The vintage slippage experience/default rate is then used to build the PD term structure.

The workout methodology has been used to determine LGD wherein the recoveries of loans defaulted in past are tracked and discounted to the date of default using the effective interest rate. The worked out LGD for loans has been bucketed into various levels of collateral cover. LGD based on collateral cover has been applied to each loan in the portfolio based on specific collateral cover adjusted for the expected fall in valuation. The Company has used the adjusted collateral value based on management estimate in March, 2021 to reflect the forward looking LGD given the expected fall in property price due to COVID19.

viii) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans is, as follows:

Reconciliation of gross carrying amount balance is as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost				
Balance as at 01 April, 2019	**1,12,670.94**	**653.81**	**1,578.54**	**1,14,903.29**
Transfer to Stage 1	359.70	(171.25)	(188.45)	-
Transfer to Stage 2	(1,721.34)	1,808.17	(86.83)	-
Transfer to Stage 3	(1,156.06)	(213.91)	1,369.97	-
New financial assets originated	55,660.70	216.56	77.85	**55,955.11**
Financial assets that have been de-recognised	(20,505.81)	(143.51)	(1,074.64)	**(21,723.96)**
Balance as at 31 March, 2020	**1,45,308.13**	**2,149.87**	**1,676.44**	**1,49,134.44**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	Stage 1	Stage 2	Stage 3	Total
Loans to customers at amortised cost				
Balance as at 01 April, 2020	1,45,308.13	2,149.87	1,676.44	**1,49,134.44**
Transfer to Stage 1	762.84	(602.26)	(160.58)	-
Transfer to Stage 2	(4,437.05)	4,586.77	(149.72)	-
Transfer to Stage 3	(3,075.76)	(832.18)	3,907.94	-
New financial assets originated	85,656.78	35.17	66.64	**85,758.59**
Financial assets that have been de-recognised	(32,644.91)	(252.43)	(778.40)	**(33,675.74)**
Balance as at 31 March, 2021	**1,91,570.03**	**5,084.94**	**4,562.32**	**2,01,217.29**

Reconciliation of ECL balance is as follows:

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 01 April, 2019	474.71	4.56	361.46	**840.73**
Transfer to Stage 1	2.42	(1.24)	(1.18)	-
Transfer to Stage 2	(29.15)	31.21	(2.06)	-
Transfer to Stage 3	(421.58)	(67.73)	489.31	-
ECL re-measurements due to changes in EAD/ assumptions (net)	732.99	66.88	4.18	**804.05**
New financial assets originated	204.76	3.16	13.88	**221.80**
Financial assets that have been de-recognised	(58.00)	(0.54)	(188.79)	**(247.33)**
Balance as at 31 March, 2020*	**906.15**	**36.30**	**676.80**	**1,619.25**

Particulars	Stage 1	Stage 2	Stage 3	Total
Balance as at 01 April, 2020	906.15	36.30	676.80	**1,619.25**
Transfer to Stage 1	7.33	(5.81)	(1.52)	-
Transfer to Stage 2	(134.95)	139.55	(4.60)	-
Transfer to Stage 3	(1,015.17)	(246.82)	1,261.99	-
ECL re-measurements due to changes in EAD/ assumptions (net)	1,339.71	232.23	(100.89)	**1,471.05**
New financial assets originated	363.79	2.44	27.91	**394.14**
Financial assets that have been de-recognised	(89.05)	(4.52)	(290.54)	**(384.11)**
Balance as at 31 March, 2021*	**1,377.81**	**153.37**	**1,569.15**	**3,100.33**

*includes ECL amount of ₹ 15.49 Lacs (31 March, 2020: ₹ 5.42 Lacs) created on securitised loans derecognised from the books which has been adjusted from EAD as at 31 March, 2021.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

ix) Comparison of ECL provision and NHB required provision

As at 31 March, 2021

Asset classification as per NHB Directions	Asset classification as per Ind AS 109	Gross carrying amount as per contractual terms	Loss allowance as per Ind AS	Provision required as per NHB prudential norms	Difference between Ind AS 109 provisions and NHB norms
Performing assets					
Standard assets	Stage 1*	1,93,430.38	1,373.54	626.12	747.42
	Stage 2	4,993.66	152.75	36.84	115.91
	Stage 3**	1,315.69	409.31	131.42	277.89
Sub-total		**1,99,739.73**	**1,935.60**	**794.38**	**1,141.22**
Non- performing assets (NPA)					
Substandard	Stage 3	**2,857.44**	**895.79**	**462.47**	**433.32**
Doubtful - up to 1 year	Stage 3	717.56	238.23	221.62	16.61
Doubtful - 1 to 3 years	Stage 3	20.27	6.38	10.76	(4.38)
Doubtful - More than 3 years	Stage 3	-	-	-	-
Sub-total for doubtful		**737.83**	**244.61**	**232.38**	**12.23**
Loss	Stage 3	23.43	8.84	23.43	(14.59)
Sub-total for NPA		**3,618.70**	**1,149.24**	**718.28**	**430.96**
Total		**2,03,358.43**	**3,084.84**	**1,512.66**	**1,572.18**

* Does not includes ECL amount of ₹ 15.49 Lacs created on securitised loans derecognised from the books which has been adjusted from EAD as at 31 March, 2021.

** Loans which were restructured during the year as per RBI notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6 August, 2020 have been classified as stage 3 for the purpose of computation of ECL.

As at 31 March, 2020

Asset classification as per NHB Directions	Asset classification as per Ind AS 109	Gross carrying amount as per contractual terms	Loss allowance as per Ind AS	Provision required as per NHB prudential norms	Difference between Ind AS 109 provisions and NHB norms
Performing assets					
Standard assets	Stage 1*	1,47,074.63	900.69	471.51	429.18
	Stage 2	2,087.05	36.33	50.01	(13.68)
Sub-total		**1,49,161.68**	**937.02**	**521.52**	**415.50**
Non- performing assets (NPA)					
Substandard	Stage 3	**1,477.05**	**506.38**	**221.56**	**284.82**
Doubtful - up to 1 year	Stage 3	464.25	165.51	116.06	49.45
Doubtful - 1 to 3 years	Stage 3	15.63	4.92	6.25	(1.33)
Doubtful - More than 3 years	Stage 3	-	-	-	-
Sub-total for doubtful		**479.88**	**170.43**	**122.31**	**48.12**
Loss	Stage 3	-	-	-	-
Sub-total for NPA		**1,956.93**	**676.81**	**343.87**	**332.94**
Total		**1,51,118.61**	**1,613.83**	**865.39**	**748.44**

* Does not includes ECL amount of ₹ 5.42 Lacs created on securitised loans derecognised from the books which has been adjusted from EAD as at 31 March, 2020.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

6. INVESTMENTS

Particulars	As at 31 March, 2021	As at 31 March, 2020
At fair value through profit and loss		
Investments in India		
Mutual funds	-	9,385.88
Total	**-**	**9,385.88**

7. OTHER FINANCIAL ASSETS

Particulars	As at 31 March, 2021	As at 31 March, 2020
Security deposits	214.35	179.11
Receivables on securitised loans (refer note a)	27.79	6.11
EIS receivable on direct assignment (refer note b)	2,425.87	-
Insurance premium recoverable	11.27	22.57
Other receivables	145.98	1.71
Total gross	**2,825.26**	**209.50**
Less: Impairment loss allowance (on EIS Receivable assets)	(16.71)	-
Total	**2,808.55**	**209.50**

Note:

a) Receivables on securitised loans is amount receivable towards collections made, presently lying with buyers and recoverable by the Company as at the end of the year.

b) Under Ind AS, with respect to Assignment deals, the Company has created an Excess Interest Spread (EIS) receivable, with corresponding credit to Statement of Proft and loss for the year, which has been computed by discounting EIS to present value.

8. CURRENT TAX ASSETS (NET)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Advance income tax {net of provisions: ₹ 4,231.05 Lacs (31 March, 2020: ₹ 4,174.22 Lacs)}	3.55	344.55
Total	**3.55**	**344.55**

9. DEFERRED TAX ASSETS (NET)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deferred tax assets		
Provision for employee benefits	76.79	95.99
Difference in written down value as per Companies Act and Income Tax Act	53.40	43.89
Impairment loss allowance	681.83	295.77
Financial assets measured at amortised cost	804.07	669.86
Provision for bonus	1.10	1.10
Lease liabilities	26.11	20.25
Assets held for sale	9.01	7.85

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Deferred tax liabilities		
Fair valuation of financial instruments through profit and loss	-	(9.03)
Financial liabilities measured at amortised cost	(121.95)	(119.54)
EIS income on direct assignment	(596.71)	-
Net deferred tax assets	**933.65**	**1,006.14**

Movement in deferred tax assets (net)

Particulars	As at 1 April, 2020	(Charged)/ credited to statement of profit and loss	Credited/(charged) to other comprehensive income	As at 31 March, 2021
Deferred tax assets				
Provision for employee benefits	95.99	(26.35)	7.15	76.79
Difference in written down value as per Companies Act and Income Tax Act	43.89	9.51	-	53.40
Impairment loss allowance	295.77	386.06	-	681.83
Financial assets measured at amortised cost	669.86	134.21	-	804.07
Provision for bonus	1.10	-	-	1.10
Lease liability	20.25	5.86	-	26.11
Assets held for sale	7.85	1.16	-	9.01
Deferred tax liabilities				
Fair valuation of financial instruments through profit and loss	(9.03)	9.03	-	-
Financial liabilities measured at amortised cost	(119.54)	(2.41)	-	(121.95)
EIS income on direct assignment	-	(596.71)	-	(596.71)
Net deferred tax assets	**1,006.14**	**(79.63)**	**7.15**	**933.65**

Particulars	As at 01 April, 2019	(Charged)/ credited to statement of profit and loss	Credited/(charged) to other comprehensive income	As at 31 March, 2020
Deferred tax assets				
Provision for employee benefits	98.48	(2.54)	0.05	95.99
Difference in written down value as per Companies Act and Income Tax Act	24.04	19.85	-	43.89
Impairment loss allowance	244.81	50.96	-	295.77
Financial assets measured at amortised cost	559.28	110.58	-	669.86
Provision for bonus	1.27	(0.17)	-	1.10
Lease liability	-	20.25	-	20.25
Assets held for sale	-	7.85	-	7.85
Deferred tax liabilities				
Fair valuation of financial instruments through profit and loss	(36.33)	27.30	-	(9.03)
Financial liabilities measured at amortised cost	(35.65)	(83.89)	-	(119.54)
Net deferred tax assets	**855.90**	**150.19**	**0.05**	**1,006.14**

(All amounts in ₹ Lacs, unless otherwise stated)

10. PROPERTY, PLANT AND EQUIPMENT

Gross block	Freehold land	Plant and equipment - computer and other related equipment	Office equipment	Furniture and fixtures	Vehicles	Leasehold improvements	Right-of-use assets*	Total
Balance as at 01 April, 2019	**9.17**	**362.83**	**140.41**	**145.30**	**22.29**	**349.52**	**-**	**1,029.52**
Additions during the year	-	22.01	14.00	10.18	-	33.75	1,525.24	1,605.18
Disposals/adjustments	-	-	(4.02)	(0.57)	-	(14.49)	-	(19.08)
Balance as at 31 March, 2020	**9.17**	**384.84**	**150.39**	**154.91**	**22.29**	**368.78**	**1,525.24**	**2,615.62**
Additions during the year	-	94.80	17.14	4.49	55.45	11.98	616.15	800.01
Disposals/adjustments	-	(57.37)	(25.68)	(8.75)	-	(20.72)	(676.92)	(789.44)
Balance as at 31 March, 2021	**9.17**	**422.27**	**141.85**	**150.65**	**77.74**	**360.04**	**1,464.47**	**2,626.19**
Accumulated depreciation								
Balance as at 01 April, 2019	**-**	**219.11**	**66.94**	**52.98**	**7.21**	**128.14**	**-**	**474.38**
Depreciation charge for the year	-	82.65	23.21	14.49	2.79	67.87	339.77	530.78
Disposals/adjustments	-	-	(2.16)	(0.14)	-	(8.43)	-	(10.73)
Balance as at 31 March, 2020	**-**	**301.76**	**87.99**	**67.33**	**10.00**	**187.58**	**339.77**	**994.43**
Depreciation charge for the year		60.52	22.34	12.53	4.16	55.65	289.63	444.83
Disposals/adjustments		(54.67)	(24.85)	(6.48)	-	(11.79)	(118.41)	(216.20)
Balance as at 31 March, 2021	**-**	**307.61**	**85.48**	**73.38**	**14.16**	**231.44**	**510.99**	**1,223.06**
Net block								
Balance as at 31 March, 2020	**9.17**	**83.08**	**62.40**	**87.58**	**12.29**	**181.20**	**1,185.47**	**1,621.19**
Balance as at 31 March, 2021	**9.17**	**114.66**	**56.37**	**77.27**	**63.58**	**128.60**	**953.48**	**1,403.13**

*The Company has adopted Ind AS 116 w.e.f. 01 April, 2019 where the Company has recognised right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 month from the date of initial application.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

11. OTHER INTANGIBLE ASSETS

Gross block	Computer software
Balance as at 01 April, 2019	**183.55**
Additions during the year	111.88
Balance as at 31 March, 2020	**295.43**
Additions during the year	9.22
Balance as at 31 March, 2021	**304.65**
Accumulated amortisation	
Balance as at 01 April, 2019	**75.80**
Amortisation charge during the year	56.10
Balance as at 31 March, 2020	**131.90**
Amortisation charge during the year	65.01
As at 31 March, 2021	**196.91**
Net block	
Balance as at 31 March, 2020	**163.53**
Balance as at 31 March, 2021	**107.74**

12. OTHER NON-FINANCIAL ASSETS

Particulars	As at 31 March, 2021	As at 31 March, 2020
Prepaid expenses	453.58	467.20
Capital advances	15.95	31.08
Advance to employees	44.46	76.26
Advance to suppliers	88.07	51.60
Balance with government authorities	572.91	527.04
Total	**1,174.97**	**1,153.18**

13. TRADE PAYABLES

Particulars	As at 31 March, 2021	As at 31 March, 2020
(i) total outstanding dues of micro enterprises and small enterprises (refer note 34)	12.12	2.58
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	450.63	404.48
Total	**462.75**	**407.06**

14. DEBT SECURITIES (AT AMORTISED COST)

Particulars	As at 31 March, 2021	As at 31 March, 2020
Secured		
Non-convertible debentures (including interest accrued)	8,222.38	24,588.20
Total	**8,222.38**	**24,588.20**
Debt securities in India	8,222.38	24,588.20
Debt securities outside India	-	-
Total	**8,222.38**	**24,588.20**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

i) Nil (31 March, 2020: 5,000), @ 9.99% Secured unlisted non-convertible debentures (NCD) of face value ₹ 1,00,000 each aggregating to ₹ 5,000 Lacs payable in 8 quarterly installments ending in 10 February, 2022. The date of allotment was 10 November, 2017. The amount outstanding as on 31 March, 2021 Nil (31 March, 2020: ₹ 2,857.14 Lacs).

(These NCD having exclusive first charge floating via a deed of hypothecation over specific standard asset portfolio of receivables to the extent equal to an amount aggregating to the total outstanding such that the value of security shall be equal of 1.10 times).

These NCD's were prepaid during the current year.

ii) Nil (31 March, 2020: 1,000), @ 11.25% Secured listed non-convertible debentures (NCD) of face value ₹ 10,00,000 each aggregating to ₹ 10,000 Lacs payable in 7 yearly installments ending on 01 October, 2026. The date of allotment is 01 October, 2019. The amount outstanding as 31 March, 2021 Nil (31 March, 2020: 10,000 Lacs).

(These NCD are secured by way of pari passu mortgage over certain identified immovable property situated at Tamil Nadu and exclusive first ranking charge by way of hypothecation over specific loan receivables/ book debts, present and future, representing amounts due from various borrowers of the Company at all times to the extent equal to an amount aggregating to the total outstanding such that the value of security shall be equal of 1.05 times). These NCD's were prepaid during the current year

iii) 150 (31 March, 2020: Nil), @ 10.25% Secured listed non-convertible debentures of face (NCD) value ₹10,00,000 each aggregating to ₹ 1,500 Lacs repayable on 12 June, 2023. The date of allotment of NCD was 12 June, 2020. The amount outstanding as 31 March, 2021 ₹ 1,500 Lacs (31 March, 2020: Nil).

(These NCD are secured by way of a first ranking exclusive and continuing charge created pursuant to the deed of hypothecation over certain identified receivables of the Issuer. A security cover of 110% of the value of the aggregate principal amount outstanding on the NCD and interest accrued thereon (if any) shall be maintained at all times until the redemption of these NCD).

iv) 500 (31 March, 2020: 1,000), @ 9.90% Secured listed non-convertible debentures of face (NCD) value ₹ 10,00,000 each aggregating to ₹ 5,000 Lacs repayable on 02 May, 2025 (Refer note v below). The date of allotment of NCD amounting to ₹ 2,500 Lacs was 04 May, 2018 and of NCD amounting to ₹ 7,500 Lacs was 10 July, 2018. The amount outstanding as 31 March, 2021 ₹ 5,000 Lacs (31 March, 2020: ₹ 10,000 Lacs).

(These NCD are secured by the first ranking exclusive continuing security by way of a first ranking exclusive charge on the hypothecated receivables in favour of the Debenture Trustee for the benefit of the debenture holders).

(v) As at the date of allotment, these debenture holders of 9.90% NCD's and the Company have put and call option as follows

Particulars	Amount of option
At the end of 36 months from the deemed date of allotment	3,334.00
At the end of 42 months from the deemed date of allotment	3,333.00
At the end of 48 months from the deemed date of allotment	3,333.00
At the end of 60 months from the deemed date of allotment	10,000.00

vi) **Amounts repayable from the date of balance sheet***

Particulars	As at 31 March, 2021	As at 31 March, 2020
less than 1 year	-	2,828.57
one to three years	1,500.00	4,228.57
three to five years	5,000.00	2,800.00
more than five years	-	13,000.00

*All the above mentioned repayments disclosed as per the contractual maturities of debt securities at gross carrying value.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

15. BORROWINGS (OTHER THAN DEBT SECURITIES)

Particulars	As at 31 March, 2021	As at 31 March, 2020
At amortised cost		
(a) Term loans - Secured (including interest accrued)		
(i) from banks	73,434.06	37,810.69
(ii) from other parties		
- Financial institutions	9,919.00	9,889.23
- National Housing Bank	52,854.52	14,548.57
(b) Lease liabilities	1,057.19	1,265.91
(c) Liability against securitised assets (net of over collateralisation amount)	3,641.88	5,357.76
Total	**1,40,906.65**	**68,872.16**
Borrowings in India	1,40,906.65	68,872.16
Borrowings outside India	-	-
Total	**1,40,906.65**	**68,872.16**

i) Secured term loans from National Housing Bank carry rate of interest in the range of 3.00% to 7.80% p.a (31 March, 2020: 4.61% to 8.85%). The loans are having tenure of 1 to 15 years from the date of disbursement and are repayable in quarterly or yearly installments. These loans are secured by hypothecation (exclusive charge) of certain loans given by the Company.

ii) Secured term loans from banks and financial institutions include loans from various banks and financial institutions and carry rate of interest in the range of 7.65% to 11.20% p.a (31 March, 2020: 8.80% to 11.44%). The loans are having tenure of 34 to 97 months from the date of disbursement and are repayable in monthly or quarterly installments. These loans are secured by hypothecation (exclusive charge) of certain loans given by the Company.

iii) In addition to above, the term loans amounting to ₹ 4,306 Lacs (31 March, 2020: ₹ 6,631 Lacs) from banks and ₹ 2,500 Lacs (31 March, 2020: ₹ 3,453 Lacs) from National Housing Bank are also personally guaranteed by a director.

Terms of repayment of borrowings as at 31 March, 2021*

Particulars	Number of installments	Monthly repayment	Number of installments	Quarterly repayment
less than one year	372	17,209.20	97	17,728.06
one to three years	677	32,932.06	225	25,801.10
three to five years	315	15,165.62	145	16,528.68
more than five years	105	4,334.20	131	11,441.61

Terms of repayment of borrowings as at 31 March, 2020*

Particulars	Number of installments	Monthly repayment	Number of installments	Quarterly repayment
less than one year	227	9,280.74	86	5,127.96
one to three years	386	18,130.98	192	11,247.62
three to five years	185	10,028.09	144	8,263.98
more than five years	39	1,741.30	119	5,160.51

*All the above mentioned repayments disclosed as per the contractual maturities of borrowings (other than debt securities) at gross carrying value.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Reconciliation of liabilities arising from financing activities

The changes in the Company's liabilities arising from financing activities can be classified as follows:

Particulars	Debt securities	Borrowings (other than debt securities)	Total
01 April, 2019	**15,029.58**	**36,291.66**	**51,321.24**
Cash flows:			
- Repayments	(1,428.58)	(13,019.74)	(14,448.32)
- Proceeds (including interest accrued)	11,113.55	44,491.58	55,605.13
- Payment of lease liability	-	(385.46)	(385.46)
Non-cash:			
- Amortisation of upfront fees and others	(126.35)	(157.23)	(283.58)
- Recognition of lease liabilities	-	1,651.35	1,651.35
31 March, 2020	**24,588.20**	**68,872.16**	**93,460.36**
Cash flows:			
- Repayments	(17,857.15)	(25,184.81)	(43,041.96)
- Proceeds (including interest accrued)	1,308.36	97,620.59	98,928.95
- Payment of lease liability	-	(321.68)	(321.68)
Non-cash:			
- Amortisation of upfront fees and others	182.97	(192.56)	(9.59)
- Recognition of lease liabilities	-	112.95	112.95
31 March, 2021	**8,222.38**	**1,40,906.65**	**1,49,129.03**

16. OTHER FINANCIAL LIABILITIES

Particulars	As at 31 March, 2021	As at 31 March, 2020
Employee related payable	854.30	184.96
Payable towards securitisation transactions	225.05	222.51
Payable towards assignment transactions	512.21	-
Insurance payables	120.71	2.37
Advance received from customers	376.54	223.90
Total	**2,088.81**	**633.74**

17. PROVISIONS

Particulars	As at 31 March, 2021	As at 31 March, 2020
Provisions for employee benefits		
- Provision for compensated absences	51.34	219.76
- Provision for gratuity (Refer note 36)	253.74	161.62
Impairement loss allowance on Undrawn commitments	54.65	19.75
Total	**359.73**	**401.13**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

18. OTHER NON-FINANCIAL LIABILITIES

Particulars	As at 31 March, 2021	As at 31 March, 2020
Statutory dues payables	199.80	168.47
Others	297.09	-
Total	**496.89**	**168.47**

19. EQUITY SHARE CAPITAL

Particulars	As at 31 March, 2021	As at 31 March, 2020
(a) Authorised capital		
81,000,000 (31 March, 2020: 81,000,000) equity shares of ₹ 10 each	8,100.00	8,100.00
(b) Issued capital		
42,978,405 (31 March, 2020: 42,830,155) equity shares of ₹ 10 each	4,297.84	4,283.02
(c) Subscribed and paid up capital		
42,978,405 (31 March, 2020: 42,830,155) equity shares of ₹ 10 each	4,297.84	4,283.02

(d) Reconciliation of the number of shares outstanding at the beginning and at the end of the period

Particulars	As at 31 March, 2021	As at 31 March, 2020
Equity shares outstanding at the beginning of the year	4,28,30,155	4,24,04,487
Issued during the year (Refer note (e) below)	1,48,250	4,25,668
Equity shares outstanding at the end of the year	**4,29,78,405**	**4,28,30,155**

(e) Issue of shares against exercise of ESOPs

A) During the current year, the board of directors vide circular resolution dated 10 January, 2021 have approved allotment of 148,250 equity shares to 9 option holders, who exercised their options as per the following:

a. 138,250 shares of ₹ 10 each at a premium of ₹ 3.27 each (aggregating to ₹ 18.35 Lacs).

b. 10,000 shares of ₹ 10 each at a premium of ₹ 4.18 each (aggregating to ₹ 1.42 Lacs).

B) During the previous year, the board of directors vide circular resolution dated 06 January, 2020 have approved allotment of 175,250 equity shares to 14 option holders, who exercised their options as per the following:

a. 137,750 shares of ₹ 10 each at a premium of ₹ 3.27 each (aggregating to ₹ 18.28 Lacs).

b. 37,500 shares of ₹ 10 each at a premium of ₹ 4.18 each (aggregating to ₹ 5.32 Lacs).

C) Share application money

During the previous year, vide circular resolution dated 06 April, 2019, the Company has alloted 250,418 shares against share application money of ₹ 53.11 Lacs received from the option holders in the year ended 31 March, 2019.

(f) Terms and conditions of the main features of each class of shares

The Company has only one class of equity shares having a face value of ₹ 10 per share. Each shareholder is entitled to one vote per share. The Company will pay dividend as and when declared. The dividend as and when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to shareholding.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

(g) Detail of shareholders holding 5 percent or more

Name of shareholders	As at 31 March, 2021		As at 31 March, 2020	
	No. of shares	% of holding	No. of shares	% of holding
Sequoia Capital India Investments III	14,48,776	3.37%	30,17,195	7.04%
Nexus Ventures III Limited	99,61,798	23.18%	99,61,798	23.26%
Sequoia Capital India Growth Investments I	21,70,560	5.05%	45,20,371	10.55%
WestBridge Crossover Fund, LLC	1,08,54,151	25.25%	1,08,54,151	25.34%
Milestone Trusteeship Services Private Limited	23,79,954	5.54%	23,79,954	5.56%
Aravali Investment Holdings	1,05,92,073	24.65%	66,73,843	15.58%
Nexus Opportunity Fund II, Limited	29,10,037	6.77%	29,10,037	6.79%

(h) Shares reserved for issue under options and contracts/commitments for the sale of shares

The Company has reserved 2,463,494 (31 March, 2020: 2,611,744) number of shares for creating a pool of employee stock options/right to subscribe to equity shares representing 5.42% (31 March, 2020: 5.75%) of share capital for the benefit of employees on such terms and conditions as determined by the Investors and Board of Directors. Out of this, Board of Directors in their meeting held on 28 April 2016, has approved to issue 3,55,000 Rights to Subscribe to equity shares to Mr. Anil Mehta.

(i) The Company (except disclosed above) has not allotted any shares for consideration other than cash, bonus shares and shares bought back for the five years immediately preceding the reporting date.

(j) The Board of Directors have not proposed any dividend for the year ended 31 March, 2021 and 31 March, 2020.

20. OTHER EQUITY

Particulars	As at 31 March, 2021	As at 31 March, 2020
Securities premium	67,824.59	67,819.42
Statutory reserve	4,423.56	2,675.79
Employee share based payment reserve	550.11	389.13
Retained earnings	16,630.86	9,661.01
Total	**89,429.12**	**80,545.35**

Nature and purpose of other reserve

Securities premium

Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act, 2013.

Statutory reserve

This reserve is created as per the provision of Section 29C of the National Housing Bank Act, 1987 (read with Section 36(1)(viii) of the Income-tax Act, 1961). This is a restricted reserve and no appropriation can be made from this reserve fund except for the purpose as may be prescribed by National Housing Bank.

Employee share based payment reserve

This reserve is used to recognise the fair value of the options issued to employees of the Company under the Company's employee stock option plan.

Retained earnings

Retained earnings represents the amount of accumulated earnings of the Company.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

21. INTEREST INCOME (ON FINANCIAL ASSETS MEASURED AT AMORTISED COST)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Interest on loans	25,719.71	20,134.02
Interest on investments	28.86	47.24
Interest on deposits with banks	1,658.48	908.01
Income on securitised loans	50.16	124.31
Total	**27,457.21**	**21,213.58**

22. FEES AND COMMISSION INCOME

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Fee based income	999.26	957.34
Total	**999.26**	**957.34**

23. NET GAIN ON FAIR VALUE CHANGES

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	291.85	737.14
Total net gain on fair value changes	**291.85**	**737.14**
Fair value changes		
- Realised	291.85	701.26
- Unrealised	-	35.88
Total net gain on fair value changes	**291.85**	**737.14**

24. OTHER INCOME

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Gain on termination of leases	22.02	-
Marketing support income	587.20	75.50
Other income	-	7.48
Total	**609.22**	**82.98**

25. FINANCE COSTS (ON FINANCIAL LIABILITIES MEASURED AT AMORTISED COST)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(a) Interest expenses on		
- Borrowings	8,352.47	4,745.06
- Debt securities	1,611.33	2,067.25
- Securitised loans	485.04	585.93

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(b) Other borrowing costs		
- Securitisation expense	7.49	10.22
- Interest expense on lease liabilities	77.33	126.13
- Other interest expense	1.15	0.28
Total	**10,534.81**	**7,534.87**

26. IMPAIRMENT ON FINANCIAL INSTRUMENTS (MEASURED AT AMORTISED COST)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Impairment loss on loans	1,532.68	798.27
Net loans written off	452.05	375.05
Total	**1,984.73**	**1,173.32**

27. EMPLOYEE BENEFITS EXPENSES

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Salaries, wages and bonus	5,665.43	4,501.50
Contribution to provident and other funds	328.56	339.48
Share based payments to employees	161.21	159.41
Staff welfare expenses	13.38	37.22
Total	**6,168.58**	**5,037.61**

28. DEPRECIATION AND AMORTISATION

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Depreciation of property, plant and equipment (Refer note 10)	444.83	530.78
Amortisation of intangible assets (Refer note 11)	65.01	56.10
Total	**509.84**	**586.88**

29. OTHER EXPENSES

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Legal and professional charges	407.77	590.98
Advertisement and marketing expenses	77.88	56.32
Rent and hire charges	67.63	52.43
Travelling and conveyance	114.27	260.75
Software licenses	284.82	239.04
Communication expenses	100.43	114.27
Rates and taxes expenses	2.92	175.27
Repairs and maintenance - others	212.97	126.09
Office expenses	85.32	85.68

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Electricity and water expenses	55.56	83.30
Printing, stationery and office supplies	23.92	34.49
Workshop, seminar and conference expenses	5.66	65.84
Insurance expenses	119.17	155.22
Directors' sitting fees	31.07	37.50
Auditor's remuneration (Refer note 29.1 below)	32.00	31.00
Bank charges	36.67	50.72
Loss on derecognition of property, plant and equipment	14.65	6.28
Corporate social responsibility expenses (Refer note 29.2 below)	90.00	66.00
Impairment on assets held for sale	4.62	31.23
Miscellaneous expenses	18.85	12.07
Total	**1,786.18**	**2,274.48**

29.1 Auditor's remuneration

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) As auditors	31.20	29.50
b) for re-imbursement of expenses	0.80	1.50

29.2 Expenditure incurred on Corporate Social Responsibility (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2014, the Company is required to spend for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) Gross amount required to be spent by the Company during the year	90.00	66.00
b) Amount spent during the year on:		
i) Construction/acquisition of any asset	-	-
ii) On purpose other than (a) above		
Contribution towards Trust/NGOs	90.00	66.00
c) Amount unpaid	-	-

30. TAX EXPENSE

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
In respect of the current year	2,477.20	1,842.95
	2,477.20	**1,842.95**
Deferred tax charge/(credit)	79.63	(150.21)
	79.63	**(150.21)**
Total income tax expense recognised (excluding tax recognised in other comprehensive income)	**2,556.83**	**1,692.74**

(All amounts in ₹ Lacs, unless otherwise stated)

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate and the reported tax expense in statement of profit and loss, is as follows:

Particulars	**For the year ended 31 March, 2021**	**For the year ended 31 March, 2020**
Profit before tax	11,295.69	6,383.88
Applicable tax rate	25.17%	25.17%
Expected tax expense [A]	**2,842.90**	**1,606.69**
Effect of expenses that are not deductible in determining taxable profit	13.83	104.67
Deductions under section 80JJAA of the Income-tax Act, 1961	(38.90)	(55.95)
Deductions under Section 36(1)(viii) of the Income-tax Act, 1961	(261.00)	(167.87)
Adjustment in respect of current income tax of prior years	-	89.10
Effect of change in the tax rates	-	116.10
Total	**2,556.83**	**1,692.74**

With introduction of Taxation Laws (Amendment) Ordinance, 2019 in previous year, where section 115BAA was introduced in the Income-tax Act, 1961 proposing option to compute income tax liability at revised taxation rates, the Company has elected to exercise the option and thereby the applicable tax rates have reduced from 29.12% to 25.17%.The tax expense for the current financial year and previous financial year, has been computed considering the revised tax provisions.

Income tax expense recognised in other comprehensive income

Particulars	**For the year ended 31 March, 2021**	**For the year ended 31 March, 2020**
Income tax relating to re-measurement loss on defined benefit plans	7.15	0.05
Total	**7.15**	**0.05**

31. EXPENDITURE IN FOREIGN CURRENCY

Particulars	**For the year ended 31 March, 2021**	**For the year ended 31 March, 2020**
Software license expense	149.96	108.44
Legal and professional expenses	-	3.10
Total	**149.96**	**111.54**

The Company's unhedged foreign currency exposure as on 31 March, 2021 is Nil (31 March, 2020: Nil).

For the year ended 31 March, 2021 and 31 March, 2020

Particulars	**Unhedged**			**Hedged through forward or derivative**			**Natural hedge**
	</=1 year	**> 1 year**	**Total**	**</=1year**	**> 1 year**	**Total**	**</=1 year**
Foreign currency (FCY) receivables	-	-	-	-	-	-	-
Exports	-	-	-	-	-	-	-
Loans to Joint Venture/Wholly Owned Subsidiary (JV/WOS)	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-
FCY payables							
Imports	-	-	-	-	-	-	-
Trade credits	-	-	-	-	-	-	-
External Commercial Borrowings (ECBs)	-	-	-	-	-	-	-
Other FCY loans	-	-	-	-	-	-	-
INR to USD swaps	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

32. SEGMENT REPORTING

The Company is a housing finance the company registered with the National Housing Bank predominantly engaged in a single business segment i.e. providing housing loans and loan against properties in India only, which has similar nature of products and services, type/class of customers and the nature of the regulatory environment, risks and returns and accordingly there are no separately reportable business or geographical segments as per the Indian Accounting Standard ('Ind AS') 108 on Operating Segments. The aforesaid is in line with the way operating results are reviewed and viewed by the chief operating decision maker. Accordingly, the amounts appearing in these financial statements relate to the Company's single business segment.

33. CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
a) In respect of following:		
- Income tax matters	445.50	445.50
b) Commitments		
- Loan financing	11,022.64	13,295.16
c) Overcollateralisation for securitisation	309.16	309.16
d) Capital commitments	2.05	30.25

Note: The Company received income tax notice under section 143(3) of the Income Tax Act ,1961 (the Act) dated 25 December, 2019 for tax demand amounting to ₹ 445.23 Lacs on account of unexplained credit under Section 68 of the Act for assessment year 2017-18. In response to such notice, the Company has filed an appeal before Commissioner of Income Tax (Appeals). The Company has deposited ₹ 89.05 Lacs under protest. The legal proceeding when ultimately concluded will not, in the opinion of the management, have a material effect on the financial position of the Company. Above amount does not include the contingencies, the likelihood of which is remote.

34. DISCLOSURES AS PER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
(i) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year;		
- Principal due	12.12	2.58
- Interest due	Nil	Nil
(ii) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
(iii) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

35. ASSETS HELD FOR SALE

The Company has obtained possession of certain properties mortgaged by customers, under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (The SARFAESI Act, 2002), which shall be sold to realise the loan and other amounts receivable by the Company. The Company is in the process of selling these properties and has classified these as assets held for sale.

(All amounts in ₹ Lacs, unless otherwise stated)

36. EMPLOYEE BENEFIT PLANS

A) Defined contribution plans

Provident and other funds

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and other funds which are defined contribution plans. The Company has no obligations other than this to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue.

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Employer's contribution to provident and other funds	328.56	339.48
	328.56	**339.48**

B) Defined benefit plans

Gratuity

These plans typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk

The present value of the defined benefit plan liability (denominated in Indian Rupee) 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

The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.

Longevity risk

The present value of the 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 with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31 March, 2021 by Mr. Ashok Kumar Garg (FIAI M.No. 00057), Fellow of the Institute of Actuaries of India. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method.

Principal assumptions	31 March, 2021	31 March, 2020
Discount rate(s)	7.00%	6.75%
Expected rate(s) of salary increase	10.00%	7.00%
Retirement age	58	58
Withdrawal rate	8.00%	8.00%
In service mortality	IALM (2012-14)	IALM (2012-14)

Amounts recognised in the statement of profit and loss in respect of these defined benefit plans are as follows:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Service cost:		
Current service cost	89.74	55.40
Interest cost	11.31	8.59
Components of defined benefit costs recognised in profit or loss	**101.05**	**63.99**
Remeasurement on the net defined benefit liability:		
Actuarial losses/(gains) arising from changes in financial assumptions	35.68	(20.10)
Actuarial (gains)/losses arising from experience adjustments	(7.29)	20.30
Components of defined benefit costs recognised in other comprehensive income	**28.39**	**0.20**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Present value of funded defined benefit obligation	253.74	161.62
Fair value of plan assets	-	-
Net liability arising from defined benefit obligation	**253.74**	**161.62**

Movements in the present value of the defined benefit obligation are as follows:

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Opening defined benefit obligation	161.62	127.32
Current service cost	89.74	55.40
Interest cost	11.31	8.59
Remeasurement (gains)/losses:		
Actuarial losses/(gains) arising from changes in financial assumptions	35.68	(20.10)
Actuarial (gains)/losses arising from experience adjustments	(7.29)	20.30
Benefits paid	(37.32)	(29.89)
Closing defined benefit obligation	**253.74**	**161.62**

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase, mortality, etc. The sensitivity analysis below have been determined based on reasonable possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by ₹ 24.82 Lacs (increase by ₹ 29.76 Lacs) [31 March, 2020: ₹ 12.54 Lacs (increase by ₹ 14.70 Lacs)].

- If the expected salary growth increases (decreases) by 100 basis points, the defined benefit obligation would increase by ₹ 28.58 Lacs (decrease by ₹ 24.40 Lacs) [31 March, 2020: increase by ₹ 14.51 Lacs (decrease by ₹ 12.62 Lacs)].

Sensitivities due to change in mortality rate and change in withdrawal rate are not expected to be material and hence impact of such change is not calculated.

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

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Other disclosures

Maturity profile of defined benefit obligations

Particulars	As at 31 March, 2021	As at 31 March, 2020
Average duration of the defined benefit obligation (in years)		
Less than 1 year	24.32	24.78
Between 1-2 years	1.21	1.98
Between 2-5 years	6.26	7.77
Over 5 years	221.95	127.08

- The expected contributions to the plan for the next year is ₹ 152.33 Lacs.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

37. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Assets	31 March, 2021			31 March, 2020		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	23,309.46	-	23,309.46	1,733.99	-	1,733.99
Bank balance other than cash and cash equivalents	16,062.94	1,995.37	18,058.31	14,990.43	1,523.37	16,513.80
Loans*	9,870.88	188,246.08	198,116.96	7,321.75	140,193.44	147,515.19
Investments	-	-	-	9,385.88	-	9,385.88
Other financial assets	1,192.74	1,615.81	2,808.55	209.50	-	209.50
Non-financial assets						
Current tax assets (net)	-	3.55	3.55	-	344.55	344.55
Deferred tax assets (net)	-	933.65	933.65	-	1,006.14	1,006.14
Property, plant and equipment	-	1,403.13	1,403.13	-	1,621.19	1,621.19
Other intangible assets	-	107.74	107.74	-	163.53	163.53
Other non-financial assets	427.21	747.76	1,174.97	831.74	321.44	1,153.18
Assets held for sale	347.85	-	347.85	252.18	-	252.18
Total assets	**51,211.08**	**195,053.09**	**246,264.17**	**34,725.47**	**145,173.66**	**179,899.13**
Liabilities						
Financial liabilities						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	12.12	-	12.12	2.58	-	2.58
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	450.63	-	450.63	404.48	-	404.48
Debt securities	111.08	8,111.30	8,222.38	2,798.66	21,789.54	24,588.20
Borrowings (Other than debt securities)	34,703.38	106,203.27	140,906.65	14,512.76	54,359.40	68,872.16
Other financial liabilities	2,088.81	-	2,088.81	633.74	-	633.74
Non-financial liabilities						
Provisions	84.89	274.84	359.73	60.33	340.80	401.13
Other non-financial liabilities	496.89	-	496.89	168.47	-	168.47
Total liabilities	**37,947.80**	**114,589.41**	**152,537.21**	**18,581.02**	**76,489.74**	**95,070.76**
Net	**13,263.28**	**80,463.68**	**93,726.96**	**16,144.45**	**68,683.92**	**84,828.37**

* For the previous year ended 31 March, 2020, the above disclosures were made based on the contractual terms as at the year-end, however, subsequent to the year-end, the Company had granted a moratorium to eligible customers as disclosed in Note no. 46.

38. FINANCIAL INSTRUMENTS

38.1 Capital management

Capital

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

Capital management

The capital management objectives of the Company are:

- to ensure that the Company complies with externally imposed capital requirements, if any and maintains strong credit ratings and healthy capital ratios
- to ensure the ability to continue as a going concern
- to provide an adequate return to shareholders

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Gearing ratio

The gearing ratio at the end of reporting period was as follows:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Debt		
Borrowings(other than debt securities)	140,906.65	68,872.16
Debt securities	8,222.38	24,588.20
Cash and cash equivalents	(23,309.46)	(1,733.99)
Net debt	**125,819.57**	**91,726.37**
Total equity	93,726.96	84,828.37
Net debt to equity ratio	**1.34**	**1.08**

Management assesses the capital requirements of the Company in order to maintain an efficient overall financing structure. This takes into account the subordination levels of the Company's various classes of debt. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends, return on capital to shareholders, issue new shares, or sell assets to reduce debt.

38.2 Categories of financial instruments

The carrying value of financial assets and financial liabilities are as follows:

As at 31 March, 2021

Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	23,309.46	23,309.46
Bank balance other than cash and cash equivalents	-	-	18,058.31	18,058.31
Loans	-	-	198,116.96	198,116.96
Other financial assets	-	-	2,808.55	2,808.55
Total financial assets	**-**	**-**	**242,293.28**	**242,293.28**
Financial liabilities				
Trade payables	-	-	462.75	462.75
Debt securities	-	-	8,222.38	8,222.38
Borrowings (Other than debt securities)	-	-	140,906.65	140,906.65
Other financial liabilities	-	-	2,088.81	2,088.81
Total financial liabilities	**-**	**-**	**151,680.59**	**151,680.59**

As at 31 March, 2020

Particulars	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value
Financial assets				
Cash and cash equivalents	-	-	1,733.99	1,733.99
Bank balance other than cash and cash equivalents	-	-	16,513.80	16,513.80
Loans	-	-	147,515.19	147,515.19
Investments	9,385.88	-	-	9,385.88
Other financial assets	-	-	209.50	209.50
Total financial assets	**9,385.88**	**-**	**165,972.48**	**175,358.36**
Financial liabilities				
Trade payables	-	-	407.06	407.06
Debt securities	-	-	24,588.20	24,588.20
Borrowings (Other than debt securities)	-	-	68,872.16	68,872.16
Other financial liabilities	-	-	633.74	633.74
Total financial liabilities	**-**	**-**	**94,501.16**	**94,501.16**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

38.3 Fair value measurement of assets and liabilities

- **Fair value hierarchy**

Assets and liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

• **Level 1:** Quoted prices (unadjusted) for identical instruments in an active markets;

• **Level 2:** Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

• **Level 3:** Inputs which are not based on observable market data (unobservable inputs).

The following table shows the levels within the hierarchy of assets measured at fair value on a recurring basis:

As at 31 March, 2021

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value on a recurring basis				
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	347.85	-	**347.85**

As at 31 March, 2020

Particulars	Level 1	Level 2	Level 3	Total
Asset measured at fair value on a recurring basis				
Financial assets carried at fair value through profit or loss				
Investments in mutual fund	9,385.88	-	-	**9,385.88**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	252.18	-	**252.18**

Valuation methodologies of financial instruments measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are recorded and measured at fair value in the Company's financial statements:

a) **Mutual funds -** Units held in Mutual funds are valued based on their published Net asset value (NAV) and such instruments are classified under Level 1.

b) **Asset held for sale -** Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

38.4 Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

As at 31 March, 2021

Particulars	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	23,309.46	-	-	23,309.46	23,309.46
Bank balance other than cash and cash equivalents	18,058.31	-	-	18,058.31	18,058.31
Loans	198,116.96	-	-	198,116.96	198,116.96
Other financial assets	2,808.55	-	-	2,808.55	2,808.55
	242,293.28	**-**	**-**	**242,293.28**	**242,293.28**
Financial liabilities					
Trade payables	462.75	-	-	462.75	462.75
Debt securities	8,222.38	-	-	8,222.38	8,222.38
Borrowings (Other than debt securities)	140,906.65	-	-	140,906.65	140,906.65
Other financial liabilities	2,088.81	-	-	2,088.81	2,088.81
	151,680.59	**-**	**-**	**151,680.59**	**151,680.59**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

As at 31 March, 2020

Particulars	Carrying value	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Cash and cash equivalents	1,733.99	-	-	1,733.99	1,733.99
Bank balance other than cash and cash equivalents	16,513.80	-	-	16,513.80	16,513.80
Loans	147,515.19	-	-	147,515.19	147,515.19
Other financial assets	209.50	-	-	209.50	209.50
	165,972.48	**-**	**-**	**165,972.48**	**165,972.48**
Financial liabilities					
Trade payables	407.06	-	-	407.06	407.06
Debt securities	24,588.20	-	-	24,588.20	24,588.20
Borrowings (Other than debt securities)	68,872.16	-	-	68,872.16	68,872.16
Other financial liabilities	633.74	-	-	633.74	633.74
	94,501.16	**-**	**-**	**94,501.16**	**94,501.16**

The management is of view that the fair value of bank balances and cash and cash equivalents, other bank balances, loans, other financial assets, trade payables, borrowings including debt securities and other financial liabilities that are being carried at amortised cost, approximates to their respective there net carrying value.

38.5 Financial risk management

Risk Management

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

As at 31 March, 2021

Risk	Exposure arising from	Measurement	Management
Credit risk	Loan receivables, cash and bank balances, investments, financial assets measured at amortised cost	Expected loss analysis	Credit risk analysis, diversification of customers/asset base, high rated bank deposits, credit limits and collateral.
Liquidity risk	Business commitments and other liabilities	Rolling cash flow forecasts	Maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.
Market risk - interest rate	Borrowings at variable rates	Sensitivity analysis	Funding strategies to ensure diversified resource-raising options to minimise cost and maximise stability of funds. and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

The Board has the overall responsibility of risk management - there are two committees of the Board which takes care of managing overall risk in the organisation. In accordance with the RBI and NHB guidelines to enable Housing Finance Companies to adopt best practices and greater transparency in their operations, the Board of Directors of the Company has constituted a Risk Management Committee to review risk management in relation to various risks, namely, market risk, credit risk, and operational risk, and an Asset Liability Management Committee (ALCO).

(All amounts in ₹ Lacs, unless otherwise stated)

a) Credit risk

Credit risk is the risk of loss that may occur from the failure of any party to abide by the terms and conditions of any contract, principally the failure to make required payments of amounts due to the Company. In its lending operations, the Company is principally exposed to credit risk.

The credit risk is governed by various product policies. The product policies outlines the type of products that can be offered, customer categories, the targeted customer profile and the credit approval process and limits. The Company measures, monitors and manages credit risk at an individual borrower level. The credit risk for individual borrowers is being managed at portfolio level for both Housing Loans and Non-housing Loans. The Company has a structured and standardised credit approval process, which includes a well-established procedure of comprehensive credit appraisal."

Credit risk arises from loan financing, cash and cash equivalents, investments and deposits with banks and financial institutions, as shown below:

The gearing ratio at the end of reporting period was as follows:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Loans	198,116.96	147,515.19
Cash and cash equivalents	23,309.46	1,733.99
Bank balance other than cash and cash equivalents	18,058.31	16,513.80
Investments	-	9,385.88
Other financial assets	2,808.55	209.50

Credit risk management

The Company assesses and manages credit risk based on internal credit rating system and external ratings.

Cash and cash equivalents and bank deposits

Credit risk related to cash and cash equivalents and bank deposits is managed by only accepting highly rated banks and diversifying bank deposits and accounts in different banks across the country.

Loans

The customers are primarily low and middle -income, salaried and self-employed individuals. The credit officers evaluate credit proposals on the basis of active credit policies as on the date of approval. The criteria typically include factors such as the borrower's income and obligations, the loan-to-value ratio and demographic parameters subject to regulatory guidelines. Any deviations need to be approved at the designated levels.

The various process controls such as PAN Number Check, CERSAI database scrubbing, Credit Bureau Report analysis are undertaken prior to approval of a loan. Individual loans are secured by the mortgage of the borrowers property."

Investments

Investments are generally made in mutual funds. Credit risk related to these investments is managed by monitoring the recoverability of such amounts continuously.

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost includes security deposits and others. Credit risk related to these other financial assets is managed by monitoring the recoverability of such amounts continuously.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

Management of the Company monitors forecast of liquidity position and cash and cash equivalents on the basis of expected cash flows. The Asset Liability Management Policy aims to align market risk management with overall strategic objectives, articulate current interest rate view and determine pricing, mix and maturity profile of assets and liabilities. The asset liability management policy involves preparation and analysis of liquidity gap reports and ensuring preventive and corrective measures. It also addresses the interest rate risk by providing for duration gap analysis and control by providing limits to the gaps.

The tables below analyse the financial assets and liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows except EIS receivables on direct assignment included in other financial assets. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Maturities of financial assets

31 March, 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Cash and cash equivalents	23,309.46	-	-	-	**23,309.46**
Bank balance other than cash and cash equivalents	16,062.94	1,868.43	101.64	25.30	**18,058.31**
Loans	9,870.88	23,528.34	29,174.48	140,784.73	**203,358.43**
Other financial assets	1,192.74	1,120.57	495.24	-	**2,808.55**
Total	**50,436.02**	**26,517.34**	**29,771.36**	**140,810.03**	**247,534.75**

31 March, 2020	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Cash and cash equivalents	1,733.99	-	-	-	**1,733.99**
Bank balance other than cash and cash equivalents	14,990.43	1,216.18	282.19	25.00	**16,513.80**
Loans*	7,501.60	18,080.77	22,828.50	102,707.74	**151,118.61**
Investments	9,385.88	-	-	-	**9,385.88**
Other financial assets	209.50	-	-	-	**209.50**
Total	**33,821.40**	**19,296.95**	**23,110.69**	**102,732.74**	**178,961.78**

* The disclosures made are based on the contractual terms as at the year-end, however, subsequent to the year-end, the Company has granted a moratorium to eligible customers as disclosed in Note no. 46.

Maturities of financial liabilities

The tables below analyse the financial liabilities of the Company into relevant maturity groupings based on their contractual maturities for all non-derivative financial liabilities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 March, 2021	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (Other than debt securities)	35,175.87	58,733.16	31,694.30	15,775.81	**141,379.14**
Debt securities	123.42	1,500.00	6,611.30	-	**8,234.72**
Trade payables	462.75	-	-	-	**462.75**
Other financial liabilities	2,088.81	-	-	-	**2,088.81**
Total	**37,850.85**	**60,233.16**	**38,305.60**	**15,775.81**	**152,165.42**

31 March, 2020	Less than 1 year	1-3 year	3-5 year	More than 5 years	Total
Borrowings (Other than debt securities)	14,408.70	29,378.60	18,292.07	6,901.81	**68,981.18**
Debt securities	2,828.57	4,228.57	2,800.00	13,000.00	**22,857.14**
Trade payables	407.06	-	-	-	**407.06**
Other financial liabilities	633.74	-	-	-	**633.74**
Total	**18,278.07**	**33,607.17**	**21,092.07**	**19,901.81**	**92,879.12**

Concentration based liquidity risk

Funding concentration based on significant counterparty*# (borrowings)

Number of significant counterparties	As at 31 March, 2021	
	Amount	**% of total liabilities**
20	140,419.16	92.06%

Number of significant counterparties	As at 31 March, 2020	
	Amount	**% of total liabilities**
16	84,359.76	88.73%

*A significant counterparty is a single counterparty that has an amount outstanding for more than 1% of the total liabilities as on the reporting date.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Funding concentration based on significant instrument/product*#

Name of the instrument	As at 31 March, 2021		As at 31 March, 2020	
	Amount	% of total liabilities	Amount	% of total liabilities
Term loans from banks and financial institutions	83,574.58	54.79%	48,096.57	50.18%
Term loans from National Housing Bank	52,866.79	34.66%	14,260.93	15.31%
Non-convertible debentures	6,500.00	4.26%	22,857.14	25.87%
Securitisation	3,641.88	2.39%	5,357.76	5.64%
	146,583.25		**90,572.40**	

*A significant instrument/product is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the total liabilities.

Top 10 borrowings#

As at 31 March, 2021		As at 31 March, 2020	
Loan/NCD	% of total borrowings	Loan/NCD	% of total borrowings
54,672.64	37.30%	22,857.14	25.24%
5,000.00	3.41%	15,044.42	16.61%
6,845.83	4.67%	5,982.47	6.61%
4,808.36	3.28%	5,015.73	5.54%
13,657.24	9.32%	5,000.00	5.52%
4,190.78	2.86%	4,750.81	5.25%
7,340.80	5.01%	4,586.63	5.06%
7,136.90	4.87%	4,333.36	4.78%
4,928.55	3.36%	3,277.09	3.62%
4,625.00	3.16%	2,785.71	3.08%

#All the above mentioned outstanding borrowings are disclosed at gross carrying value.

Stock Ratios:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Commercial papers issued to total liabilities	Nil	Nil
Commercial papers issued to total assets	Nil	Nil
NCD (original maturity < one year) to total liabilities	Nil	Nil
NCD (original maturity < one year) to total assets	Nil	Nil
Other short-term liabilities to total liabilities	2.00%	1.27%
Other short-term liabilities to total assets	1.24%	0.67%

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

c) Market risk

Interest rate risk

Liabilities

The policy of the Company is to minimise interest rate cash flow risk exposures on long-term loans and borrowings. As at 31 March, 2021, the Company is exposed to changes in market interest rates through loans and bank borrowings at variable interest rates.

Interest rate risk exposure

Below is the overall exposure of the Company to interest rate risk:

The gearing ratio at the end of reporting period was as follows:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Variable rate borrowing	103,837.45	46,246.66
Fixed rate borrowing	39,103.92	38,967.98
Total borrowings	**142,941.37**	**85,214.64**

Sensitivity

Below is the sensitivity of profit or loss and equity changes in interest rates:

Particulars	Impact on profit before tax	
	Year ended 31 March, 2021	Year ended 31 March, 2020
Interest rate - Increase by 100 basis points*	697.28	425.30
Interest rate - Decrease by 100 basis points*	(697.28)	(425.30)

* Holding all other variables constant

39. RELATED PARTY TRANSACTIONS

List of related parties:

Stock Ratios:

i. Key management personnel	a.	Anil Mehta - Chief Executive Officer and Managing Director
	b.	Ashish Gupta - Chief Financial Officer (w.e.f 13 August, 2019)
	c.	Mukti Chaplot - Company Secretary
	d.	GV Ravishankar - Nominee Director
	e	Anup Gupta - Nominee Director
	f.	Sumir Chadha - Nominee Director
	g.	Sanjaya Gupta - Independent Director (till 15March, 2020)
	h.	Anisha Motwani - Independent Director(till 17 February, 2021)
	i.	Shailesh J Mehta - Independent Director
	j.	Rachna Dikshit - Additional Independent Director (w.e.f 12 February, 2021)
	k.	Sunil Jain- Chief Financial Officer (till 12 August, 2019)
ii. Entities having significance influence	a.	Sequoia Capital India Investments III, Mauritius (Holder of Equity Shares)
	b.	Nexus Ventures III Limited, Mauritius (Holder of Equity Shares)
	c.	WestBridge Crossover Fund, LLC (Holder of Equity Shares)
	d.	Sequoia Capital India Growth Investment I (Holder of Equity Shares)
	e	Nexus Opportunity Fund II, Limited (Holder of Equity Shares)
	f.	Aravali Investment Holdings (Holder of Equity Shares)
iii. Relative of key management personnel - (where there are transactions)		Gaj Singh Mehta - Father of Anil Mehta

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Transactions with related parties

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Rent paid		
Gaj Singh Mehta	3.56	3.56

Transaction with key management personnel

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Remuneration		
Anil Mehta*	433.16	307.00
Ashish Gupta	99.42	35.60
Sunil Jain	-	69.79
Mukti Chaplot*	29.37	16.77
Sitting fees		
Anisha Motwani	16.50	17.25
Sanjaya Gupta	-	9.75
Shailesh J Mehta	11.25	10.50
Rachna Dikshit	0.75	-

* This does not include perquisite value on exercise of ESOP's and ESOP's granted during the year.

Amount payable to key management personnel

Particulars	As at 31 March, 2021	As at 31 March, 2020
Short-term benefits		
Anil Mehta	178.93	-
Ashish Gupta	37.21	-
Mukti Chaplot	4.63	1.40

Note 1: As the future liability for gratuity and compensated absences is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors and KMPs is not ascertainable and, therefore, not included above.

Note 2: During the current year, the Board of Directors vide circular resolution dated 10 January, 2021 allotted 1,20,000 equity shares (31 March, 2020: 97,500 equity shares) to Mr. Anil Mehta and 2,500 equity shares (31 March, 2020: Nil) to Mrs. Mukti Chaplot pursuant to exercise of Employee Share Option Plan (ESOP) as per the ESOP schemes. Further, 10,000 ESOP were granted to Mrs. Mukti Chaplot in the current year.

Note 3: Term loans amounting to ₹ 4,306 Lacs (31 March, 2020: ₹ 6,631 Lacs) from banks and ₹ 2,500 Lacs (31 March, 2020: ₹ 3,453 Lacs) from National Housing Bank are personally guaranteed by Mr. Anil Mehta.

Key management personnel

Particulars	As at 31 March, 2021	As at 31 March, 2020
Proceeds from issue of equity shares		
Anil Mehta	12.00	9.75
Mukti Chaplot	0.25	-

Key management personnel

Particulars	As at 31 March, 2021	As at 31 March, 2020
Proceeds towards securities premium pursuant to exercise of ESOP's		
Anil Mehta	3.92	3.19
Mukti Chaplot	0.10	-

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Balances outstanding as at the year end

Particulars	As at 31 March, 2021	As at 31 March, 2020
Share capital		
WestBridge Crossover Fund, LLC	1,085.42	1,085.42
Aravali Investment Holdings	1,059.21	667.38
Nexus Opportunity Fund II, Limited	291.00	291.00
Nexus Ventures III Limited	996.18	996.18
Sequoia Capital India Investments III	144.88	301.72
Sequoia Capital India Growth Investments I	217.06	452.04
Anil Mehta	109.54	97.54
Ankit Aggarwal*	0.75	0.75
Mukti Chaplot	0.25	-

*Holds equity shares allotted before 4 February, 2020 on exercise on employee stock options.

40. EARNINGS PER SHARE

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Profits for the year	8,738.86	4,691.14
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	42,862,737	42,692,286
Effect of potential ordinary shares on Employee Stock Options and right to subscribe outstanding	1,132,392	730,638
Total weighted average number of equity shares and potential equity shares used as the denominator in calculating diluted earnings per share	43,995,129	43,422,924
Earnings per share on profit for the year (Face value of ₹ 10 per share)		
a) Basic earnings per share (₹)	20.39	10.99
b) Diluted earnings per share (₹)	19.86	10.80

41. LEASE RELATED DISCLOSURES

The Company has leases for office building, branches and related facilities and cars. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and right-of-use assets. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. Some leases contain an option to extend the lease for a further term.

A Lease payments not included in measurement of lease liability

The expense relating to payments not included in the measurement of the lease liability is as follows:

Particulars	31 March, 2021	31 March, 2020
Short-term leases	67.63	52.43
Leases of low value assets	-	-
Variable lease payments	-	-

B Total cash outflow for leases for the year ended 31 March, 2021 was ₹ 321.68 Lacs (31 March, 2020: ₹ 385.46 Lacs).

C The Company has total commitment for short-term leases as at 31 March, 2021 Nil (31 March, 2020: ₹ 7.50 Lacs).

(All amounts in ₹ Lacs, unless otherwise stated)

D Maturity of lease liabilities

The lease liabilities are secured by the related underlying assets. Future minimum lease payments were as follows:

31 March, 2021	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Lease payments	384.41	355.68	204.84	113.36	93.83	58.96	**1,211.08**
Interest expense	68.25	39.25	22.29	11.45	6.61	6.04	**153.89**
Net present values	**316.16**	**316.43**	**182.55**	**101.91**	**87.22**	**52.92**	**1,057.19**

31 March, 2020	Minimum lease payments due						
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
Lease payments	381.09	356.12	299.60	177.95	114.13	267.03	**1,595.92**
Interest expense	97.73	81.47	56.22	36.72	26.81	31.05	**330.00**
Net present values	**283.36**	**274.65**	**243.38**	**141.23**	**87.32**	**235.98**	**1,265.92**

E There are no variable lease agreements.

F Information about extension and termination options

As at 31 March, 2021

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	122	1 to 8 years	2.60 years	122	-	**122**
Car lease	5	3-4 years	2.5 years	-	-	-

As at 31 March, 2020

Right of use assets	Number of leases	Range of remaining term	Average remaining lease term	Number of leases with extension option	Number of leases with purchase option	Number of leases with termination option
Office premises	109	1 to 8 years	2.5 years	109	-	**109**
Car lease	6	3-4 years	3.5 years	-	-	-

G The total future cash outflows as at 31 March, 2021 for leases that had not yet commenced is of Nil (31 March, 2020: Nil).

42. EMPLOYEE STOCK OPTION SCHEME

42.1 Employee Stock Option Plan – 2012 ("The 2012 Plan"):

a. The Company established the Employees Stock Option Scheme 2012 ("ESOP 2012") which was approved by the Board of Directors in their meeting held on 17 August, 2012. Under the plan, the Company is authorised to issue up to 15,04,300 equity shares of ₹ 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to the requirements of vesting.

The HR and remuneration committee consisting of independent members from the Board of Directors administer the plan.

b. The salient terms of the scheme are set out hereunder:

Particulars	ESOP 2012				
Date of grant	01 October, 2012	01 October, 2013	15March, 2014	22 January, 2015	08 June, 2016
Exercise price	₹ 13.27 per option	₹ 14.18 per option	₹ 16.84 per option	₹ 20.32 per option	₹ 83.20 per option
Vesting dates:					
Tranche I*	01 October, 2013	01 October, 2014	01 October, 2014	21 January, 2016	09 June, 2017
Tranche II*	01 October, 2014	01 October, 2015	01 October, 2015	21 January, 2017	09 June, 2018
Tranche III*	01 October, 2015	01 October, 2016	01 October, 2016	21 January, 2018	09 June, 2019
Tranche IV*	01 October, 2016	01 October, 2017	01 October, 2017	21 January, 2019	09 June, 2020

* Grant on 01 October, 2012, 01 October, 2013, 15March, 2014 and 22 January, 2015 to be vested equally in each tranche. However, option granted on 08 June, 2016 to be vested in the ratio of (3:5:5:7)

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Vesting condition:
Vesting of options would be subject to continued employment with the Company and certain covenants, on the fulfilment of which the granted options would vest in terms of agreement with employees. Thus the vesting of the options would be time and compliance of covenants to the ESOP 2012 agreement with employees.

Exercise period	Exercise period would expire at the end of 5 years and 3 months period from the date of vesting or listing of shares on a recognised stock exchange, whichever is later. It is clarified that in the event the shares of the Company are not listed by the end of 5 (five) years from the date of vesting of the relevant options then the option grantee shall have the ability to exercise any vested option regardless of the fact that the shares of the Company have not been listed provided however such right to exercise shall at all times cease to exist at the end of the exercise period mentioned in the preceding sentence.
Total options granted	**2,345,500**

c. Employee stock option details as on the balance sheet date are as follows:

Particulars	**As at 31 March, 2021**		As at 31 March, 2020	
	Number of options	**Amount**	**Number of options**	**Amount**
Outstanding at the beginning of the year	962,500	531.80	1,145,200	556.39
Granted during the year	-	-	-	-
Forfeited during the year	4,500	0.61	7,450	0.99
Exercised during the year	148,250	19.76	175,250	23.60
Expired during the year	-	-	-	-
Outstanding at the end of the year	809,750	511.43	962,500	531.80
Exercisable at the end of the year	809,750	511.43	765,625	368.01

d. The fair value of the options, calculated by an external value, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

1. **Grant date- 01 October, 2012**

Particulars	**ESOP 2012**			
	Vest – 1	**Vest – 2**	**Vest – 3**	**Vest – 4**
Stock price- ₹	13.27	13.27	13.27	13.27
Expected volatility (standard deviation - annual)	39.37%	39.37%	39.37%	39.37%
Risk free rate	7.90%	7.94%	7.98%	8.02%
Exercise price-₹	13.27	13.27	13.27	13.27
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	25%	25%	25%	25%
Option fair value- ₹	6.18	6.73	7.23	7.68
Life of the options granted (vesting and exercise period) in years	5.5	6.5	7.5	8.5

2. **Grant date- 01 October, 2013**

Particulars	**ESOP 2012**			
	Vest – 1	**Vest – 2**	**Vest – 3**	**Vest – 4**
Stock price- ₹	14.18	14.18	14.18	14.18
Expected volatility (standard deviation - annual)	43.73%	43.73%	43.73%	43.73%
Risk free rate	8.94%	9.02%	9.08%	9.13%
Exercise price-₹	14.18	14.18	14.18	14.18
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	25%	25%	25%	25%
Option fair value- ₹	7.14	7.88	0.49	0.49
Life of the options granted (vesting and exercise period) in years	4.76	5.76	6.76	7.76

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

2. Grant date- 01 October, 2013

Particulars	ESOP 2012			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- ₹	14.18	14.18	14.18	14.18
Expected volatility (standard deviation - annual)	43.73%	43.73%	43.73%	43.73%
Risk free rate	8.94%	9.02%	9.08%	9.13%
Exercise price-₹	14.18	14.18	14.18	14.18
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	25%	25%	25%	25%
Option fair value- ₹	7.14	7.88	0.49	0.49
Life of the options granted (vesting and exercise period) in years	4.76	5.76	6.76	7.76

3. Grant date- 15March, 2014

Particulars	ESOP 2012			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- ₹	16.84	16.84	16.84	16.84
Expected volatility (standard deviation - annual)	43.73%	43.73%	43.73%	43.73%
Risk free rate	8.94%	9.02%	9.08%	9.13%
Exercise price-₹	16.84	16.84	16.84	16.84
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	25%	25%	25%	25%
Option fair value- ₹	8.48	9.36	10.45	10.82
Life of the options granted (vesting and exercise period) in years	4.76	5.76	6.76	7.76

4. Grant date- 22 January, 2015

Particulars	ESOP 2012			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- ₹	20.32	20.32	20.32	20.32
Expected volatility (standard deviation - annual)	50.24%	50.24%	50.24%	50.24%
Risk free rate	7.78%	7.78%	7.77%	7.77%
Exercise price-₹	20.32	20.32	20.32	20.32
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	25%	25%	25%	25%
Option fair value- ₹	11.95	12.79	13.53	14.19
Life of the options granted (vesting and exercise period) in years	6.06	7.07	8.07	9.07

5. Grant date- 09 June, 2016

Particulars	ESOP 2012			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- ₹	83.2	83.2	83.2	83.2
Expected volatility (standard deviation - annual)	43.55%	43.55%	43.55%	43.55%
Risk free rate	7.82%	7.78%	7.97%	7.74%
Exercise price-₹	83.2	83.2	83.2	83.2
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	15%	25%	25%	35%
Option fair value- ₹	46.31	49.65	53.00	55.33
Life of the options granted (vesting and exercise period) in years	6.26	7.26	8.26	9.26

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

e. Details of weighted average exercise price, fair value of the stock options granted and weighted average remaining contractual life are as follows:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Total options granted (in nos)	2,345,500	2,345,500
Total options outstanding at the end of the year	809,750	962,500
Weighted average share price for options granted during the year (in ₹)	-	-
Average exercise price (₹)	29.56	29.56
Weighted average remaining contractual life (years)	2.69	3.39

42.2 Employee Stock Option Scheme 2017 (ESOP 2017):

a. The Company established the Employees Stock Option Scheme 2017 ("ESOP 2017") which was approved by the Board of Directors in their meeting held on 10 November, 2017. Under the plan, the Company is authorised to issue up to 1,294,246 equity shares of ₹ 10 each to eligible employees. Employees covered by the plan are granted an option to purchase shares of the Company subject to the requirements of vesting.

The HR and nomination and remuneration committee consisting of independent members from the Board of Directors administer the plan.

b. The salient terms of the scheme are set out hereunder:

Particulars	ESOP 2017						
Date of grant	31 January, 2018	15 February, 2019	17 May, 2019	13 August, 2019	04 November, 2019	01 July, 2020	17 September, 2020
Exercise price	₹118.48 per option	₹ 159.01 per option	₹ 179.92 per option	₹ 184.55 per option	₹ 189.56 per option	₹ 197.80 per option	₹ 197.80 per option
Vesting dates:							
Tranche I (10% of the options granted)	31 January, 2019	15 February, 2020	17 May, 2020	13 August, 2020	04 November, 2020	01 July, 2021	17 September, 2021
Tranche II (20% of the options granted)	31 January, 2020	15 February, 2021	17 May, 2021	13 August, 2021	04 November, 2021	01 July, 2022	17 September, 2022
Tranche III (30% of the options granted)	31 January, 2021	15 February, 2022	17 May, 2022	13 August, 2022	04 November, 2022	01 July, 2023	17 September, 2023
Tranche IV (40% of the options granted)	31 January, 2022	15 February, 2023	17 May, 2023	13 August, 2023	04 November, 2023	01 July, 2024	17 September, 2024

Vesting condition

Vesting of options would be subject to continued employment with the Company and certain covenants, on the fulfilment of which the granted options would vest in terms of agreement with employees. Thus the vesting of the options would be time and compliance of covenants to the ESOP 2017 agreement with employees.

Exercise period	The Vested options shall be exercised by the relevant employee post listing of the shares of the Company. In the event, listing is not done within a period of 5 (five) years from the date of first vesting of the relevant option, the employee shall have a right to exercise the vested option within a period of 3 (three) months from the date of expiry of the 5 (five) years from the date of first vesting.
Total options granted	**770,000**

c. Employee stock option details as on the Balance sheet date are as follows:

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Number of options	**Amount**	**Number of options**	**Amount**
Outstanding at the beginning of the year	370,000	609.08	220,000	333.61
Granted during the year	225,000	445.05	150,000	275.47
Forfeited during the year	54,000	85.86	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	541,000	968.27	370,000	609.08
Exercisable at the end of the year	81,000	122.77	-	-

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

d. The fair value of the options, calculated by an external value, was estimated on the date of grant using the Black-Scholes model with the following significant assumptions:

(i) Grant Date: 31 January, 2018

Particulars	ESOP 2017			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- `	118.48	118.48	118.48	118.48
Expected volatility (standard deviation - annual)	36.81%	36.81%	36.81%	36.81%
Risk free rate	7.73%	7.73%	7.73%	7.73%
Exercise price-`	118.48	118.48	118.48	118.48
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	10%	20%	30%	40%
Option fair value- `	60.85	60.85	60.85	60.85
Life of the options granted (vesting and exercise period) in years	6.25	6.25	6.25	6.25

(ii) Grant Date: 15 February, 2019

Particulars	ESOP 2017			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- `	179.92	179.92	179.92	179.92
Expected volatility (standard deviation - annual)	48.76%	48.76%	48.76%	48.76%
Risk free rate	7.49%	7.49%	7.49%	7.49%
Exercise price-`	159.01	159.01	159.01	159.01
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	10%	20%	30%	40%
Option fair value- `	110.47	110.47	110.47	110.47
Life of the options granted (vesting and exercise period) in years	6.25	6.25	6.25	6.25

(iii) Grant Date: 17 May, 2019

Particulars	ESOP 2017			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- `	179.92	179.92	179.92	179.92
Expected volatility (standard deviation - annual)	52.23%	52.23%	52.23%	52.23%
Risk free rate	7.75%	7.75%	7.75%	7.75%
Exercise price-`	179.92	179.92	179.92	179.92
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	10%	20%	30%	40%
Option fair value- `	109.28	109.28	109.28	109.28
Life of the options granted (vesting and exercise period) in years	6.25	6.25	6.25	6.25

(iv) Grant Date: 13 August, 2019

Particulars	ESOP 2017			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- `	179.92	179.92	179.92	179.92
Expected volatility (standard deviation - annual)	51.46%	51.46%	52.23%	52.23%
Risk free rate	7.75%	7.75%	7.75%	7.75%
Exercise price-`	184.55	184.55	179.92	179.92
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	10%	20%	30%	40%
Option fair value- `	106.66	106.66	109.28	109.28
Life of the options granted (vesting and exercise period) in years	6.25	6.25	6.25	6.25

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

(v) Grant Date: 04 November, 2019

Particulars	ESOP 2017			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- ₹	189.56	189.56	189.56	189.56
Expected volatility (standard deviation - annual)	50.55%	50.55%	50.55%	50.55%
Risk free rate	7.75%	7.75%	7.75%	7.75%
Exercise price-₹	189.56	189.56	189.56	189.56
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	10%	20%	30%	40%
Option fair value- ₹	112.48	112.48	112.48	112.48
Life of the options granted (vesting and exercise period) in years	6.25	6.25	6.25	6.25

(vi) Grant Date: 01 July, 2020

Particulars	ESOP 2017			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- ₹	197.80	197.80	197.80	197.80
Expected volatility (standard deviation - annual)	62.52%	62.52%	62.52%	62.52%
Risk free rate	5.89%	5.89%	5.89%	5.89%
Exercise price-₹	197.80	197.80	197.80	197.80
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	10%	20%	30%	40%
Option fair value- ₹	127.18	127.18	127.18	127.18
Life of the options granted (vesting and exercise period) in years	6.25	6.25	6.25	6.25

(vii) Grant Date: 17 September, 2020

Particulars	ESOP 2017			
	Vest – 1	Vest – 2	Vest – 3	Vest – 4
Stock price- ₹	197.80	197.80	197.80	197.80
Expected volatility (standard deviation - annual)	62.52%	62.52%	62.52%	62.52%
Risk free rate	5.89%	5.89%	5.89%	5.89%
Exercise price-₹	197.80	197.80	197.80	197.80
Dividend yield	0.00%	0.00%	0.00%	0.00%
Vesting	10%	20%	30%	40%
Option fair value- ₹	127.18	127.18	127.18	127.18
Life of the options granted (vesting and exercise period) in years	6.25	6.25	6.25	6.25

e. Details of weighted average exercise price, fair value of the stock options granted and weighted average remaining contractual life are as follows:

Particulars	As at 31 March, 2021	As at 31 March, 2020
Total options granted (in Nos)	770,000	545,000
Total options outstanding at the end of the year	541,000	370,000
Weighted average share price for options granted during the year (in ₹)	197.45	183.65
Average exercise price (₹)	171.56	166.30
Weighted average remaining contractual life (years)	4.58	4.75

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

43. DISCLOSURES REQUIRED BY RESERVE BANK OF INDIA ('RBI')

Additional disclosures required in terms of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated 17 February, 2021 issued by RBI. Figures for current year have been prepared in accordance with Ind AS specified under section 133 of the Companies Act, 2013.

Figures for year ended 31 March, 2020 are disclosed as per last year audited financial statements and additional disclosures required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2019, 01 July, 2019. The same were prepared on the basis of the Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 (as amended) pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated 14 June, 2018 is given below, which have been presented solely based on the information compiled by the management.

43.1 Capital to risk assets ratio (CRAR)

Particulars	As at 31 March, 2021	As at 31 March, 2020
CRAR %	71.51%	81.12%
CRAR-Tier I capital %	70.81%	80.61%
CRAR-Tier II capital %	0.70%	0.51%
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of perpetual debt instruments	-	-

43.2 Reserve fund u/s 29C of National Housing Bank Act, 1987 ("NHB Act, 1987")

Particulars	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of the year		
a. Statutory reserve u/s 29 C of the National Housing Bank Act, 1987	566.78	295.50
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	2,109.01	1,442.06
Total	**2,675.79**	**1,737.56**
Addition / Appropriation / Withdrawal during the year		
a. **Add:-** Amount transferred u/s 29 C of the NHB Act, 1987	647.04	271.28
b. **Add:-** 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	1,100.73	666.95
c. **Less:-** Amount appropriated from the Statutory reserve u/s 29 C of the NHB Act, 1987	-	-
d. **Less:-** 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 under Section 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a. Statutory Reserve u/s 29 C of the National Housing Bank Act, 1987	1,213.82	566.78
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	3,209.74	2,109.01
Balance at the end of the year	**4,423.56**	**2,675.79**

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

43.3

A) Investments

Particulars	As at 31 March, 2021	As at 31 March, 2020
Value of investments		
(I) Gross value of investments		
(a) In India	-	9,385.88
(b) Outside India	-	-
(II) Provisions for depreciation		
(a) In India	-	-
(b) Outside India	-	-
(III) Net value of investments		
(a) In India	-	9,385.88
(b) Outside India	-	-

B) Movement of provisions held towards depreciation on investments

(I) Opening balance

(ii) Add: Provisions made during the year

(iii) Less: Write-off/written back of excess provision during the year

(iv) Closing balance

43.4 Derivatives

1 The Company has no transactions/exposure in derivatives in the current and previous year.

2 The Company has no unhedged foreign currency exposure on 31 March, 2021 (31 March, 2020: Nil).

43.5 Securitisation

A) Disclosure as per NHB guidelines for securitisation transactions as an originator :

Particulars	As at 31 March, 2021	As at 31 March, 2020
1 No. of special purpose vehicle's (SPV's) sponsored by HFC for securitisation transaction	4	4
2 Total amount of securitised assets as per books of SPVs sponsored by the HFC	3,903.09	5,932.24
3 Total amount of exposures retained by the HFC to comply with MRR		
i) Off-balance sheet exposures		
a) First loss	-	-
b) Others	-	-
ii) On-balance sheet exposures		
a) First Loss- Cash collateral	392.01	392.01
b) Others- Over collateral	1,800.66	1,778.00
4 Amount of exposures to securitisation transactions other than MRR		
i) Off-balance sheet exposures	-	-
a) Exposure to own securitisations		
First loss	-	-
Others	-	-
b) Exposure to third party securitisation		
First loss	-	-
Others	-	-
ii) On-balance sheet exposures towards credit enhancement		
a) Exposure to own securitisations		
First loss	-	-
Others	-	-
b) Exposure to third party securitisation transaction		
First loss	-	-
Others	-	-

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

B) Details of financial assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the year, the Company Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (31 March, 2020: Nil)

C) Details of Assignment transactions undertaken by the Company*

Particulars	As at 31 March, 2021	As at 31 March, 2020
(I) No. of accounts	3,468.00	-
(ii) Aggregate value (net of provisions) of accounts assigned	16,949.36	-
(iii) Aggregate consideration	16,949.36	-
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

*The details are as on date of assignment transaction and amount disclosed are as per contractual terms

D) Details of Non-performing financial assets purchased/sold

During the year, the Company has not purchased / sold any non-performing financial assets (31 March, 2020: Nil).

43.6 Asset Liability Management (Maturity pattern of certain items of asset and liabilities)

As at 31 March, 2021

Particulars	Liabilities		Assets	
	Borrowings*	Debt securities*	Loans*	Investments
Upto 30/31 DAYS (1 Month)	1,430.65	-	939.52	-
Over 1 Month upto 2 Months	1,880.14	-	768.67	-
Over 2 Months upto 3 Months	1,577.33	-	777.86	-
Over 3 Months upto 6 Months	14,229.36	-	2,381.31	-
Over 6 Months upto 1 Year	14,619.06	-	5,003.52	-
Over 1 Year upto 3 Years	56,135.83	1,500.00	23,528.34	-
Over 3 Years upto 5 Years	30,846.20	5,000.00	29,174.48	-
Over 5 Years upto 7 Years	10,096.80	-	32,896.41	-
Over 7 Years upto 10 Years	5,410.85	-	49,510.51	-
Over 10 Years	215.12	-	58,377.81	-
Total	**136,441.34**	**6,500.00**	**203,358.43**	**-**

As at 31 March, 2020

Particulars	Liabilities		Assets	
	Borrowings*	Debt securities*	Loans*	Investments
Upto 30/31 DAYS (1 Month)	816.13	-	682.60	9,385.88
Over 1 Month upto 2 Months	1,028.25	357.14	586.39	-
Over 2 Months upto 3 Months	1,087.01	-	593.43	-
Over 3 Months upto 6 Months	3,457.59	1,757.14	1,817.65	-
Over 6 Months upto 1 Year	6,936.46	714.29	3,821.53	-
Over 1 Year upto 3 Years	26,775.43	4,228.57	18,080.77	-
Over 3 Years upto 5 Years	15,730.53	2,800.00	22,828.50	-
Over 5 Years upto 7 Years	3,888.70	13,000.00	25,377.43	-
Over 7 Years upto 10 Years	2,345.45	-	33,008.45	-
Over 10 Years	276.37	-	44,321.86	-
Total	**62,341.92**	**22,857.14**	**151,118.61**	**9,385.88**

* The disclosures made are based on the contractual obligations

** The disclosures made are based on the contractual terms as at the year-end, however, subsequent to the year-end, the Company had granted a moratorium to the eligible customers as disclosed in Note no. 46.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

43.7 Exposure:

1. **Exposure to Real Estate Sector**

Particulars	As at 31 March, 2021	As at 31 March, 2020
(i) Direct Exposure		
A. Residential Mortgage :		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	202,940.85	148,874.86
B. Commercial Real Estate :		
Lending fully secured by mortgages on commercial real estates.	417.58	2,243.75
C. Investments in Mortgage Backed Securities and other securitised exposures:		
a. Resident	-	-
b. Commercial Real estate	-	-
(ii) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

* The disclosures made are based on the contractual obligations.

2. As on 31 March, 2021, the Company does not have any exposure to Capital Market (31 March, 2020: Nil)
3. As on 31 March, 2021, the Company has not financed any product of the parent the Company (31 March, 2020: Nil)
4. As onMarch, 31, 2021, the Company has not given any unsecured advances (31 March, 2020: Nil).
5. As on 31 March, 2021, the Company has not exceeded the prudential exposure limit prescribed by RBI and NHB for single borrower or group borrower (31 March, 2020: Nil).

43.8 Regulator registrations

1.	National Housing Bank	09.0087.10
2.	Ministry of Corporate Affairs (CIN)	U65922HR1998PLC042782

In addition to above, the Company's non-convertible debentures (NCDs) are listed on stock exchange in India, thereby, regulations of Securities and Exchange Board of India are also applicable.

43.9 Disclosure of penalties imposed by National Housing Bank (NHB) and other regulators

National Housing Bank (NHB) levied a penalty of ₹ 7.45 lacs (31 March, 2020:- NIL) for contravention of the provisions of paragraph 2(i)(zc)(ii) of the Housing Finance Companies Directions, 2010 and provisions of NHB (ND)/DRS/Policy Circular No. 75/2016-17 in relation to inspection done for year ended 31 March, 2019.

43.10 Related party transactions

Refer note 39 For related party transactions.

43.11 Ratings assigned by Credit Rating Agencies and migration during the year

Nature of instrument	Rating agency	Ratings
Bank term loans	ICRA	A stable
Bank term loans	CARE	A stable
Non-convertible debentures	ICRA	A stable

There is no change in credit rating from previous year

43.12 Remuneration of Directors

Remuneration of Directors has been disclosed separate note. Refer note 39.

43.13 Management

Management discussion and Analysis report shall form part of Board of Directors' report.

43.14 During the year, no expense was accounted which was related to prior period (31 March, 2020: ₹ 5.92 Lacs).

43.15 During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition.

43.16 The Company does not have any parent the Company or subsidiary.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

43.17 Provisions and contingencies

A) Break-up of Provisions and Contingencies shown under the head expenditure in Profit and Loss account

S. No	Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	Provisions for depreciation on investment	-	-
2	Provision made towards Income tax	2,477.20	1,842.95
3	Provision towards NPA	472.43	(160.21)
4	Provision for Standard assets (with details like teaser loan, CRE, CRE-RH etc.)	998.57	(337.00)
5	Other provision and contingencies (Provision for Gratuity,compensated absences, undrawn commitments and EIS receivables)	(24.68)	73.08

B) Break up of Loan & Advances and provisions thereon

S. No	Particulars	Housing		Non-housing	
		For the year ended 31 March, 2021	For the year ended 31 March, 2020	For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	**Standard assets**				
	a) Total outstanding amount	123,081.40	88,637.17	76,852.58	60,721.70
	b) Provisions made	1,364.79	248.94	570.81	272.58
2	**Sub-standard assets**				
	a) Total outstanding amount	1,558.82	1,013.35	1,298.62	463.70
	b) Provisions made	529.40	152.00	366.39	69.56
3	**Doubtful assets – Category-I**				
	a) Total outstanding amount	485.21	360.36	232.35	103.89
	b) Provisions made	167.18	90.10	71.05	25.96
4	**Doubtful assets – Category-II**				
	a) Total outstanding amount	8.87	8.93	12.82	6.69
	b) Provisions made	2.48	3.57	3.90	2.68
5	**Doubtful assets – Category-III**				
	a) Total outstanding amount	-	-	-	-
	b) Provisions made	-	-	-	-
6	**Loss assets**				
	a) Total outstanding amount	22.01	-	-	-
	b) Provisions made	8.84	-	-	-
	Total				
	a) Total outstanding amount	**125,156.31**	**90,019.81**	**78,396.37**	**61,295.98**
	b) Provisions made	**2,072.69**	**494.61**	**1,012.15**	**370.78**

43.18 There has been no draw down from reserves during the year ended 31 March, 2021 (31 March, 2020: Nil).

43.19 Concentration of public deposits (for public deposit taking/holding HFCs)

During the year ended 31 March, 2021 and 31 March, 2020, the Company has not accepted any public deposits, as per Certificate of Registration (CoR) issued by National Housing Bank (NHB) and as per the board resolution passed in the board meeting dated 10 June, 2020.

43.20 Concentration of Loans and Advances

S. No	Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	Total loans and advances to twenty largest borrowers	1,951.17	2,071.53
2	Percentage of loans and advances of twenty largest borrowers to total advances of the Housing Finance Company	0.96%	1.37%

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

S. No	Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	Total exposure to twenty largest borrowers/customers	2,080.75	2,071.53
2	Percentage of exposures to twenty largest borrowers/customers to total exposure of the HFC on borrowers / customers	0.95%	1.36%

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

43.22 Concentration of NPAs

S. No	Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	Total exposure to top ten NPA accounts	367.80	304.30

43.23 Sector-wise NPAs

S. No	Particulars	Percentage of NPAs to total advances in that sector	
		For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	**Housing Loans:**		
	a. Individuals	1.66%	1.54%
	b. Builders/Project Loans	-	-
	c. Corporates	-	-
	d. Others (specify)	-	-
2	**Non-Housing Loans:**		
	a. Individuals	1.97%	0.94%
	b. Builders/Project Loans	-	-
	c. Corporates	-	-
	d. Others (specify)	-	-

43.24 Movement of NPAs

S. No	Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	**Net NPAs to Net Advances (%)**	1.23%	0.86%
2	**Movement of NPAs (Gross)**		
	a) Opening balance	1,956.92	1,588.71
	b) Additions during the year	2,781.99	1,460.90
	c) Reductions during the year	1,120.21	1,092.69
	d) Closing balance	**3,618.70**	**1,956.92**
3	**Movement of Net NPAs**		
	a) Opening balance	1,280.21	1,084.63
	b) Additions during the year	1,889.07	1,241.22
	c) Reductions during the year	699.82	712.80
	d) Closing balance	**2,469.46**	**1,613.05**
4	**Movement of provisions for NPAs (excluding provisions on standard assets)**		
	a) Opening balance	676.71	504.08
	b) Provisions made during the year	892.92	219.68
	c) Write-off/write-back of excess provisions	420.39	379.89
	d) Closing balance	**1,149.24**	**343.87**

43.25 The Company does not have any Overseas assets.

43.26 The Company does not have any Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms).

43.27 Customer complaints

S. No	Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
1	Number of complaints pending at the beginning of the year	1	1
2	Number of complaints received during the year	17	19
3	Number of complaints redressed during the year	18	19
4	Number of complaints pending at the end of the year	0	1

43.28 Frauds

During the financial year 2020-2021, the Company has reported 2 cases of fraud involving ₹ 23.52 Lacs (31 March, 2020: reported a case of ₹ 5 Lacs) to NHB.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

43.29 Schedule to Balance Sheet

Particulars	As at 31 March, 2021	
Liabilities Side	**Amount outstanding**	**Amount overdue**
1 Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	8,222.38	-
: Unsecured (other than falling within the meaning of public deposits*)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	136,207.58	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Public Deposits	-	-
(g) Securitisation Loans	3,641.88	-
2 Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a) In the form of Unsecured debentures	-	-
(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
(c) Other public deposits	-	-

Asset Side	Amount outstanding as at 31 March, 2021
3 Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
(a) Secured	198,116.96
(b) Unsecured	
4 Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
(i) Lease assets including lease rentals under sundry debtors	
(a) Financial Lease	-
(b) Operating Lease	-
(ii) Stock on hire including hire charges under sundry debtors	
(a) Asset on hire	-
(b) Repossessed Assets	-
(iii) Other loans counting towards asset financing activities	
(a) Loans where assets have been repossessed	-
(b) Loans other than (a) above	-
5 Breakup of investments	
1 Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2 Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

Asset Side	**Amount outstanding as at 31 March, 2021**
Long term investments	
1 Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
2 Unquoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:	**Amount net of provisions as at 31 March, 2021**		
Category	**Secured**	**Unsecured**	**Total**
1 Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2 Other than related parties	198,116.96	-	198,116.96
Total			

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		
Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
1 Related Parties		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2 Other than related parties	-	-
Total		
8 Other information		
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties		1.78%
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties		1.23%
(iii) Assets acquired in satisfaction of debt		

43.30 Disclosure on Principal business criteria

As at 31 March, 2021, the housing loans and individual housing loans of the company constitue 51.09% and 51.08% of its total assets (netted off with intangible assets) respectively. The same is complied as per circular no. DOR.NBFC (HFC). CC.No.118/03.10.136/ 2020-21 dated 22 October, 2020 issued by RBI.

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

44. The COVID-19 pandemic has adversely impacted the economic activities across the globe and changed the customer behaviour, which may persist. Based on the available information from internal and external sources, the Company has used prudent judgements, estimates and possible forward-looking scenarios to assess the impact of COVID-19 on the provisions in accordance with the expected credit loss (ECL) method on loans and other financial assets. Given the dynamic and evolving nature of the pandemic, these estimates are subject to uncertainties and may be affected by the severity, duration of the pandemic and other variables.

45. Hon'ble Supreme Court vide order dated 23March, 2021, in the matter of Small-Scale Industrial Manufacturers Associations vs UOI & Others has stated that the interim relief or stay granted on recognition of Non-Performing Account ('NPA') vide an interim order dated 3 September, 2020 stands vacated. Accordingly, during such period, the Company has not classified any additional borrower account as NPA after 31 August, 2020 which were not NPA as of 31 August, 2020. However, during such period the Company has classified such accounts as stage 3 for financial reporting and provisioning purpose. Further, in accordance with the instructions in paragraph 5 of the RBI circular no. RBI/2021-22/17 DOR. STR. REC.4/21.04.048/2021-22 dated 7 April, 2021, the Company has carried out asset classification of the borrower accounts as prescribed in the aforementioned RBI circular as at 31 March, 2021.

46. In accordance with the Reserve Bank of India ('RBI') guidelines in relation to COVID-19 Regulatory Package dated 27March, 2020, 17 April, 2020 and 23 May, 2020, the Company had granted moratorium up to six months on the payment of installments which became due between 1March, 2020 to 31 August, 2020, to eligible borrowers. For all such accounts where moratorium was granted, prudential assets classification remained stand still during the moratorium period and was based on position as on 29 February, 2020. The quantitative disclosures as required by the RBI's Circular ('the Circular') dated 17 April, 2020 for the year ended 31 March, 2021 are given below:

Particulars	**As at Wednesday,March, 31, 2021**	**As at Tuesday,March, 31, 2020**
Amount in SMA/overdue categories as on 29 February, 2020	2,820.80	2,820.80
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended, in terms of paragraph 2 and 3 of the Circular (as of 29 February, 2020)	2,287.16	2,621.43
Respective amount where asset classification benefit is extended (as of 29 February, 2020)	1,293.12	850.31
Provisions made in terms of paragraph 5 of the circular (as per Para 4, applicable to entities covered under Ind AS) (as of 31 March, 2021/ 31 March, 2020)	300.64	41.13
Provisions adjusted against slippages in terms of paragraph 6 of the circular	Nil	Nil
Residual provisions as of 31 March, 2021/ 31 March, 2020 in terms of paragraph 6 of the circular	300.64	41.13

SUMMARY OF THE SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED 31 MARCH, 2021 (Contd.)

(All amounts in ₹ Lacs, unless otherwise stated)

47. Disclosure as per RBI notification no.DOR.No.BP.BC/3/21.04.048/2020-21 dated 21 August, 2020 on resolution framework for COVID-19- related stress

Type of Borrower	(A) Number of Accounts where resolution Plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the Plan	(C) of (B) aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loan	260	1,618.17	-	-	370.49
Corporate persons	-	-	-	-	-
of which MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**260**	**1,618.17**	**-**	**-**	**370.49**

48. The Government of India, Ministry of Finance, vide its notification dated 23 October, 2020, had announced COVID-19 Relief Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (Scheme), as per the eligibility criteria and other aspects specified therein and irrespective of whether the moratorium was availed or not. the Company has implemented the Scheme and credited the accounts of or remitted amounts to the eligible borrowers as per the Scheme.

49. In accordance with the instructions in RBI circular no. RBI/2021-22/17 DOR. STR.REC.4/21.04.048/2021-22 dated 7 April, 2021 and Indian Bank Association ('IBA') advisory letter dated 19 April, 2021, the Company shall refund/adjust 'interest on interest' to all the borrowers including those who had availed facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed, or not availed. The Company has estimated the amount of ₹ 0.69 Lacs and income thereon has been reversed for the year ended 31 March, 2021.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Lalit Kumar
Partner

Membership No.: 095256

Place: Noida
Date: 12 May, 2021

For and on behalf of the Board of Directors of
India Shelter Finance Corporation Limited

Anil Mehta
Chief Executive Officer and
Managing Director
DIN: 02132315

Place: Gurugram
Date: 12 May, 2021

Rupinder Singh
Director

DIN: 09153382

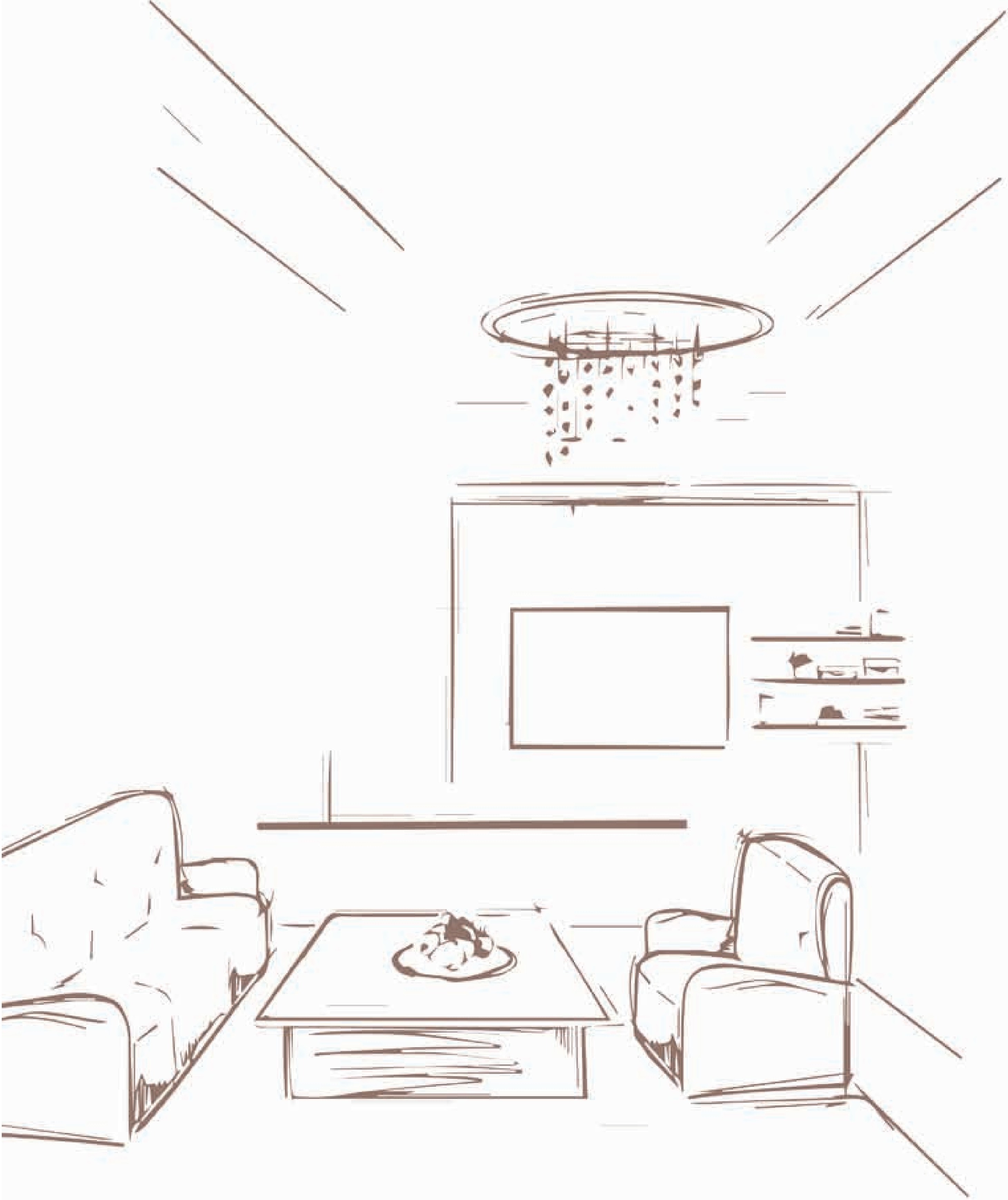
Place: Chennai
Date: 12 May, 2021

Ashish Gupta
Chief Financial Officer

Place: Delhi
Date: 12 May, 2021

Mukti Chaplot
Company Secretary
Membership No. 38326

Place: Delhi
Date: 12 May, 2021



IndiaShelter
Home Loans

India Shelter Finance Corporation Limited,
6th Floor, Plot No 15, Institutional Area,
Sector 44, Gurugram – 122002