

DHFL/CSD/2019/\_1652

Date: September 4, 2019

|                                                                                                                           |                                                                                                                                                                                |
|---------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Manager<br>Listing Department<br>BSE Limited<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street, Fort,<br>Mumbai- 400 001. | The Manager<br>Listing Department<br>National Stock Exchange of India Limited,<br>'Exchange Plaza', C-1, Block G,<br>Bandra- Kurla Complex,<br>Bandra (East), Mumbai- 400 051. |
| Kind Attn. DCS -CRD                                                                                                       | Kind Attn. Head - Listing                                                                                                                                                      |
| <b>Stock Code : 511072</b>                                                                                                | <b>Stock Code : DHFL</b>                                                                                                                                                       |

Dear Sir/Madam,

**Sub.: Submission of the Notice and Annual Report of the Company for the financial year 2018-19**

Pursuant to the provisions of Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), please find enclosed herewith the Notice of the Thirty Fifth (35<sup>th</sup>) Annual General Meeting of the members of the Company (including therein the remote e-voting procedure) scheduled to be held on Saturday, September 28, 2019, at 2.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001.

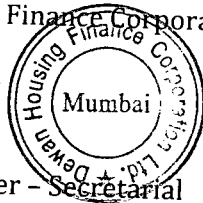
Further, in terms of Regulation 34 of SEBI Listing Regulations, please find attached herewith a copy of the Annual Report of the Company for the financial year 2018-19.

The aforesaid Notice of the Thirty Fifth (35<sup>th</sup>) Annual General Meeting (including therein the Remote e-voting procedure) is also available on the website of the Company.

Thanking you,

Yours sincerely,  
for Dewan Housing Finance Corporation Limited

P. K. Kumar  
Senior Chief Manager - Secretarial





## DEWAN HOUSING FINANCE CORPORATION LIMITED

Corporate Identity Number (CIN) – L65910MH1984PLC032639

National Office: HDIL Towers, Ground Floor & 6<sup>th</sup> Floor, Anant Kanekar Marg, Station Road, Bandra (East),  
Mumbai - 400051, Maharashtra, India. Tel.: (022) 7158 3333, Fax: (022) 7158 3344

Registered Office: Warden House, 2<sup>nd</sup> Floor, Sir P. M. Road, Fort, Mumbai - 400 001, Maharashtra, India.

Toll Free No. 1800 22 3435, Customer Care No. : 1800 3000 1919

Visit us at : www.dhfl.com, email:- response@dhfl.com

### NOTICE OF THIRTY FIFTH (35<sup>th</sup>) ANNUAL GENERAL MEETING

**Notice** is hereby given that the Thirty Fifth (35<sup>th</sup>) Annual General Meeting of the Members of Dewan Housing Finance Corporation Limited will be held on Saturday, September 28, 2019 at 2.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Goda, Mumbai 400 001, to transact the following businesses:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Joint Statutory Auditors thereon.
2. To appoint a Director in place of Mr. Dheeraj Wadhawan (DIN: 00096026) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.
3. **To approve appointment of M/s. K. K. Mankeshwar & Co., Chartered Accountants, (Firm Registration No. 106009W) as Statutory Auditors of the Company**

To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with the Companies (Audit and Auditors) Rules, 2014 (“the Rules”), (including any statutory modification(s), or re-enactment(s) thereof for the time being in force) M/s. K. K. Mankeshwar & Co., Chartered Accountants, (Firm Registration No. 106009W), be and are hereby appointed as the Statutory Auditors of the Company to fill the casual vacancy caused due to resignation of M/s. Chaturvedi & Shah LLP, Chartered Accountants, (Firm Registration No: 101720W/W100355) to hold the office from August 26, 2019, until the conclusion the 35<sup>th</sup> Annual General Meeting of the Company, at such remuneration, taxes, and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Statutory Auditors and approved by the Board of Directors of the Company;

**RESOLVED FURTHER THAT** pursuant to Section 139 and other applicable provisions, if any, of the Act, read with the Rules, 2014 (including any statutory modification(s),

or re-enactment(s) thereof for the time being in force) M/s. K. K. Mankeshwar & Co., Chartered Accountants, (Firm Registration No. 106009W), be and are hereby appointed as the Statutory Auditors of the Company, to audit all the Company's offices including those of its zonal/regional and branch offices, to hold office for a period of five years, from the conclusion of this 35<sup>th</sup> Annual General Meeting till the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company, at such remuneration, taxes and out of pocket expenses, as may be determined and recommended by the Audit Committee in consultation with the Statutory Auditors and approved by the Board of Directors of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to do all such acts, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

#### SPECIAL BUSINESS

4. **To approve appointment of Mr. Alok Kumar Misra (DIN: 00163959) as an Independent Director of the Company**

To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Alok Kumar Misra (DIN: 00163959), who was appointed by the Board of Directors, as an Additional Director of the Company, with effect from March 26, 2019, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (“the Act”), the Companies (Appointment and Qualification of Directors) Rules, 2014 (“the Rules”), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and Articles of Association of the Company, being eligible for appointment, be and is hereby appointed as a Director of the Company;

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Act and the Rules and the applicable provisions of the Securities and Exchange Board

of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Alok Kumar Misra (DIN: 00163959), being eligible for appointment as Independent Director be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a term of five consecutive years effective from March 26, 2019 up to March 25, 2024;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to do all such acts, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. **To approve appointment of Mr. Sunjoy Joshi (DIN: 00449318) as an Independent Director of the Company**

To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Sunjoy Joshi (DIN: 00449318), who was appointed by the Board of Directors, as an Additional Director of the Company, with effect from March 26, 2019, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules"), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and Articles of Association of the Company, being eligible for appointment, be and is hereby appointed as a Director of the Company;

**RESOLVED FURTHER THAT** pursuant to the provisions of sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Act and the Rules and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Sunjoy Joshi (DIN: 00449318), be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold the office for the term of five consecutive years effective from March 26, 2019 up to March 25, 2024;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to do all such acts, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

6. **To approve appointment of Dr. Deepali Pant Joshi (DIN: 07139051) as an Independent Director of the Company**

To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Dr. Deepali Pant Joshi (DIN: 07139051), who was appointed by the Board of Directors, as an Additional Director of the Company, with effect from May 8, 2019, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules"), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and Articles of Association of the Company, being eligible for appointment, be and is hereby appointed as a Director of the Company;

**RESOLVED FURTHER THAT** pursuant to the provisions of sections 149, 152 read with Schedule IV and other applicable provisions, if any, of the Act and the Rules and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Dr. Deepali Pant Joshi (DIN: 07139051), be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold the office for the term of five consecutive years effective from May 8, 2019 up to May 7, 2024;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to do all such acts, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

7. **To approve appointment of Mr. Srinath Sridharan (DIN: 03359570) as a Non-Executive Director of the Company**

To consider and if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** Mr. Srinath Sridharan (DIN: 03359570), who was appointed by the Board of Directors, as an Additional Director of the Company, with effect from March 26, 2019, pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), the Companies (Appointment and Qualification of Directors) Rules, 2014 ("the Rules"), (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), and Articles of Association of the Company, being eligible for appointment, be and is hereby appointed as a Director of the Company;

**RESOLVED FURTHER THAT** pursuant to the provisions of sections 152 and other applicable provisions, if any, of the Act and the Rules and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Srinath Sridharan (DIN: 03359570), be and is hereby appointed as a Non-Executive Director of the Company effective from March 26, 2019 and his office shall be liable to retire by rotation;

**RESOLVED FURTHER THAT** the Board of Directors of the Company (which term shall be deemed to mean and include any duly constituted committee thereof for the time being exercising the powers conferred by the Board), be and is hereby authorised to do all such acts, things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

8. **To approve increase in Authorized Share Capital and Alteration of Memorandum of Association of the Company**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Sections 13, 61 and 64 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof for the time being in force), and the rules framed thereunder ("the Act") consent of the Members of the Company, be and is hereby accorded to increase the existing Authorised Share Capital of the Company **FROM** ₹ 828,00,00,000 (Rupees Eight Hundred Twenty Eight Crore only) consisting of 57,80,00,000 (Fifty Seven Crore Eighty Lakh only) Equity Shares of ₹ 10 (Rupees Ten only) each aggregating to ₹ 578,00,00,000 (Rupees Five Hundred and Seventy Eight Crore only) and 25,00,000 (Twenty Five Lakh only) Non-Convertible Redeemable Cumulative Preference Shares of ₹ 1,000 (Rupees One Thousand only) each aggregating to ₹ 250,00,00,000 (Rupees Two Hundred and Fifty Crore only) **TO** ₹ 1090,39,00,240 (Rupees One Thousand Ninety Crore Thirty Nine Lakh and Two Hundred Forty only) consisting of 84,03,90,024 (Eighty Four Crore Three Lakh Ninety Thousand and Twenty Four only) Equity Shares of ₹ 10 (Rupees Ten only) each aggregating to ₹ 840,39,00,240 (Rupees Eight Hundred Forty Crore Thirty Nine Lakh and Two Hundred Forty only) and 25,00,000 (Twenty Five Lakh only) Non-Convertible Redeemable Cumulative Preference Shares of ₹ 1,000 (Rupees One Thousand only) each aggregating to ₹ 250,00,00,000 (Rupees Two Hundred and Fifty Crore only), by creation of up to 26,23,90,024 (Twenty Six Crore Twenty Three Lakh Ninety Thousand Twenty Four only) Equity Shares of ₹ 10 (Rupees Ten only) each including towards issuance and allotment of the Securities as part of the resolution plan for the Company under the circular dated June 7, 2019 issued by the Reserve Bank of India on the Prudential Framework for Resolution of Stressed Assets (the "Resolution Plan") or otherwise;

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Act, the consent of the Members of the Company, be and is hereby accorded to substitute Clause V of the Memorandum of Association of the Company with the following Clause V:

"V. The Authorized Share Capital of the Company is ₹ 1090,39,00,240 (Rupees One Thousand Ninety Crore Thirty Nine Lakh and Two Hundred and Forty only) divided into:

- (a) 84,03,90,024 (Eighty Four Crore Three Lakh Ninety Thousand and Twenty Four only) Equity Shares of ₹ 10 (Rupees Ten only) each and
- (b) 25,00,000 (Twenty Five Lakh only) Non-Convertible Redeemable Cumulative Preference Shares of ₹ 1,000 (Rupees One Thousand only) each,

with such rights, privileges and conditions as to security, redemption, conversion into equity shares, rate of dividend, right of accumulation of dividend etc., attaching thereto as are provided by the Articles of Association of the Company. The Company shall have power to increase or reduce, consolidate or sub-divide the Share Capital of the Company for the time being and from time to time divide the shares of the new Capital into several classes and denomination and to issue any shares of the original or further Share Capital of the Company for the time being with such preferential, qualified or special rights, privileges or conditions attached thereto respectively including rights to dividend in distribution of assets of the Company from time to time in accordance with the Articles of Association of the Company and subject to the provisions of the Companies Act, 2013, including any statutory amendment(s) or modification(s) thereto or enactment(s) or re-enactment(s) thereof for the time being in force and other applicable laws."

**RESOLVED FURTHER THAT** the Board of Directors of the Company (hereinafter referred to as the "Board", which shall include a duly constituted committee thereof including the Special Committee for the Resolution Plan or any other person authorized by the Board in this behalf) be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority including the stock exchanges or the Securities and Exchange Board of India or the National Housing Bank or the relevant Depositories, for the purpose of giving effect to the above Resolution and for matters connected therewith or incidental thereto;

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of its powers herein conferred by this resolution to committee of the Board, or subject to applicable law to any Director or any one or more executives of the Company to give effect to this resolution."

## 9. To approve conversion of Debt into Shares or Convertible instruments or other Securities

To consider and if thought fit, to pass, with or without modification(s) the following Resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to Sections 42, 62(1), 62(3), 71 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and in accordance with the Memorandum of Association and Articles of Association of Dewan Housing Finance Corporation Limited (the “Company”) and subject to finalization of the Resolution Plan for the Company and all applicable circulars, notifications, guidelines issued by the Securities and Exchange Board of India (“SEBI”), Reserve Bank of India (“RBI”), Stock Exchanges, National Housing Bank (“NHB”), relevant Depositories and such other statutory/regulatory authorities, including the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”), the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SEBI SAST Regulations”), applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”), the Housing Finance Companies (National Housing Bank) Directions, 2010, RBI Circulars, applicable rules, regulations, notifications, amendments issued by Government of India, RBI, NHB and any other regulatory or other appropriate authorities as may be necessary, and subject to such terms, conditions and modifications, as may be prescribed by any one of them while granting any such approval, consent, permission and / or sanction which may be agreed to by the Board, the consent, authority and approval of the Members of the Company, including confirmation of actions taken hitherto, be and is hereby accorded to convert whole or any part of the outstanding under the credit facilities (including by way of subscription to the debentures and other instruments issued by the Company, referred to as the “Facilities”) into equity shares or other securities of the Company (collectively shall be referred to as the “Securities”) on such price as may be specified by the creditors of the Company in compliance with all applicable laws, circulars, notifications, guidelines issued by the Companies Act, 2013 and the rules framed thereunder, the SEBI including the SEBI ICDR Regulations, the SEBI SAST Regulations, applicable provisions of the SEBI LODR Regulations, RBI, Stock Exchanges, NHB, relevant Depositories and such other statutory/regulatory authorities, and any directions, circulars, applicable rules, regulations, notifications, amendments issued by Government of India, and in furtherance thereof, for issuance and allotment of the

Securities to the creditors which have extended such credit facilities (the “Creditors”), such number of Securities as may be determined by the Board, along-with all underlying voting rights (as applicable), and shall be subject to the applicable statutory and regulatory guidelines, pursuant to the Resolution Plan, where such conversion of debt to equity and subsequent issuance and allotment of Securities may result in a change in ownership of the Company;

**RESOLVED FURTHER THAT** the Securities to be issued pursuant to this resolution shall rank pari passu with the respective existing equity shares, or other securities of the Company, as the case may be, in all respects;

**RESOLVED FURTHER THAT** subject to the applicable provisions of the Companies Act, 2013 and in accordance with the Memorandum of Association and Articles of Association of the Company and subject to all applicable circulars, notifications, guidelines issued by the Securities and Exchange Board of India, Reserve Bank of India, stock exchanges, National Housing Bank, relevant Depositories and such other statutory/regulatory authorities, and all such other approvals, permissions, consents and sanctions of any authorities, as may be necessary, the Board be and is hereby authorized to offer, issue and allot from time to time to the Creditors the Securities pursuant to the terms of the Resolution Plan, subject to the applicable statutory and regulatory guidelines;

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to accept such modifications and to accept such terms and conditions as may be imposed or required by the Creditors, if found suitable by the Board, arising from or incidental to the aforesaid terms providing for such option and to do all such acts and things as may be necessary to give effect to the above resolution;

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable as may be required to create, offer, issue and allot the aforesaid Securities, to dematerialize the Securities of the Company and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of or further referring to the Members of the Company or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby also authorized to delegate all or any of the powers herein



conferred by this resolution on it, to the Special Committee for the Resolution Plan or any other committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to this resolution."

**10. To approve the amendment to Articles of Association of the Company to include therein, authority to appoint Nominee Director(s) of the Company**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to finalization of the Resolution Plan for the Company, the consent of the Members of the Company, in accordance with Section 14 of the Companies Act, 2013 and any other rules applicable thereof, to add the following clause as Clause 157A in the Articles of Association of the Company:

"Notwithstanding anything to the contrary contained in these Articles, so long as any moneys is owed by the Company to any of the banks, financial institutions or other lenders or any guarantee given to any of the banks, financial institutions or other lenders in respect of any financial obligation or commitment of the Company remains outstanding, then such banks, financial institutions or other lenders, pursuant to the terms set out under the credit facility agreement, may appoint Nominee Director(s) on the Board of Company. The banks, financial institutions or other lenders may at any time and from time to time remove the Nominee Director appointed by it and may in the event of such removal and also in case of the Nominee Director ceasing to hold office for any reason whatsoever including resignation or death, appoint other or others to fill up the vacancy. Such appointment or removal shall be made in writing by the banks, financial institutions or other lenders and shall be delivered to the Company. Each such Nominee Director shall be entitled to attend all General Meetings, Board Meetings and meetings of the Committee of which such Nominee Director is a member and he and the banks, financial institutions or such other lenders appointing him shall also be entitled to receive notice of all such meetings. The Nominee Director shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the other Directors of the Company, including payment of remuneration and traveling expenses, benefits of any directors and officers insurances from the Company to such Director. Additionally, such Nominee Directors shall not be liable to retire by rotation."

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable

as may be required and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of or further referring to the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the above resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby also authorized to delegate all or any of the powers herein conferred by this resolution on it, to any committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to the above resolution."

**11. To grant approval to sell, lease, dispose-off or otherwise deal with the whole or part of the assets of the Company**

To consider and if thought fit, to pass, with or without modification(s) the following resolution as a **Special Resolution:**

**RESOLVED THAT** subject to finalization of the Resolution Plan for the Company and all applicable circulars, notifications, guidelines issued by the Securities and Exchange Board of India, Reserve Bank of India, Stock Exchanges, National Housing Bank, relevant Depositories and such other statutory/regulatory authorities; such other applicable statutory provisions and regulations, if any, as amended from time to time and such other approvals, permissions, consents and sanctions of any authorities, as may be necessary, and subject to the terms, conditions and modifications, as may be prescribed under such approval, consent, permission and / or sanction which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which shall any duly constituted committee thereof and any person authorized by the Board in this behalf), consent of the Members be and is hereby accorded in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 to the Board to sell, lease, dispose-off or otherwise deal with the whole or part of the assets of the Company, wheresoever situated, present and future, as may be required under the Resolution Plan.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable as may be required and to resolve and settle any question, difficulty or doubt that may arise in this regard and to do all such other acts, deeds, matters and things in connection or incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent

or approval of or further referring to the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of the above resolution;

**RESOLVED FURTHER THAT** the Board be and is hereby also authorized to delegate all or any of the powers herein conferred by this resolution on it, to any committee of Directors or any person or persons, as it may in its absolute discretion deem fit in order to give effect to the above resolution."

By Order of the Board

**Kapil Wadhawan**

Chairman and Managing Director  
(DIN – 00028528)

Registered Office:

Warden House, 2<sup>nd</sup> Floor,

Sir P. M. Road, Fort, Mumbai - 400 001.

CIN: L65910MH1984PLC032639

Tel No -022 7158 3333

Email – secretarial@dhfl.com

Place: Mumbai

Date: August 30, 2019

## NOTES

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (AGM) IS ENTITLED TO APPOINT ANOTHER PERSON AS A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THAT THE PROXY NEED NOT BE A MEMBER. PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT THE REGISTERED OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED, NOT LESS THAN FORTY EIGHT (48) HOURS BEFORE THE COMMENCEMENT OF THE AGM. A PROXY SHALL NOT HAVE A RIGHT TO SPEAK AT THE AGM. A PROXY FORM FOR THE AGM IS ENCLOSED HERewith.**
- Pursuant to the provisions of the Companies Act, 2013 and rules made thereunder, a person can act as a proxy on behalf of not more than fifty (50) Members and holding in aggregate not more than ten percent of the total Share Capital of the Company. The Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member.
- Every Member during the period beginning twenty-four (24) hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, would be entitled to inspect the proxies lodged at any time during the business hours of the Company (i.e. between 10.00 a.m. to 5.00 p.m.), provided that not less than three (3) days prior notice in writing is given to the Company.

- Body Corporate(s) intending to send their authorized representative(s) to attend the AGM are requested to send to the Company or upload it on the e-voting portal, a certified true copy of the relevant resolution / Power of Attorney authorizing their representative(s) to attend and vote on their behalf at the AGM.
- An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, setting out material facts relating to the Special Business under item no. 4 to 11 to be transacted at the AGM is annexed hereto. Additional Information in respect of Directors seeking re-appointment in terms of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings [SS-2] is provided as an Annexure to the Notice. Requisite declarations have been received from the Directors seeking re-appointment.
- The Register of Members and the Share Transfer books of the Company will remain closed from Sunday, September 22, 2019 to Saturday, September 28, 2019 (both days inclusive) for the purpose of Annual General Meeting.
- Pursuant to the provisions of Sections 124 of the Companies Act, 2013, rules made thereunder and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto, the amount of dividend remaining unpaid or unclaimed for a period of 7 (seven) years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) as constituted by the Central Government. The Company had accordingly transferred on due date unclaimed final dividend of ₹ 8.69 lakh for the financial year 2010-11 to Investor Education and Protection Fund (IEPF).

Reminders are being sent to those members having unpaid/unclaimed dividends before transfer of such dividend to IEPF. Details of the unpaid/unclaimed dividend are also uploaded as per the requirements, on the website of the Company i.e. [www.dhfl.com](http://www.dhfl.com).

Members are requested to claim their unclaimed dividend, if any, and for the purpose may correspond with the Secretarial Department or the Registrar and Share Transfer Agent.

Information in respect of unclaimed dividend for the three years which are due for transfer to the IEPF is given below:

| Financial Year ended | Date of Declaration | Due for Transfer on |
|----------------------|---------------------|---------------------|
| 2011-2012 (Final)    | 27/07/2012          | 02/09/2019          |
| 2012-2013 (Interim)  | 22/10/2012          | 28/11/2019          |
| 2012-2013 (Final)    | 23/07/2013          | 29/08/2020          |
| 2013-2014 (Interim)  | 20/01/2014          | 26/02/2021          |
| 2013-2014 (Final)    | 24/07/2014          | 30/08/2021          |

8. Members to further note that as per the provisions of Section 124 of the Companies Act, 2013 read with the Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the shares in respect of which the dividend has not been claimed for seven (7) consecutive years shall be transferred by the Company to the designated Demat account of the IEPF Authority.

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the rules made thereunder, the Company has transferred in aggregate 84,764 equity shares of Rs. 10 each to designated demat account of IEPF Authority, established by the Central Government in respect of which the dividend remained unpaid / unclaimed for a period of seven consecutive years i.e. from 2010-11 till the due date of October 1, 2018 after following the prescribed procedure.

Further, all the shareholders, who have not claimed/ encashed their dividends in the last seven consecutive years from 2012, are requested to claim the same. In case valid claim is not received by that date, the Company shall proceed to transfer the respective shares to the IEPF account as per the provisions of IEPF Rules. The Company has also informed the concerned shareholders individually and has also published the notice in this respect in the newspaper pursuant to the provisions of IEPF Rules. The details of such shareholders and shares due to be transferred have also been uploaded on the website of the Company.

9. (a) Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Company or to the Registrar and Share Transfer Agent.
- (b) SEBI has also mandated that for registration of transfer of securities, the transferor(s) and transferee(s) shall furnish a copy of their PAN card to the Company for registration of transfer of securities.
10. In support of the Green Initiative announced by the Government of India, as per the provisions of the Companies Act, 2013 and rules made thereunder and as per the provisions of Regulation 36 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, electronic copy of the Annual Report for the financial year 2018-19, along with the Notice of Thirty Fifth (35<sup>th</sup>) AGM, inter-alia, indicating the process and manner of remote e-voting, along with the attendance slip, proxy form and route map are being sent to all the Members of the

Company, whose e-mail id is registered with Registrar and Share Transfer Agent or Depository Participant, unless any Member has requested for a physical copy of the same. For the Members who have not registered their e-mail id, physical copies of Annual Report for the financial year 2018-19, along with the Notice of Thirty Fifth (35<sup>th</sup>) AGM, inter-alia, indicating the process and manner of remote e-voting, along with the attendance slip, proxy form and route map are being sent by other permissible mode.

11. **We hereby request the Members of the Company to update their e-mail address to enable the Company to send communications electronically.**
12. Members may also note that the Notice of the Thirty Fifth (35<sup>th</sup>) AGM will be available on the Company's website; at URL <https://www.dhfl.com/docs/default-source/investors/agm-egm-notices-and-results/35th-annual-general-meeting-notice.pdf> and the website of National Securities Depository Limited at [www.evoting.nsdl.com](http://www.evoting.nsdl.com). Annual Report for financial year 2018-19 will be available at URL <https://www.dhfl.com/docs/default-source/investors/annual-reports/2018-2019/dhfl-annual-report-fy-2018-19.pdf>
13. Even after registering for e-communication, the Members are entitled to receive such communication/documents in physical form, upon making a request for the same, by post, free of cost. For any communication/information, the Members may also send requests to the Company at e-mail id: [secretarial@dhfl.com](mailto:secretarial@dhfl.com).
14. All relevant documents referred in this Notice and the Explanatory Statement shall be open for inspection by the Members at the Registered Office, Corporate Office and National Office of the Company during the business hours (2.00 p.m. to 5.00 p.m.) on all working days (except Saturdays, Sundays and public holidays) upto and including the date of AGM.
15. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, Register of Contracts or arrangements in which directors are interested maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the Members at the AGM.
16. The certificate from the Statutory Auditors certifying that the Employees Stock Options Schemes and Employee Stock Appreciation Rights Plan are being implemented in accordance with the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014 and the resolutions passed by the Members of the Company, shall be available for inspection by the Members at the AGM.
17. Member(s)/Proxy(ies)/Authorised Representative(ies) are requested to bring their Annual Report along with duly filled attendance slips to the AGM.



18. In case of joint holders attending the AGM, only such joint holder whose name appears first in order of names will be entitled to vote.
19. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The nomination form can be downloaded from the Company's website at URL- <https://www.dhfl.com/docs/default-source/investors/nomination-form/nomination-form.pdf> Members who hold shares singly in Dematerialised form are advised to make a nomination through their Depository Participant.
20. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the details of such folios together with their share certificates to Registrar and Share Transfer Agents, for consolidation of their holding into single folio.
21. Members who wish to seek any information on the financial statements of the Company or have any query(ies) relating thereto may write to the Company at [secretarial@dhfl.com](mailto:secretarial@dhfl.com) or to the Secretarial Department, at an early date to enable the management to keep the information ready for responding at the AGM.

## 22. Voting Process

### A. Voting through electronic means:

Pursuant to the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its Members, facility to exercise their right to vote on resolutions proposed to be considered at the ensuing AGM by electronic means i.e. "remote e-voting". The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL). The details of the process and manner of remote e-voting is explained herein below:

**Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>**

**Step 2 : Cast your vote electronically on NSDL e-Voting system.**

**Details on Step 1 are mentioned below:**

#### I. How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below:

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is:                                                                                                                                              |
|----------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a) For Members who hold shares in demat account with NSDL.     | 8 Character DP ID followed by 8 Digit Client ID<br><br>For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.   |
| b) For Members who hold shares in demat account with CDSL.     | 16 Digit Beneficiary ID<br><br>For example if your Beneficiary ID is 12***** then your user ID is 12*****.                                                    |
| c) For Members holding shares in Physical Form.                | EVEN Number followed by Folio Number registered with the company<br><br>For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
  - (i) If your email ID is registered in your demat account or with the

company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
  - a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

## II. Step 2 - How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

III. The remote e-voting period commences from Wednesday, September 25, 2019 (9.00 a.m. IST) and ends on Friday, September 27, 2019 (5.00 p.m. IST). During this period, the Members of the Company holding shares either in physical form or in dematerialized form as on the "cut-off date" being Saturday, September 21, 2019, may cast their vote through remote e-voting. Any person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled / blocked by NSDL for voting thereafter. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will have to go through the 'Forget Password' option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.

IV. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). In case of any queries or grievances connected with e-voting, Members may contact Mr. Dnyanesh Gharote on telephone no. 022 - 49186000 or at email id:- [dnyanesh.gharote@linkintime.co.in](mailto:dnyanesh.gharote@linkintime.co.in).

V. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of the Notice and holds shares as of the cut-off date i.e. Saturday, September 21, 2019 may obtain the login ID and password by sending a request at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) by mentioning their Folio No.(s)/ DP ID and Client id No.(s), however, if you are already registered with NSDL for remote e-voting then you can use your existing user id and password for casting your vote.

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

**B. Voting at the AGM:**

- I. Pursuant to the provisions of Rule 20 of Companies (Management and Administration) Rules 2014, as substituted by the Companies (Management and Administration) Amendment Rules, 2015, the Company is also offering the facility for voting through ballot paper at the AGM.
  - II. Members attending the AGM, who are entitled to vote, but have not cast their vote by remote e-voting, shall be able to exercise their voting rights at the AGM through ballot paper. A Member may attend the AGM even after exercising his/her right to vote through remote e-voting but shall not be allowed to cast their vote again at the AGM.
  - III. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of ballot paper for all those Members who are present at the AGM but have not cast their votes by availing the Remote e-voting facility.
23. The voting rights of the Members shall be in proportion to the shares held by them on the paid up equity share capital of the Company as on cut-off date, being Saturday, September 21, 2019. A person whose name is recorded in the Register of Members or in the Register of beneficial owners maintained by the depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the AGM through ballot paper.
  24. Mrs. Jayshree S. Joshi (FCS No. 1451), Proprietress of M/s. Jayshree Dagli & Associates, Practising Company Secretaries, Mumbai has been appointed as the Scrutinizer to scrutinize the voting process (both remote e-voting and voting process at the AGM) in a fair and transparent manner.
  25. The Scrutinizer shall immediately, after the conclusion of voting at AGM, will first count the votes cast at the AGM, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company. Scrutinizer shall, submit a scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman & Managing Director or to a person authorized by the Chairman & Managing Director in writing, who shall countersign the same and declare the results of the voting forthwith within 48 hours of conclusion of the Annual General Meeting.
  26. The results as declared by the Chairman & Managing Director or a person authorized by the Chairman & Managing Director in writing, along with the Scrutinizer's Report shall be immediately placed on the website of the Company i.e. [www.dhfl.com](http://www.dhfl.com) and NSDL after the declaration of results. The results shall also be simultaneously communicated to BSE Limited and National Stock Exchange of India Ltd.
  27. The resolutions listed in the Notice of the Thirty Fifth (35<sup>th</sup>) AGM shall be deemed to be passed on the date of the AGM, subject to the receipt of the requisite number of votes in favour of the respective resolutions.

**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013****ITEM NO. 4****To approve appointment of Mr. Alok Kumar Misra (DIN: 00163959) as an Independent Director of the Company**

Mr. Alok Kumar Misra (DIN: 00163959) aged 66 years, was appointed as an Additional Director in the category of Independent Director of the Company, effective from March 26, 2019 by the Board of Directors of the Company on the recommendation of the Nomination & Remuneration Committee ("NRC"). In accordance with the provisions of Section 161 of Companies Act, 2013 ("the Act"), he continues to hold office up to the date of the 35<sup>th</sup> Annual General Meeting ("AGM") and is eligible to be appointed as an Independent Director for a term upto five consecutive years. Mr. Alok Kumar Misra is the Chairman of the Audit Committee, Corporate Social Responsibility Committee and a Member of Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Finance Committee, Special Committee for Sale of Strategic Investments, Review Committee [for declaration of Wilful Defaulters to Credit Information Companies (CICs)] and Chairman of Special Committee for Resolution Plan of the Board of Directors of the Company.

Mr. Alok Kumar Misra is a seasoned and accomplished banker with a distinguished career spanning for more than four decades during which he handled a wide range of activities pertaining to commercial banks in various high level capacities culminating as the Chairman & Managing Director (CMD) of Bank of India, from where he finally demitted his office in September, 2012. Mr. Misra has also served as the Chairman of the Indian Bank Association. He has done a Masters in Statistics & holds Post Graduate Diploma in Personnel Management from FMS, Delhi University and Certified Associate of Indian Institute of Bankers (CAIIB). He is also the fellow member of Certified Institute of Bankers of Scotland (FCIBS), Zambian Institute of Bankers (FZIB), and an associate member of Australasian Institute of Banking & Finance (AAIBF). He started his career as a probationary officer in Bank of India and went on to have an illustrious professional innings spanning over 38 years in Banking Industry, during which he headed various banking operations, including in charge of Bank of India's international operations as its General Manager (International), as a Managing Director of Indo-Zambia Bank Ltd, as an Executive Director of Canara Bank, before his elevation to CMD of Oriental Bank of Commerce and CMD of Bank of India. Throughout his career, he has been known as a dynamic leader and a true team-man. Mr. Misra is an astute Banker of High repute, a committed professional with strong leadership qualities, expertise in Finance, Accounting, Management and Administrative matters, Corporate Governance and Risk Management.

Brief details of Mr. Alok Kumar Misra, the nature of his expertise, and the names of companies he holds directorship along with the details of membership / chairmanship on various committees of the Board of other companies, shareholding in the Company, relationship between the directors inter-se and other details are annexed to this Notice.

The Company has received from Mr. Alok Kumar Misra his consent to act as Director of the Company along with a declaration to the effect that he meets the criteria of independence as provided in Section 149 of the Act and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time) ("SEBI Listing Regulations") and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act and also a confirmation that he satisfies the fit and proper criteria as prescribed under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

The Board, as per the recommendation of the NRC, considers that, keeping in view his vast experience, his association as an Independent Director on the Board of Directors of the Company would be of immense benefit to the Company and therefore it is desirable to appoint Mr. Alok Kumar Misra as an Independent Director, of the Company for a term of five consecutive years, with effect from March 26, 2019 and he shall not be liable to retire by rotation.

In the opinion of the Board, Mr. Alok Kumar Misra fulfills the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company, he is not debarred from holding the office of director by virtue of any SEBI order or any other authority; and he is independent of the management. Copy of the draft letter of appointment of Mr. Alok Kumar Misra as Independent Director setting out terms and conditions is available for inspection without any fee by the Members at the Registered Office, Corporate Office and National Office of the Company on all working days (except Saturdays, Sundays and public holidays) between 2.00 p.m. to 5.00 p.m. upto the date of the Annual General Meeting.

Except for Mr. Alok Kumar Misra to whom the resolution relates and his relatives (to the extent of their shareholding interest in the Company), none of the other Directors, Promoters and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

This explanatory statement along with the additional information as per Regulation 36 of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings issued by Institute of Company Secretaries of India (ICSI), as annexed herewith may also be regarded as disclosure under the provisions of the Act and SEBI Listing Regulations.

**ITEM NO. 5****To approve appointment of Mr. Sunjoy Joshi (DIN: 00449318) as an Independent Director of the Company**

Mr. Sunjoy Joshi (DIN: 00449318) aged 60 years, was appointed as an Additional Director in the category of Independent Director of the Company, effective from March 26, 2019 by the Board of Directors of the Company on the recommendation of the Nomination & Remuneration Committee ("NRC"). In accordance with the provisions of Section 161 of Companies Act, 2013 ("the Act"), he shall hold office up to the date of the 35<sup>th</sup> Annual General Meeting ("AGM") and is eligible to be appointed as an Independent Director for a term upto five consecutive years. Mr. Sunjoy Joshi is the Chairman of the Nomination & Remuneration Committee and Risk Management Committee and a Member of Audit Committee, Stakeholders' Relationship Committee, Finance Committee and Review Committee (for declaration of Wilful Defaulters to Credit Information Companies (CICs) of the Board of Directors of the Company.

Mr. Sunjoy Joshi heads the Observer Research Foundation (ORF), New Delhi as its Chairman and Chief Executive. His own field of work is in Energy and Environment, on which he speaks, writes and comments regularly. He looks at non-traditional security threats and the challenges to growth and employment faced by emerging economies in a world facing technological disruption on a scale never experienced before. As a member of the Indian Administrative Service, he has had long experience in Development and Economic policies of the Government of India. He has been Visiting Associate at the International Institute of Strategic Studies, London and Distinguished Visitor to the Program on Energy and Sustainable Development, University of Stanford. He takes keen interest in social development initiatives as Vice President of the Mountain Children's Foundation, a not for profit organization working with disadvantaged rural children in the Himalayas.

Brief details of Mr. Sunjoy Joshi, the nature of his expertise, and the names of companies he holds directorship along with the details of membership / chairmanship on various committees of the Board of other companies, shareholding in the Company, relationship between the directors inter-se and other details are annexed to this Notice.

The Company has received from Mr. Sunjoy Joshi his consent to act as Director of the Company along with a declaration to the effect that he meets the criteria of independence as provided in Section 149 of the Act and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), ("SEBI Listing Regulations") and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act and also a confirmation that he satisfies the fit and proper criteria as prescribed under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

The Board, as per the recommendation of the NRC, considers that, keeping in view his vast experience, his association as an Independent Director on the Board of Directors of the Company would be of immense benefit to the Company and therefore it is desirable to appoint Mr. Sunjoy Joshi as an Independent Director of the Company for a term of five consecutive years, with effect from March 26, 2019 and he shall not be liable to retire by rotation.

In the opinion of the Board, Mr. Sunjoy Joshi fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Independent Director of the Company, he is not debarred from holding the office of director by virtue of any SEBI order or any other authority; and he is independent of the management. Copy of the draft letter of appointment of Mr. Sunjoy Joshi as Independent Director setting out terms and conditions is available for inspection without any fee by the Members at the Registered Office, Corporate Office and National Office of the Company on all working days (except Saturdays, Sundays and public holidays) between 2.00 p.m. to 5.00 p.m. upto the date of the AGM.

Except for Mr. Sunjoy Joshi to whom the resolution relates and his relatives (to the extent of their shareholding interest in the Company), none of the other Directors, Promoters and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution.

This explanatory statement along with the additional information as per Regulation 36 of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings issued by Institute of Company Secretaries of India (ICSI), as annexed herewith may also be regarded as disclosure under the provisions of the Act and SEBI Listing Regulations.

**ITEM NO. 6****To approve appointment of Dr. Deepali Pant Joshi (DIN: 07139051) as an Independent Director of the Company**

Dr. Deepali Pant Joshi (DIN: 07139051) aged 61 years, was appointed as an Additional Director in the category of Independent Director of the Company, effective from May 8, 2019 by the Board of Directors of the Company on the recommendation of the Nomination & Remuneration Committee ("NRC"). In accordance with the provisions of Section 161 of Companies Act, 2013 ("the Act"), she shall hold office up to the date of the 35<sup>th</sup> Annual General Meeting ("AGM") and is eligible to be appointed as an Independent Director for a term upto five consecutive years.

Dr. Deepali Pant Joshi served as an Executive Director of the Reserve Bank of India from January 2013 till December 2017. As an Executive Director, she held responsibility for the department of Currency Management. She was in charge of the RBI Legal Department and was the Chief Appellate Authority under the Right to Information Act. She also held charge of the Customer Education and Protection Department and the Rural Planning Credit Department and the Financial Inclusion and Development Department. An economist by training within the Central Bank,



she holds a Doctorate from the University of Allahabad as also Law and Management degrees and is a fellow of the Harvard University Asia Centre. She has served on the Boards of the Andhra Bank as the RBI Nominee Director and on the Boards of the Institute of Banking Personnel Selection (IBPS) and the Bhartiya Note Mudran Press Ltd (BRBNMPL). In a career spanning 36 years, she held several senior and responsible positions as Regional Director for the State of Rajasthan, Chief General Manager Currency for Andhra Pradesh and Banking Ombudsman for the State of Andhra Pradesh, Principal Bankers Training College BTC Mumbai. She has authored several books on Financial Inclusion and Rural credit. Post retirement she works as an Independent strategy consultant. She has lectured extensively both in Indian and Foreign Universities. She is deeply committed to the Financial Sector to expanding its frontiers and creating safety and choices for the consumers i.e. fostering innovative and inclusive finance. She has a great deal of administrative and policy making experience both in the crafting of policy and in its implementation at ground level.

Brief details of Dr. Deepali Pant Joshi, the nature of her expertise, and the names of companies she holds directorship along with the details of membership / chairmanship on various committees of the Board of other companies, shareholding in the Company, relationship between the directors inter-se and other details are annexed to this notice.

The Company has received from Dr. Deepali Pant Joshi her consent to act as Director of the Company along with a declaration to the effect that she meets the criteria of independence as provided in Section 149 of the Act and Regulation 25(8) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), ("SEBI Listing Regulations") and an intimation to the effect that she is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act and also a confirmation that she satisfies the fit and proper criteria as prescribed under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

The Board, as per the recommendation of the NRC, considers that, keeping in view her vast experience, her association as an Independent Director on the Board of Directors of the Company would be of immense benefit to the Company and therefore it is desirable to appoint Dr. Deepali Pant Joshi as an Independent Director of the Company for a term of five consecutive years, with effect from May 8, 2019 and she shall not be liable to retire by rotation.

In the opinion of the Board, Dr. Deepali Pant Joshi fulfils the conditions specified in the Act and rules made thereunder for her appointment as an Independent Director of the Company, she is not debarred from holding the office of director by virtue of any SEBI order or any other such authority; and she is independent of the management. Copy of the draft letter of appointment of Dr. Deepali Pant Joshi as Independent Director setting out terms

and conditions is available for inspection without any fee by the Members at the Registered Office, Corporate Office and National Office of the Company on all working days (except Saturdays, Sundays and public holidays) between 2.00 p.m. to 5.00 p.m. upto the date of the AGM.

Except for Dr. Deepali Pant Joshi to whom the resolution relates and her relatives (to the extent of their shareholding interest in the Company), none of the other Directors, Promoters and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

This explanatory statement along with the additional information as per Regulation 36 of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings issued by Institute of Company Secretaries of India (ICSI), as annexed herewith may also be regarded as disclosure under the provisions of the Act and SEBI Listing Regulations.

#### ITEM NO. 7

##### **To approve appointment of Mr. Srinath Sridharan (DIN: 03359570) as a Non-Executive Director of the Company**

Mr. Srinath Sridharan (DIN: 03359570) aged 44 years, was appointed as an Additional Director in the category of Non-Executive Director of the Company effective from March 26, 2019 by the Board of Directors of the Company on the recommendation of Nomination & Remuneration Committee ("NRC"). In accordance with the provisions of Section 161 of Companies Act, 2013 ("the Act"), he shall hold office up to the date of the 35<sup>th</sup> Annual General Meeting ("AGM") and is eligible to be appointed as a Non-Executive Director. Mr. Srinath Sridharan is Chairman of the Stakeholders' Relationship Committee and a Member of Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Finance Committee, Special Committee for Sale of Strategic Investments and Special Committee for Resolution Plan of the Board of Directors of the Company.

Mr. Srinath Sridharan is a member of the Group Management Council (GMC) at Wadhawan Global Capital Limited, the promoter company of the Company. He anchors the growth of Wadhawan Global Capital's businesses with one key focus – robust value creation. He serves as the custodian for all business relationships in current and prospective business areas across the global ecosystem. Exploring unconventional strategic initiatives and evaluating potential acquisitions, alliances and complementary distribution synergies, he works on stakeholder value enhancement. He has served as a strategic counsel for over two decades with leading corporates and has steered growth in the Wadhawan group since the past 12 years. His experience spans diverse sectors and leading brands such as Hyundai and Welspun. He brings a keen understanding of market dynamics and consumer trends that are key for business expansion and new forays. Over the past 12 years with the Wadhawan group, he has encompassed rich executive leadership roles. A passionate

leader with a keen people focus, he has led multiple cross-functional teams across diverse industry projects simultaneously. A strong advocate of consumerism, he believes in responsible, all-inclusive consumer access. He is known to provide unique perspectives that blend consumer-driven strategy, financial acumen and risk management in a seamless manner.

Brief details of Mr. Srinath Sridharan, the nature of his expertise, and the names of companies he holds directorship along with the details of membership / chairmanship on various committees of the Board of other companies, shareholding in the Company, relationship between the directors inter-se and other details are annexed to this Notice.

The Company has received from Mr. Srinath Sridharan his consent to act as Director of the Company and an intimation to the effect that he is not disqualified from being appointed as a Director in terms of Section 164(2) of the Act and also a confirmation that he satisfies the fit and proper criteria as prescribed under Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

The Board, as per the recommendation of the NRC, considers that, keeping in view his vast experience, his association as a Non-Executive Director on the Board of Directors of the Company would be of immense benefit to the Company and therefore it is desirable to appoint Mr. Srinath Sridharan as a Non-Executive Director of the Company with effect from March 26, 2019 and his office shall be liable to retire by rotation.

In the opinion of the Board, Mr. Srinath Sridharan fulfils the conditions specified in the Act and rules made thereunder for his appointment as an Non-Executive Director of the Company, he is not debarred from holding the office of director by virtue of any SEBI order or any other such authority.

Except for Mr. Srinath Sridharan to whom the resolution relates and his relatives (to the extent of their shareholding interest in the Company), none of the other Directors, Promoters and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution.

This explanatory statement along with the additional information as per Regulation 36 of the SEBI Listing Regulations and Secretarial Standard 2 on General Meetings issued by Institute of Company Secretaries of India (ICSI), as annexed herewith may also be regarded as disclosure under the provisions of the Act and SEBI Listing Regulations.

## ITEM NO. 8

### To approve increase in Authorized Share Capital and Alteration of Memorandum of Association of the Company

The Company has availed of financial assistances in the form of various credit facilities, including by way of issuance of debt securities (collectively referred to as the "Facilities"), from

banks, financial institutions, and institutional and other investors (collectively referred to as the "Creditors") on terms set out under multiple facility agreements, debenture deeds and other documents (collectively referred to as the "Debt Documents").

As part of resolution plan for resolution of stress in the Company pursuant to the directions set out under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the "Stressed Asset Directions") issued by the Reserve Bank of India (the "Resolution Plan"), conversion of the whole or part of the Facilities into equity shares or other securities of the Company (the "Securities") is under discussions between the Creditors and the Company. In view of this, it is proposed to increase the Authorised Share Capital of the Company **FROM** ₹ 828,00,00,000 (Rupees Eight Hundred Twenty Eight Crore only) consisting of 57,80,00,000 (Fifty Seven Crore Eighty Lakh only) Equity Shares of ₹ 10 (Rupees Ten only) each aggregating to ₹ 578,00,00,000 (Rupees Five Hundred and Seventy Eight Crore only) and 25,00,000 (Twenty Five Lakh only) Non-Convertible Redeemable Cumulative Preference Shares of ₹ 1,000 (Rupees One Thousand only) each aggregating to ₹ 250,00,00,000 (Rupees Two Hundred and Fifty Crore only) **TO** ₹ 1090,39,00,240 (Rupees One Thousand Ninety Crore Thirty Nine Lakh and Two Hundred Forty only) consisting of 84,03,90,024 (Eighty Four Crore Three Lakh Ninety Thousand and Twenty Four only) Equity Shares of ₹ 10 (Rupees Ten only) each aggregating to ₹ 840,39,00,240 (Rupees Eight Hundred Forty Crore Thirty Nine Lakh and Two Hundred Forty only) and 25,00,000 (Twenty Five Lakh only) Non-Convertible Redeemable Cumulative Preference Shares of ₹ 1,000 (Rupees One Thousand only) each aggregating to ₹ 250,00,00,000 (Rupees Two Hundred and Fifty Crore only), by creation of up to 26,23,90,024 (Twenty Six Crore Twenty Three Lakh Ninety Thousand Twenty Four only) Equity Shares of ₹ 10 (Rupees Ten only) each.

The increase in the Authorised Share Capital of the Company would require a consequential amendment to the Memorandum of Association of the Company which requires the approval of the Members of the Company by means of Special Resolution.

Accordingly, the Board of Directors recommends the passing of Special Resolution in relation to the said increase in the Authorised Share Capital of the Company and consequential amendment to the Memorandum of Association of the Company as set out at Item No. 8 of this Notice.

A duly altered draft copy of the Memorandum of Association of the Company is available at the Registered Office, Corporate Office and National Office of the Company for inspection of the Members on all working days (except Saturdays, Sundays and public holidays) between 2.00 p.m. and 5.00 p.m.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 of this Notice except to the extent of their shareholding in the Company.

**Item No. 9****To approve conversion of Debt into Shares or Convertible instruments or other Securities**

The Company has availed of financial assistances in the form of various credit facilities, including by way of issuance of debt securities (collectively referred to as the "Facilities"), from banks, financial institutions, and institutional and other investors (collectively referred to as the "Creditors") on terms set out under multiple facility agreements, debenture deeds and other documents (collectively referred to as the "Debt Documents").

As part of resolution plan for resolution of stress in the Company pursuant to the directions set out under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the "Stressed Asset Directions") issued by the Reserve Bank of India (the "Resolution Plan"), conversion of the whole or part of the Facilities into equity shares or other securities of the Company (the "Securities") is under discussions between the Creditors and the Company.

As part of the Resolution Plan, it has been proposed that whole or part of the outstanding under the Facilities shall be converted to Securities in accordance with the conversion rights available to the Creditors under either their respective Debt Documents or otherwise as a part of the Resolution Plan, and as per the terms set out under Section 42, Section 62(1) and/or 62(3) as applicable, Section 71, and other relevant provisions of the Companies Act, 2013 and other applicable law.

Accordingly, the Board of Directors of the Company (the "Board") seeks the approval of the Members of the Company to convert the Facilities into the Securities upon such terms and conditions as may be deemed appropriate by the Board and at a price to be determined in accordance with the applicable statutory and regulatory guidelines.

The conversion of the whole or part of the Facilities and issuance of the Securities to the Creditors calls for the approval of the Members of the Company by means of special resolution.

Accordingly, the Board of Directors recommends the passing of Special resolution as set out at Item No. 9 of this Notice for the approval of the Members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 9 of this Notice to the extent of their shareholding in the Company.

**Item No. 10****To approve the amendment to Articles of Association of the Company to include therein, authority to appoint nominee directors of the Company**

The Company has availed of financial assistances in the form of various credit facilities, including by way of issuance of

debt securities (collectively referred to as the "Facilities"), from banks, financial institutions, and institutional and other investors (collectively referred to as the "Creditors") on terms set out under multiple facility agreements, debenture deeds and other documents (collectively referred to as the "Debt Documents").

To resolve the liquidity crunch ensuing in the Company, the Creditors have undertaken process of formulation and implementation of the Resolution Plan for resolution of stress in the Company pursuant to the directions set out under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the "Stressed Asset Directions") issued by the Reserve Bank of India (the "Resolution Plan").

In view of the same, it is proposed to amend the Articles of Association of the Company to add therein new Article 157A with relation to providing enabling right to the banks, financial institutions etc. for appointment of nominee director on the Board of Directors of the Company.

The aforesaid amendments to the Articles of Association of the Company require the approval of the Members of the Company by means of a Special Resolution.

Accordingly, the Board of Directors recommends the passing of Special Resolution in relation to alteration of the Articles of Association of the Company as set out at Item No. 10 of this Notice for the approval of the Members of the Company.

A duly altered draft copy of the Articles of Association of the Company is available at the Registered Office, Corporate Office and National Office of the Company for inspection of the Members on all working days (except Saturdays, Sundays and public holidays) between 2.00 p.m. and 5.00 p.m.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of this Notice.

**Item No. 11****To grant approval to sell, lease, dispose-off or otherwise deal with the whole or part of the assets of the Company**

The Company has availed of financial assistances in the form of various credit facilities, including by way issuance of debt securities (collectively referred to as the "Facilities"), from banks, financial institutions, and institutional and other investors (collectively referred to as the "Creditors") on terms set out under multiple facility agreements, debenture deeds and other documents (collectively referred to as the "Debt Documents").

As part of resolution plan for resolution of stress in the Company pursuant to the directions set out under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions 2019 (the "Stressed Asset Directions") issued by the Reserve Bank of India (the "Resolution Plan"), it is proposed that

the assets of the Company may be sold, leased, disposed-off or otherwise dealt with to reduce financial stress of the Company.

The disposal of the assets of the Company may constitute disposal of an undertaking in terms of Section 180(1)(a) of the Companies Act, 2013 ("the Act") i.e. an undertaking in which the investment of the Company exceeds twenty per cent of its net worth as per the audited balance sheet of the preceding financial year or an undertaking which generates twenty per cent of the total income of the Company during the previous financial year or substantially the whole of the undertaking i.e. in any financial year, twenty percent or more of the value of the undertaking of the Company as per the audited balance sheet of the preceding financial year of the Company and as per the provisions of Section 180(1)(a) of the Act, would require the approval of the Members of the Company by means of Special Resolution.

Accordingly, the Board of Directors recommends the passing of Special Resolution as set out at Item No. 11 of this Notice for the approval of the Members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 11 of this Notice.

By Order of the Board

**Kapil Wadhawan**

Chairman and Managing Director  
(DIN – 00028528)

Registered Office:

Warden House, 2<sup>nd</sup> Floor,  
Sir P. M. Road, Fort, Mumbai - 400 001.  
CIN: L65910MH1984PLC032639  
Tel No -022 7158 3333  
Email – [secretarial@dhfl.com](mailto:secretarial@dhfl.com)

Place: Mumbai

Date: August 30, 2019

**ANNEXURE TO ITEM NO 4, 5, 6 AND 7 OF THE NOTICE****Details of Director seeking reappointment at the Thirty Fifth [35<sup>th</sup>] Annual General Meeting in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings [SS-2]**

| <b>Name of the Director</b>                                     | <b>Mr. Dheeraj Wadhawan</b>                                                                                                                                                                                                                                                                                                                                                   | <b>Mr. Alok Kumar Misra</b>                                                                                                                                                                                                                                                                                                                | <b>Mr. Sunjoy Joshi</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth / Age                                             | November 10, 1978 / 40 years                                                                                                                                                                                                                                                                                                                                                  | September 23, 1952 / 66 years                                                                                                                                                                                                                                                                                                              | March 3, 1959 / 60 years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Date of first appointment                                       | May 12, 2008                                                                                                                                                                                                                                                                                                                                                                  | March 26, 2019                                                                                                                                                                                                                                                                                                                             | March 26, 2019                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Director Identification Number [DIN]                            | 00096026                                                                                                                                                                                                                                                                                                                                                                      | 00163959                                                                                                                                                                                                                                                                                                                                   | 00449318                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Expertise/ Experience in specific functional areas              | He has over 18 years of experience in the real estate / developers and construction industry.                                                                                                                                                                                                                                                                                 | He has an expertise in Finance, Accounting, Management and Administrative matters, rich experience in key areas of Corporate Governance, and enterprise wide risk management                                                                                                                                                               | He joined the Madhya Pradesh Cadre of the prestigious Indian Administrative Services in 1983, but has taken premature retirement from the service in 2009 in order to pursue his primary interests in energy and environment. He has handled oil and gas exploration as Joint Secretary in the Ministry of Petroleum and Natural Gas and was the Government nominated Director on the Boards of ONGC, OVL, OIL and MRPL. He headed the Madhya Pradesh Energy Development Agency as its Managing Director and served as Chairman of M.P. Windfarms. |
| Shareholding in the Company                                     | 18,00,000 equity shares                                                                                                                                                                                                                                                                                                                                                       | -                                                                                                                                                                                                                                                                                                                                          | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Qualifications                                                  | Graduate in construction management from the University of London                                                                                                                                                                                                                                                                                                             | B.Sc, M.Sc (Statistics), Post Graduate Diploma in Personal Management, CAIIB, FCIBS, FZIB, AAIBF                                                                                                                                                                                                                                           | He has a Master's Degree in English Literature from Allahabad University, as well as in Development Studies from University of East Anglia, Norwich. He also studied Upstream Economics and Risk Analysis at the Petroleum Economist, Woking, UK.                                                                                                                                                                                                                                                                                                  |
| Number of Board Meetings attended during financial year 2018-19 | 3 meetings out of 9 were attended by him during FY 2018-19                                                                                                                                                                                                                                                                                                                    | Eligible for only one meeting during FY 2018-19 in which he was granted leave of absence                                                                                                                                                                                                                                                   | Eligible for only one meeting during FY 2018-19 in which he was granted leave of absence                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Details of other Directorships held in other Companies          | <ol style="list-style-type: none"> <li>1. DHFL Advisory &amp; Investments Private Limited</li> <li>2. WGC Advisory Services Private Limited</li> <li>3. Kyta Hospitality Private Limited</li> <li>4. R K Wadhawan Institute For Universal Learning Private Limited</li> <li>5. WGC Management Services Private Limited</li> <li>6. Wadhawan Sports Private Limited</li> </ol> | <ol style="list-style-type: none"> <li>1. Monte Carlo Fashions Limited</li> <li>2. The Investment Trust of India Limited</li> <li>3. Indiabulls Ventures Limited</li> <li>4. Infomerics Valuation And Rating Private Limited</li> <li>5. Nitstone Finserv Private Limited</li> <li>6. Indiabulls Life Insurance Company Limited</li> </ol> | <ol style="list-style-type: none"> <li>1. DHFL Pramerica Life Insurance Company Limited</li> <li>2. DHFL General Insurance Limited</li> <li>3. Saras Mercantiles Private Limited</li> <li>4. Gtrade Carbon Ex Rating Services Private Limited</li> <li>5. CHI Energie Private Limited</li> <li>6. Sulabh Energie Private Limited</li> </ol>                                                                                                                                                                                                        |



| Name of the Director                                                  | Mr. Dheeraj Wadhawan                                                                                                                                                                                                                                                                 | Mr. Alok Kumar Misra                                                                                                                                                                                                                                                                                                                                                    | Mr. Sunjoy Joshi                                                                                                                                    |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                       | 7. Wadhawan Global Capital Limited (Formerly known as Wadhawan Global Capital Private Limited)<br>8. RKW Developers Private Limited<br>9. Rochester Wadhawan Foundation For Learning (section 8 Company)<br>10. DHFL Holdings Limited<br>11. KYTA Global Enterprises Private Limited | 7. ITI Asset Management Limited<br>8. Indiabulls Consumer Finance Limited<br>9. Nayati Healthcare & Research Private Limited                                                                                                                                                                                                                                            |                                                                                                                                                     |
| Details of membership/ chairmanship held in the other Companies       | Nil                                                                                                                                                                                                                                                                                  | 1. Member - Audit Committee - Monte Carlo Fashions Limited<br>2. Member - Audit Committee - Member - Stakeholders' Relationship Committee - The Investment Trust of India Limited<br>3. Chairman - Audit Committee - Chairman - Stakeholders' Relationship Committee - Indiabulls Ventures Limited<br>4. Member - Audit Committee - Indiabulls Consumer Finance Limited | 1. Chairman - Audit Committee - DHFL Pramerica Life Insurance Company Limited<br>2. Member - Audit Committee - DHFL General Insurance Limited       |
| Relationships, if any, with other Directors/Key Managerial Personnel. | He is the brother of Mr. Kapil Wadhawan – Chairman and Managing Director of the Company                                                                                                                                                                                              | Nil                                                                                                                                                                                                                                                                                                                                                                     | Nil                                                                                                                                                 |
| Terms and conditions of appointment                                   | As per the resolution at Item No. 2 of the AGM Notice                                                                                                                                                                                                                                | As per the resolution at Item No. 4 of the AGM Notice                                                                                                                                                                                                                                                                                                                   | As per the resolution at Item No. 5 of the AGM Notice                                                                                               |
| Remunerations sought to be paid                                       | Sitting Fees for attending the Board and Committee meetings and commission, subject to approval of Board of Directors and Shareholders, if required. Presently Non-Executive Director are not paid any Sitting Fees.                                                                 | Sitting Fees for attending the Board and Committee meetings and commission, subject to approval of Board of Directors and Shareholders, if required                                                                                                                                                                                                                     | Sitting Fees for attending the Board and Committee meetings and commission, subject to approval of Board of Directors and Shareholders, if required |
| Details of remuneration last drawn                                    | ₹ 5,49,000                                                                                                                                                                                                                                                                           | N.A,                                                                                                                                                                                                                                                                                                                                                                    | N.A,                                                                                                                                                |

| Name of the Director                                                  | Dr. Deepali Pant Joshi                                                                                                                                                                                                                                                                                    | Mr. Srinath Sridharan                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of Birth /Age                                                    | December 12, 1957 / 61 years                                                                                                                                                                                                                                                                              | April 21, 1975 / 44 years                                                                                                                                                                                                                                                                                                                                              |
| Date of first appointment                                             | May 8, 2019                                                                                                                                                                                                                                                                                               | March 26, 2019                                                                                                                                                                                                                                                                                                                                                         |
| Director Identification Number [DIN]                                  | 07139051                                                                                                                                                                                                                                                                                                  | 03359570                                                                                                                                                                                                                                                                                                                                                               |
| Expertise/Experience in specific functional areas                     | She served as an Executive Director of Reserve Bank of India from January 2013 till December 2017. She held charge of Customer Education and Protection Department, Rural Planning Credit Department and Financial Inclusion and Development Department. Rich Administrative and Policy making experience | He has served as a strategic counsel for over two decades with leading corporates and had steered growth in the Wadhawan group since the past 12 years. His experience spans diverse sectors and leading brands such as Hyundai and Welspun. He brings a keen understanding of market dynamics and consumer trends that were key for business expansion and new forays |
| Shareholding in the Company                                           | Nil                                                                                                                                                                                                                                                                                                       | Nil                                                                                                                                                                                                                                                                                                                                                                    |
| Qualifications                                                        | M.A., PhD- Political Science and Government                                                                                                                                                                                                                                                               | BSc Statistics                                                                                                                                                                                                                                                                                                                                                         |
| Number of Board Meetings attended during financial year 2018-19       | N.A.                                                                                                                                                                                                                                                                                                      | 1 meeting was attended by him out of 1 meeting held during his tenure during FY 2018-19                                                                                                                                                                                                                                                                                |
| Details of other Directorships held in other Companies                | <ol style="list-style-type: none"> <li>Multi Commodity Exchange of India Limited</li> <li>Wadhawan Global Capital Limited</li> </ol>                                                                                                                                                                      | <ol style="list-style-type: none"> <li>DHFL Pramerica Life Insurance Company Limited</li> <li>DHFL General Insurance Limited</li> <li>Social Worth Technologies Private Limited</li> <li>WGC Advisory Services Private Limited</li> <li>DHFL Investments Limited</li> <li>WGC Consultancy Services Private Limited</li> </ol>                                          |
| Details of membership/ chairmanship held in the other Companies       | <ol style="list-style-type: none"> <li>Chairman - Stakeholders' Relationship Committee - Multi Commodity Exchange of India Limited</li> <li>Member - Audit Committee - Wadhawan Global Capital Limited</li> </ol>                                                                                         | 1                                                                                                                                                                                                                                                                                                                                                                      |
| Relationships, if any, with other Directors/Key Managerial Personnel. | Nil                                                                                                                                                                                                                                                                                                       | Nil                                                                                                                                                                                                                                                                                                                                                                    |
| Terms and conditions of appointment                                   | As per the resolution at Item No. 6 of the AGM Notice                                                                                                                                                                                                                                                     | As per the resolution at Item No. 7 of the AGM Notice                                                                                                                                                                                                                                                                                                                  |
| Remunerations sought to be paid                                       | Sitting Fees for attending the Board and Committee meetings and commission, subject to approval of Board of Directors and Shareholders, if required                                                                                                                                                       | Sitting Fees for attending the Board and Committee meetings and commission, subject to approval of Board of Directors and Shareholders, if required. Presently Non-Executive Director are not paid any Sitting Fees.                                                                                                                                                   |
| Details of remuneration last drawn                                    | N.A.,                                                                                                                                                                                                                                                                                                     | ₹ 80,000                                                                                                                                                                                                                                                                                                                                                               |

## NOTES

ROUTE MAP FOR THE VENUE OF THE 35<sup>TH</sup> AGM OF THE COMPANY**VENUE:**

**M. C. Ghia Hall**, Bhogilal Hargovinddas Building, 4<sup>th</sup> Floor, 18/20, K. Dubhash Marg, Kala Ghoda, Mumbai - 400 001.

**Prominent Land Mark :** Behind Prince of Wales Museum and Opposite Jehangir Art Gallery







## DEWAN HOUSING FINANCE CORPORATION LIMITED

Corporate Identity Number (CIN) – L65910MH1984PLC032639  
National Office: HDIL Towers, Ground Floor & 6<sup>th</sup> Floor, Anant Kanekar Marg, Station Road, Bandra (East),  
Mumbai - 400051, Maharashtra, India. Tel.: (022) 7158 3333, Fax: (022) 7158 3344  
Registered Office: Warden House, 2<sup>nd</sup> Floor, Sir P. M. Road, Fort, Mumbai - 400 001, Maharashtra, India.  
Toll Free No. 1800 22 3435, Customer Care No. : 1800 3000 1919  
Visit us at : www.dhfl.com, email:- response@dhfl.com

### Form No MGT-11 PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s) : .....  
Registered Address : .....  
Registered e-mail id : .....  
Folio No./ Client id : .....  
DP Id. : .....

I / We, being the Member(s) of ..... Equity Shares of the above named Company, hereby appoint:

1 Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....Or failing him / her  
2 Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....Or failing him / her  
3 Name : .....  
Address : .....  
E-mail Id : .....  
Signature : .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Thirty Fifth (35<sup>th</sup>) Annual General Meeting of the Company, to be held on Saturday, September 28, 2019 at 2.30 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 4<sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai 400 001 and at any adjournment thereof, in respect of such resolution(s) as are indicated below:

| Resolution No.    | Resolution                                                                                                                                                                                                                        | Optional* (Please mention No. of equity shares) |         |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|---------|
|                   |                                                                                                                                                                                                                                   | For                                             | Against |
| Ordinary Business |                                                                                                                                                                                                                                   |                                                 |         |
| 1.                | To receive, consider and adopt the Audited Financial Statements (Standalone and Consolidated) of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Statutory Auditors thereon |                                                 |         |
| 2.                | To appoint a Director in place of Mr. Dheeraj Wadhawan (DIN: 00096026) who retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.                                              |                                                 |         |
| 3.                | To approve appointment of M/s. K. K. Mankeshwar & Co., Chartered Accountants, (Firm Registration No. 106009W) as Statutory Auditors of the Company                                                                                |                                                 |         |
| Special Business  |                                                                                                                                                                                                                                   |                                                 |         |
| 4.                | To approve appointment of Mr. Alok Kumar Misra (DIN: 00163959) as an Independent Director of the Company                                                                                                                          |                                                 |         |
| 5.                | To approve appointment of Mr. Sunjoy Joshi (DIN: 00449318) as an Independent Director of the Company                                                                                                                              |                                                 |         |
| 6.                | To approve appointment of Dr. Deepali Pant Joshi (DIN: 07139051) as an Independent Director of the Company                                                                                                                        |                                                 |         |
| 7.                | To approve appointment of Mr. Srinath Sridharan (DIN: 03359570) as a Non-Executive Director of the Company                                                                                                                        |                                                 |         |
| 8.                | To approve increase in Authorized Share Capital and Alteration of Memorandum of Association of the Company                                                                                                                        |                                                 |         |
| 9.                | To approve conversion of Debt into Shares or Convertible instruments or other Securities                                                                                                                                          |                                                 |         |
| 10.               | To approve the amendment to Articles of Association of the Company to include therein, authority to appoint Nominee Director(s) of the Company                                                                                    |                                                 |         |
| 11.               | To grant approval to sell, lease, dispose-off or otherwise deal with the whole or part of the assets of the Company                                                                                                               |                                                 |         |

Signed this ..... day of ..... 2019

Signature of the Member : .....

Signature of the Proxy holder/s : .....

Affix  
Revenue  
Stamp of  
₹ 1/-

#### Note

- This form of proxy in order to be effective should be duly stamped, completed, signed and deposited at the Registered Office of the Company addressed to the "Chairman & Managing Director", not less than 48 hours before the commencement of the AGM. (on or before Thursday, September 26, 2019 at 2.30 p.m. IST)
- A person can act as proxy on behalf of Members upto and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company, may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.  
\*It is optional to put a (✓) in the appropriate column against the Resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.





**STAYING COMMITTED.  
REINFORCING TRUST.**

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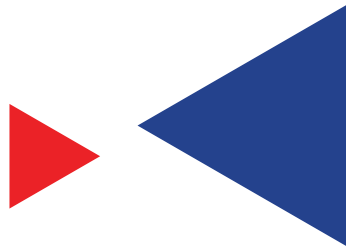
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Standalone Joint Statutory Auditors' Report  
Standalone Financial Statements  
Consolidated Joint Statutory Auditors' Report  
Consolidated Financial Statements



### Forward-Looking Statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make, contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried, wherever possible, to identify such statements by using words, such as 'anticipate', 'estimate', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in our assumptions. The achievement of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events or otherwise.

View this annual report online

<https://www.dhfl.com/investors/annual-reports/>

# A Committed Organization that cherishes Stakeholder Trust

DHFL abides by the two strong principles of trust and commitment that have helped the Company emerge stronger and successful in its 35-year journey. By virtue of building trust and staying committed, DHFL has strengthened relationships with customers, shareholders, stakeholders and employees, thus helping the Company earn significant respect and recognition in the industry.

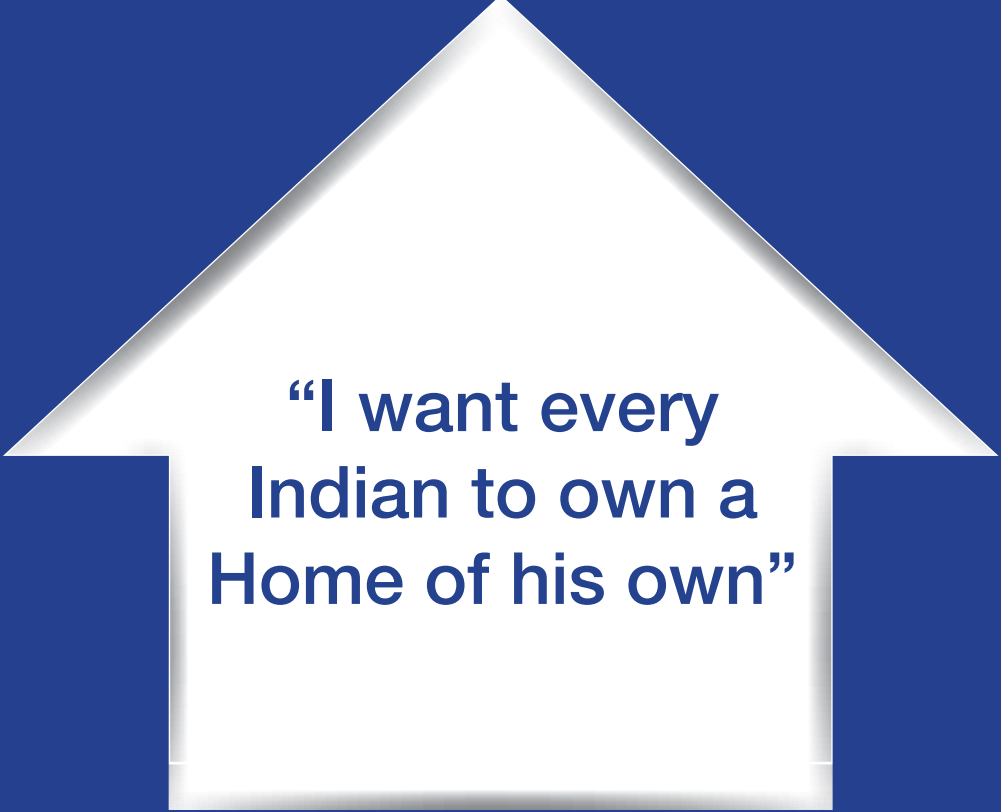
The seeds of trust and commitment were sowed by DHFL's Founder Chairman, Late Shri Rajesh Kumar Wadhawan through his noble vision for the Company: to serve the common man and build a strong organization through goodwill and patronage. For over 35 years, DHFL has been reaching out to millions of Indians helping them fulfil their dream of owning a home. Our investors and partners have supported us in our vision of enabling financial access, with a keen understanding of our socially inclusive, sustainable and profitable business model. As a result, our pursuit has strengthened a unique relationship of trust and commitment with our customers and stakeholders.

DHFL will continue to live up to this trust and commitment in its journey towards enabling stakeholders achieve their long term goals.





**Our Journey of ‘Giving India a Home’  
is steered by Our Founder’s Vision**



**“I want every  
Indian to own a  
Home of his own”**





The Portrait of DHFL's Founder Chairman has been created using hundreds of customer signatures, thus depicting their respect for his passion towards fulfilling their home ownership dreams.

**Late Shri Rajesh Kumar Wadhawan**  
*Founder Chairman*

## DHFL earns Trust for staying True to its Commitment

At DHFL, all our efforts are aimed towards helping promote a proud nation of home owners. Our Founder, Late Shri Rajesh Kumar Wadhawan believed that every Indian from the Low and Middle Income (LMI) segment should own a home of their own. His mission manifested in setting up of DHFL - an organization that is committed towards encouraging home ownership dreams of Indians through affordable housing finance solutions. This has enabled the organisation to touch lives of millions of Indians and thus, win trust of customers and stakeholders.

On the basis of this trust and commitment, DHFL has evolved over three decades as one of India's leading financial services institution mapping many milestones in the journey towards positively transforming the affordable housing landscape of the country. The focus has enabled DHFL to help millions of Low and Middle Income Indians in semi-urban and rural parts, where the core of the nation's population resides.

DHFL provides financial solutions through 326 locations across India. Apart from housing loan solutions, DHFL also offers insurance services and fixed deposit schemes. With deep market insights and core competencies, DHFL has grown to become one of India's leading and trusted brands in the housing finance industry.

**We have been committed to our obligations and have remain focussed towards reinforcing trust among our stakeholders.**

# DHFL Portfolio

Under the guidance and leadership of the Chairman & Managing Director, Kapil Wadhawan, DHFL has emerged to be a one-stop financial service provider covering Loans, Savings and Protection, thus addressing the financial requirements of customers across the spectrum of the society.

We take pride in our three and half decade old expertise in credit underwriting for the LMI segment in Tier II and III towns, offering customized yet cost-effective home loan solutions.

|                                                                                                      |                                    |
|------------------------------------------------------------------------------------------------------|------------------------------------|
|  <b>Housing</b>     | Loans for Purchase of New Property |
|                                                                                                      | Self-construction Loans            |
|                                                                                                      | Extension and Improvement Loans    |
|                                                                                                      | Project Loans                      |
|  <b>Non-Housing</b> | Commercial Property and Land Loans |
|                                                                                                      | Mortgage Loans                     |
|                                                                                                      | SME Loans                          |

## Expanding Reach

Our pan India network coupled with localized outreach strategy, enables us to virtually reach out to our customers right at their doorsteps. Our distribution network - one of the largest in the industry is focussed on semi-urban and tier II and III towns, thereby facilitating value-led growth for our customers and stakeholders.

## Competitive Edge

Our growth over the past 35 years has been facilitated by our competitive strengths, enabling us to develop and sustain a leading position in the affordable housing finance segment in India.



# Chairman and Managing Director's Foreword



Dear Members, Colleagues and Friends

## Macroeconomic Review

As per the World Economic Outlook (WEO), the Indian economy retained its tag of the fastest growing major economy in the world in the financial year 2018-19. The Indian economy grew at 8.2 percent in the first quarter, but eased sharply to 7 percent for the year as a whole as per Central Statistical Office (CSO). The economy witnessed robust industrial growth during the financial year 2018-19 and this momentum is expected to continue next year. The economy is projected to grow at the rate of 7.5% during 2019, expanding further to 7.7% during 2020 as per the International Monetary Fund (IMF) World Economic Outlook January 2019 update. With the anticipated slowdown in China's economy, India remains as one of the preferred destinations for global capital flows and is in a favourable position to aggressively attract growth capital. India's ranking moved up 23 notches in the World Bank's ease of doing business index to secure the 77th place, becoming the top ranked country in South Asia for the first time and third among the BRICS.

Recent policy measures which have helped gain optimism on the future outlook include, 1. Recapitalisation of Public Sector Banks (PSBs) helping the ongoing improvement in their financials, 2. Better Guidelines for standardising resolution of stressed assets, 3. Positive outcome through Insolvency and Bankruptcy Code in some large value cases, 4. Experienced-led rationalization in the Goods and Services Tax. With inflation under check, the room for the economy to benefit from the lower interest rate regime has become brighter. Schematic approach to address socio-economic transformation has been the hallmark of the current government in power – education, sanitation, health, housing and basic services like LPG for cooking and rural electrification at affordable costs. All schemes implemented through well-structured programmes, have helped in improving the living standards of many families. Notable initiatives include 'Kifayati Aawas Yojna' for a dedicated affordable housing fund in National Housing Bank, 'Ayushman Bharat Scheme' a National Health Protection Scheme for the poor and vulnerable families and the 'Research on Improving Systems of Education' (RISE) scheme for providing low-cost funding to the government's higher educational institutions. These schemes among others ensure that the year ahead would be far more sustainable and growth-oriented.

The year 2019 is promising for India's housing industry. Good demand for housing is expected in 2019 with rapid urbanisation, low mortgage penetration, nuclearisation of families and two-thirds of the country's population below 35 years of age. Housing affordability has increased owing to stagnated property prices, steady annual wage inflation of over 10% in the last decade and lower effective interest rates, due to the tax incentives by the Pradhan Mantri Awas Yojana (PMAY) subsidy.

## Financial Year Under Review - DHFL's commitment has and always will be at the core of every intent and effort

Over the years, DHFL has maintained a strong asset quality and has been well-matched in case of the Asset Liability Management (ALM) position. The financial year 2018-19 commenced with renewed vigour and great encouragement. DHFL continued to play an increasingly transformative role in nation-building by expanding home ownership and financial inclusion, transforming lives of millions of Indians in the Economically Weaker Section (EWS) and Lower and Middle Income (LMI) segments. As a team, DHFL ensured that all inter-disciplinary and loan disbursal goals were met, while 'Griha Utsav', our primary home ownership drive, continued to reach out actively to first home buyers across tier II and III towns. We are also very enthused with the recognition and award from National Housing Bank for facilitating highest number of subsidies for PMAY in the financial year 2017-18. Through this award, DHFL has been recognized for its committed support to the Government's mission of 'Housing for All by 2022' and in taking an active lead in expanding financial inclusion across the country. For the financial year 2017-18, DHFL received subsidy for more than 7,000 cases amounting to a total of Rs. 155.9 crores. Of this, 3,207 cases fall under EWS and Lower Income Group (LIG) group amounting to Rs. 75.1 crores and the remaining 3,897 cases fall under MIG 1 & 2 groups amounting to Rs. 80.8 crores.

DHFL was at its peak in September 2018 originating close to Rs. 2000 crores of retail loans per month, when the liquidity crisis hit the NBFC sector. DHFL had to stop all new origination and get into a cautious mode to conserve liquidity to meet all financial obligations and service all partially disbursed cases for balance requirements. With no fresh inflow of resources, the Company opted for securitization of its assets as the single source of funds for meeting all obligations on time. In 6 months leading to the end of the fiscal in March 2019, we monetized assets valued over Rs. 15,630 crores and repaid over Rs. 22,700 crores of liabilities.

Our fundamentals remain strong and we continue to be optimistic of regaining growth momentum, as the situation eases on the liquidity front. The Company has opened a dialogue with many strategic investors and institutional funds to infuse fresh equity with strategic partnership proposition as well as options for investing in our loan book by buying certain parts of the wholesale loan portfolio. These initiatives have progressed in a very promising manner. Our retail brand equity and product/segment focus, reinforced by the acceptance of our assets in the securitization market by leading banks, gives us the confidence to bounce back to business sooner than later.

## The Way Forward - Emerging Core Competencies

The financial year 2018-19 has been a defining year for your Company. It has shown us our strengths and abilities as a home loan provider in a country-wide landscape where affordable housing is the centre of action. Your Company will originate all future loans with a strong focus on securitisation, which will be the thrust of our future growth. While we will lean on the balance

sheet, we will be strong on the returns of our assets and equity. Cross-sell will continue to remain yet another area of strength and we will build some strong product offerings to supplement our customers' needs. We will continue to invest in people and technology bringing about greater efficiency in cost and delivery. Centralization of processes was initiated last year and is now ready to take up large volumes of underwriting through a centralized facility that uses state of the art technology. Risk management tools while underwriting have been fully embedded in the process ensuring high quality of loans.

We have many strengths to leverage as we move forward. But perhaps our greatest strength is the trust that people have in our Company and our employees, who take that responsibility very seriously. The hard work and community spirit of our employees, a culture of caring and a determination to build a better world have enabled us to earn this trust over time. In times of unprecedented changes and disruption, trust becomes more important than ever, and it is the one thing that will guard us zealously as we transform your Company. To continue earning your trust, our Board of Directors, leadership team and employees are passionately committed to delivering business results, creating value for the future and improving people's lives around us.

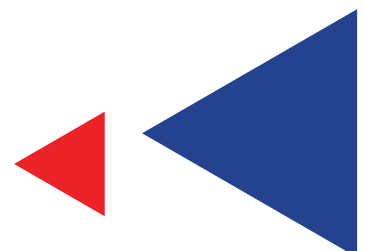
As we concluded the financial year 2018-19, the search to bring in an equity partner with a strong interest in continuing with the growth of our retail business has reached a promising phase. Lenders are optimistic of supporting the resolution plan that will ensure a positive outcome for all. We are optimistic of getting the Company back on the path of glory while retaining the trust your Company has witnessed.

The financial year 2019-20 is going to be about bringing consumers closer by being responsible, transparent and focussing on sustaining long-term relationships that add value. India as a country is undergoing a revolution in the affordable housing industry and we will embrace this positively.

DHFL with a strong history of serving, engaging and growing with our consumers is always conscious of the fact that it's Purpose and Values are at the centre of its continuous evolution to become an even better organization. While we embrace numerous opportunities that come our way, our virtue of being nimble-footed, keenly responsive, and being blessed with employees and partners that have a deep sense of trust and commitment to the DHFL's spirit, will continue to inspire us on our journey, yet again.

Thank you for your trust and continued support.

**Regards,**  
Kapil Wadhawan  
Chairman & Managing Director  
DHFL





# Board of Directors



## Mr. Kapil Wadhawan

*Chairman & Managing Director*  
Mr. Kapil Wadhawan joined DHFL in September 1996 as a Director. He became the Chairman and Managing Director of the Company in July 2009, and has since then led DHFL into becoming a world class financial services Company. Under his leadership, the Company commenced its transformational journey, reaching out to customers across the length and breadth of the country. He was instrumental behind DHFL setting up representative offices globally.

He spearheaded the acquisition of the housing finance arm of ING Vysya Bank Ltd. in 2003 and the acquisition of First Blue Home Finance Ltd. (erstwhile Deutsche Postbank Home Finance Ltd.) in 2011. He also established India's low income segment specific Company, the erstwhile Aadhar Housing Finance Ltd., (amalgamated with DHFL Vysya Housing Finance Ltd. and name of the amalgamated entity was subsequently changed to Aadhar Housing Finance Ltd.) in association with International Finance Corporation (IFC),

a member of the World Bank Group. Mr. Kapil Wadhawan also led the foray of DHFL into the education loans sector through Avanse Financial Services Limited in 2013 and in life insurance through DHFL Pramerica Life Insurance Company Ltd. in 2014. With his focus on business excellence and industry development, Mr. Kapil Wadhawan played a significant role in shaping policy guidelines on matters relating to the mortgage finance industry. His dynamic initiatives at DHFL have been pioneering for the industry. Mr. Kapil Wadhawan is an MBA in Finance from Edith Cowan University, Australia.



## Mr. Dheeraj Wadhawan

*Non-Executive Director*

Mr. Dheeraj Wadhawan is a Promoter of the Company. He is the son of Late Shri Rajesh Kumar Wadhawan and brother of Mr. Kapil Wadhawan, Chairman & Managing Director. He graduated in construction management from the University of London. He has over 17 years of experience in the real estate and construction industry. He joined the Board as a Non-Executive Director on May 12, 2008.

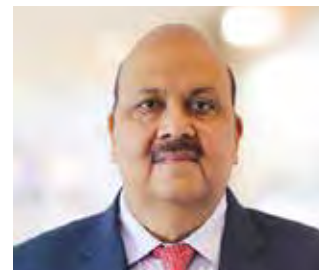


## Mr. Srinath Sridharan

*Additional (Non-Executive) Director*

Mr. Srinath Sridharan is a member of the Group Management Council (GMC) at Wadhawan Global Capital Limited, the promoter entity of DHFL. Mr. Srinath Sridharan anchors the growth of Wadhawan Global Capital's businesses with one key focus – robust value creation.

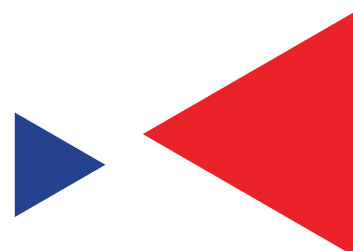
Mr. Srinath Sridharan has served as a strategic counsel for over two decades with leading corporates and has steered growth in the Wadhawan group since the past 12 years. His experience spans diverse sectors and leading brands such as Hyundai and Welspun. He brings a keen understanding of market dynamics and consumer trends that are key for business expansion and new forays. Mr. Srinath Sridharan is not related to any director of the Company. He joined the Board as an Additional (Non-Executive) Director on March 26, 2019.



## Mr. Alok Kumar Misra

*Additional (Independent) Director*

Mr. Alok Kumar Misra is a seasoned and accomplished banker with a distinguished career spanning across more than four decades during which he handled a wide range of activities pertaining to commercial banks in various high level capacities culminating as the Chairman & Managing Director (CMD) of Bank of India, from where he finally demitted his office in September, 2012. He has also served as the Chairman of the Indian Bank Association. Mr. Misra is a Masters in Statistics, Post Graduate Diploma in Personnel Management from FMS, Delhi University and Certified Associate of Indian Institute of Bankers (CAIIB). He is also the fellow member of Certified Institute of Bankers of Scotland (FCIBS), Zambian Institute of Bankers (FZIB), and an associate member of Australasian Institute of Banking & Finance (AAIBF). He started his career as a probationary officer at Bank of India and went on to have an illustrious professional innings spanning over 38 years.





in the Banking Industry, during which he headed various banking operations, including in-charge of Bank of India's international operations as its General Manager (International), as a Managing Director of Indo-Zambia Bank Ltd, as an Executive Director of Canara Bank, before his elevation to CMD of Oriental Bank of Commerce and CMD of Bank of India. Throughout his career, he has been known as a dynamic leader and a true team-man. Mr. Misra is an astute Banker of high repute, a committed professional with strong leadership qualities, expertise in Finance, Accounting, Management and Administrative matters, Corporate Governance and Risk Management. Mr. Alok Kumar Misra is not related to any director of the Company. He joined on the Board as an Additional (Independent) Director on March 26, 2019.



**Mr. Sunjoy Joshi**  
*Additional (Independent)  
Director*

Mr. Sunjoy Joshi has a Masters Degree in English Literature from Allahabad University, India, as well as in Development Studies from University of East Anglia, Norwich. He also

studied Upstream Economics and Risk Analysis at the Petroleum Economist, Woking, UK. He joined the Madhya Pradesh Cadre of the prestigious Indian Administrative Services (IAS) in 1983, but has taken premature retirement from the service in 2009 in order to pursue his primary interests in energy and environment. During his career spanning over 25 years in IAS, Mr. Sunjoy Joshi has gained experience across the conventional as well as non-conventional energy sectors. He has handled oil and gas exploration as Joint Secretary in the Ministry of Petroleum and Natural Gas and was the Government nominated Director on the Boards of ONGC, OVL, OIL and MRPL. Mr. Sunjoy Joshi headed the Madhya Pradesh Energy Development Agency as its Managing Director and served as Chairman of M.P. Windfarms. He has been Visiting Associate at the International Institute of Strategic Studies, London and Distinguished Visitor to the Program on Energy and Sustainable Development, University of Stanford. He takes keen interest in social development initiatives as Vice President of the Mountain Children's Foundation, a not for profit organization working with disadvantaged rural children in the Himalayas. Mr. Sunjoy Joshi is not related to any director of the Company. He joined on the Board as an Additional (Independent) Director on March 26, 2019.



**Dr. Deepali Pant Joshi**  
*Additional (Independent)  
Director*

Dr. Deepali Pant Joshi served as Executive Director of the Reserve Bank of India from January 2013 till December 2017. As Executive Director she held responsibility for the department of Currency Management. She was in-charge of the RBI Legal Department and was the Chief Appellate Authority under the Right to Information Act. She also held charge of the Customer Education and Protection Department and the Rural Planning Credit Department and the Financial Inclusion and Development Department. An economist by training within the Central Bank she holds a Doctorate from the University of Allahabad as also Law and Management degrees and is a fellow of the Harvard University Asia Centre. She has served on the Boards of the Andhra Bank as the RBI nominee Director and on the Boards of the Institute of Banking Personnel Selection (IBPS) and the Bhartiya Note Mudran Press Ltd (BRBNMPL). In a career spanning 36 years, she held several senior and responsible positions as Regional Director for the State of Rajasthan,

Chief General Manager Currency for Andhra Pradesh and Banking Ombudsman for the State of Andhra Pradesh, Principal Bankers Training College (BTC) Mumbai. She has authored several books on Financial Inclusion and Rural credit. Post retirement, she works as an independent strategy consultant. She has lectured extensively both in Indian and Foreign Universities. She is deeply committed to the Financial Sector to expanding its frontiers and creating safety and choices for the consumers i.e. fostering innovative and inclusive finance. She has a great deal of administrative and policy-making experience both in the drafting of policy and in its implementation at ground level. Dr. Deepali Pant Joshi is not related to any director of the Company. She joined on the Board as an Additional (Independent) Director on May 8, 2019.

# Corporate Social Responsibility

The Company's motto of Changing Lives is extended to its Corporate Social Responsibility philosophy. The Company is committed to delivering sustainable solutions to equip and encourage equal opportunity, maximise human development and leverage the aspirations of youth, women and vulnerable populations.

**DHFL's CSR Vision: To actively engage in philanthropic programmes in an effort to promote the enrichment of the society.**

The Company undertakes its CSR activities strategically, systematically and thoughtfully to encourage community development and inclusive growth. The Company believes in delivering impactful solutions in collaboration with the community, Government, like-minded corporate entities and social purpose organisations. DHFL's flagship CSR programmes have been implemented across 8 States, as of March 31, 2019.

| Programme                                                                                                                                                                        | Reach                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Early Childhood Care & Education – Project 'Sneh' in collaboration with the Department of Women & Child Development and District Administrations of respective States/ Districts | 1885+ Anganwadis in Palghar, Vasai, Dahanu, Talasari Blocks on Palghar District in Maharashtra<br>465+ Anganwadis in Jaridih, Kasmar and Petarwar blocks of Bokaro District, Jharkhand<br>832+ Anganwadis in Bhagwanpura, Bhikangaon and Zarniya blocks of Khargone District in Madhya Pradesh<br>355+ Anganwadis Neapanagar, Shahpura blocks of Burhanpur District in Madhya Pradesh. |
| Financial Literacy & Inclusive Growth – 'Sharma-ji ke Sawal. Vinodji ke Jawab.' programme in Rajasthan, UP, Chhattisgarh & Jharkhand                                             | 40,000+ households in the slums settlements of Jaipur, Rajasthan<br>Varanasi, Uttar Pradesh<br>Raipur, Chhattisgarh<br>Ranchi, Jharkhand                                                                                                                                                                                                                                               |
| Skills Development - Maharashtra                                                                                                                                                 | 3400+ Youth trained through Centres in Kolhapur, Chandrapur and Mumbai (Bhandup) in Maharashtra                                                                                                                                                                                                                                                                                        |
| Rural Development - Maharashtra                                                                                                                                                  | Babhulgaon, Daregaon Dari, Chincholi, Nandra and Waghola in Phulambri Block of Aurangabad, Maharashtra                                                                                                                                                                                                                                                                                 |

DHFL Changing Lives Foundation, established in December 2017, has furthered the Company's CSR Vision and facilitated implementation of high impact initiatives through multi-stakeholder partnership; covering government and non-government organisations. The Foundation has taken the mantle of implementing "Project Sneh" – flagship initiative under Early Childhood Care and Education.

DHFL Changing Lives Foundation has further anchored 'ECCE United' a coalition of like-minded entities, foundations, social purpose organizations, academia to provide an impetus for effective coverage of quality ECCE, knowledge sharing, research and innovation, and policy advocacy. ECCE United as on March 31, 2019 has 54 members.

The Company's flagship initiatives under CSR are detailed hereunder:

## Project Sneh: Strengthening the delivery of Early Childhood Care and Education (ECCE) through anganwadis

Project Sneh adopts a four pronged approach to strengthen the delivery of quality early childhood care & education through Anganwadis and enhance the health and education seeking behaviour of the community.

- **Early Education:** Build the capacity of Child Development Project Officers (CDPO), ICDS Supervisors, Anganwadi Workers and Helpers to deliver effective pre-school curriculum in Anganwadis. Engage with the community to improve their education seeking behaviour.
- **Health and Nutrition:** Promote preventive and health seeking behavior among pregnant women, lactating mothers and adolescent girls and boys in the community, strengthening community monitoring systems. Empower frontline workers to deliver preventive healthcare services and strengthen the Public Health Service system.



- **Child friendly Anganwadi Infrastructure:** Demonstrate models of child centric Anganwadis with locally available implements and using innovative design under 'Snehangans'
- **Stakeholder Empowerment:** Create financial safety net for frontline workers through formation of Self Help Groups and facilitating forward and backward linkages

The programme is recognized as a best practice in the Department of Women & Child, Government of Maharashtra's mobile app.

#### DHFL Changing Lives Foundation New Initiative in 2019: Elder Care Programme

The Company, through its Foundation has supported an elder care training and livelihoods programme for young girls and boys from the underserved segment of the society. The programme operates one centre in Mumbai, Maharashtra and is equipped to train 300 youth per year.

### Economic empowerment through financial literacy & inclusive growth

The Company conceptualised and implemented a comprehensive financial literacy and inclusive growth programme, to facilitate the journey from being 'financially illiterate' to 'financially sustainable'. The programme also aids transition of informal settlements to formal housing, promoting Pradhan Mantri Awas Yojana.

This programme focusses on building community capacity through help centers & volunteers and facilitating skill development, livelihood linkages & linkages to various Government of India (GOI) welfare schemes.



To further generate awareness on the basics of finance and government welfare schemes, the Company has designed a radio programme with All India Radio (AIR) for 9 stations, under 'Sharmaji ke Sawal. Vinodji ke Jawab.'

The Company has supported research and creation of a digital knowledge base & tool of the state and central government welfare schemes, across 10 States. The programme additionally trains DHFL Haqdarshaks or social entrepreneurs, under 'Sharmaji ke Sawal. Vinodji ke Jawab.' The total coverage of this knowledge-base is across 20 States with other Haqdarshak partners.

### Skills development for sustainable livelihoods

The Company delivers skill development programmes to youth from vulnerable populations, to empower them and create an ecosystem ensuring sustainable livelihoods.

DHFL Skills Development Centres in Kolhapur and Chandrapur trained youth for the following job roles in the financial year 2018-19:

- Business Correspondent (581)
- Loan Approval Officer (627)
- Microfinance Executive (578)
- Mason (328)
- Carpenter (312)
- Electrician (332)
- Plumber (305)
- Refrigeration & Air Conditioning (RAC) (337)



The DHFL Centre of Excellence in Bhandup is provided for training and recognition of prior learning programmes to NSDC and BFSI Sector Skills Council Training Partners.

### Village transformation with focus on drought mitigation

In response to the droughts in Aurangabad, Maharashtra, the Company started this holistic programme for water conservation and prevention of soil erosion in 2015-2016. The programme evolved as a comprehensive village transformation mission, supporting initiatives in multi cropping, village infrastructure development and environmental issues.

The Company has also introduced a series of interventions to make these five villages tobacco-free by engaging with school children, youth and community.



# DHFL Network



The numbers on the map indicate the serial numbers in the chart on page no. 13. For details of the complete postal addresses of all the centres, branches and offices forming part of the DHFL network, please log on to [www.dhfl.com](http://www.dhfl.com).

Map not to scale. For illustrative purposes only.

| Sl. No.      | State            | Zonal/<br>Regional<br>Office/CPU | Branch     | Micro<br>Branch | Disbursement<br>Hub | Total      |
|--------------|------------------|----------------------------------|------------|-----------------|---------------------|------------|
| 1            | Andhra Pradesh   | 0                                | 10         | 8               | 0                   | 18         |
| 2            | Assam            | 0                                | 1          | 0               | 0                   | 1          |
| 3            | Bihar            | 0                                | 1          | 0               | 0                   | 1          |
| 4            | Chhattisgarh     | 0                                | 1          | 2               | 0                   | 3          |
| 5            | Goa              | 0                                | 1          | 0               | 0                   | 1          |
| 6            | Gujarat          | 1                                | 11         | 3               | 0                   | 15         |
| 7            | Haryana          | 1                                | 11         | 3               | 0                   | 15         |
| 8            | Himachal Pradesh | 0                                | 1          | 2               | 0                   | 3          |
| 9            | Jharkhand        | 0                                | 2          | 1               | 0                   | 3          |
| 10           | Karnataka        | 2                                | 17         | 14              | 0                   | 33         |
| 11           | Kerala           | 1                                | 6          | 10              | 0                   | 17         |
| 12           | Madhya Pradesh   | 1                                | 10         | 7               | 0                   | 18         |
| 13           | Maharashtra      | 4                                | 47         | 16              | 4                   | 71         |
| 14           | Odisha           | 0                                | 2          | 0               | 0                   | 2          |
| 15           | Punjab           | 0                                | 7          | 5               | 0                   | 12         |
| 16           | Rajasthan        | 1                                | 10         | 09              | 0                   | 20         |
| 17           | Tamil Nadu       | 1                                | 20         | 18              | 0                   | 39         |
| 18           | Telangana        | 2                                | 10         | 2               | 0                   | 14         |
| 19           | Uttar Pradesh    | 2                                | 16         | 5               | 0                   | 23         |
| 20           | Uttarakhand      | 0                                | 2          | 0               | 0                   | 2          |
| 21           | West Bengal      | 1                                | 5          | 3               | 0                   | 9          |
| 22           | Chandigarh       | 1                                | 1          | 0               | 0                   | 2          |
| 23           | New Delhi        | 1                                | 2          | 0               | 0                   | 3          |
| 24           | Puduchery        | 0                                | 1          | 0               | 0                   | 1          |
| <b>Total</b> |                  | <b>19</b>                        | <b>195</b> | <b>108</b>      | <b>4</b>            | <b>326</b> |

#### Registered Office:

Warden House, 2<sup>nd</sup> Floor,  
Sir P. M. Road, Fort,  
Mumbai 400 001.

#### Corporate Office:

TCG Financial Center, 10<sup>th</sup> Floor,  
BKC Road, Bandra Kurla Complex,  
Bandra (East), Mumbai 400 098.

#### National Office:

HDIL Tower, Ground & Sixth Floor,  
Anant Kanekar Marg, D Block BKC, Bairam  
Naupada, Bandra East, Mumbai 400 051.



# Management Discussion and Analysis

## GLOBAL ECONOMIC OVERVIEW

The global expansion has weakened during the year under review. As per the World Economic Outlook (WEO) forecast, the global growth for 2018 was estimated at 3.7%, in October 2018, despite weaker performance in some economies, notably Europe and Asia. The global economy is projected to grow at 3.5% in 2019 and 3.6% in 2020, 0.2% and 0.1% below last October's projections.

The global growth forecast for 2019 and 2020 had already been revised downward in the last WEO, partly because of the negative effects of tariff increases enacted in the United States and China. The further downward revision since October 2018 in part reflects carry over from softer momentum in the second half of 2018; including Germany following the introduction of new automobile fuel emission standards and in Italy where concerns about sovereign and financial risks have weighed on domestic demand-but also weakening financial market sentiment as well as a contraction in Turkey now projected to be deeper than anticipated.

Risks to global growth tilt to the downside. An escalation of trade tensions beyond those already incorporated in the forecast remains a key source of risk to the outlook. Financial conditions have already tightened since the fall. A range of triggers beyond escalating trade tensions could spark a further deterioration in risk sentiment with adverse growth implications, especially given the high levels of public and private debt. These potential triggers include a no-deal withdrawal of the United Kingdom from the European Union and a greater-than-envisaged slowdown in China.

The main shared policy priority is for countries to resolve cooperatively and quickly their trade disagreements and the resulting policy uncertainty, rather than raising harmful barriers further and destabilizing an already slowing global economy. Across all economies, measures to boost potential output growth, enhance inclusiveness, and strengthen fiscal and financial buffers in an environment of high debt burdens and tighter financial conditions are imperatives.

## INDIAN ECONOMY

The Indian economy retained its tag of the fastest growing major economy in the world in the financial year under review for the second year in a row as it continued its climb on an upward growth path. The economy registered a growth rate of 7% during the financial year 2018-19 as per advance estimates of the Central Statistical Office.

The economy is projected to grow at the rate of 7.5% during 2019, expanding further to 7.7% during 2020 as per the International Monetary Fund (IMF) World Economic Outlook January, 2019 update. The growth rates for the economy are pegged much higher than the global growth rates for the same years, at 3.5% and 3.6%

for 2019 and 2020 respectively, thus placing the economy on a solid footing.

The Indian economy witnessed robust industrial growth during the financial year 2018-19 and the momentum is expected to continue in the current financial year as well. The Index of Industrial Production (IIP) with base 2011-12 for the April-January period for 2018-19 registered a 4.4% increase over the corresponding period for the previous year. (CII - The Indian Economic Outlook 2019-20, dated March 18, 2019).

In case of various industries, 11 out of 23 Industry-groups (as per 2-digit National Informatics Center "NIC") exhibited positive growth during January, 2019 over the corresponding month in the previous year, with the industry groups "Manufacture of Food Products" and "Manufacture of Wearing Apparel" recording highest growth rates at 17% and 16.4% respectively. Among other positives, industries such as capital goods and infrastructure/construction goods expanded significantly. Healthy growth in core sectors such as steel and cement could strengthen further. On the trade front, Indian exports grew by 3.74% over January 2018 to reach US\$ 26.36 billion in January, 2019. Drugs and pharmaceuticals, organic and inorganic chemicals and readymade garments were the top performing commodity groups with growth rates of 15.2%, 15.56% and 9.33% respectively.

Overall trade including services trade for India is estimated at around US\$ 440 billion for April-January 2019, exhibiting a positive growth rate of 9.07% over the corresponding period during last year. Export growth is expected to gain further pace as global trade tensions ease.

## INDIAN FINANCIAL SECTOR: NBFCs

### RBI liquidity infusions have cooled down bond markets.

Aggregate liquidity has significantly eased over the past six months with bank borrowings from the Reserve Bank of India (RBI) dropping from over ₹ 1.2 trillion in September 2018 to near ₹ 500 billion in March 2019. This has been driven by aggressive liquidity injections by RBI, which bought ₹ 3 trillion of bonds (70% of government's net borrowing) in the financial year 2018-19 and also infused ₹ 350 billion through forex swap window. These liquidity injections coupled with repo rate cuts have led to bond yields for both treasuries and corporates declining 60-100 basis points since September 2018.

Non Banking Financial Companies (NBFCs) though, have not yet seen this benefit, as since September 2018, spread for NBFC paper over corporate bond yields is 40-50 basis points higher for AAA rated NBFCs and 20 basis points higher for AA rated NBFCs.

### NBFCs/HFCs tapping alternative funding sources to meet repayment obligations

With mutual funds reducing exposure to the sector, the quantum of private bond issuances has declined. Companies have tried

to make up for that by resorting to alternative funding sources: External Commercial Borrowings (ECBs), public bond issuances and asset sell-downs. However, despite that, the overall quantum of issuances is still too low to support disbursement growth.

#### (A) Public Issue of Bonds

During the year under review, NBFCs issued securities by way of public issue of bonds to raise the capital to minimise the liquidity crunch faced by the NBFCs.

#### (B) External Commercial Borrowings (ECBs)/Masala bonds

With major central banks globally turning dovish, NBFCs/ Housing Finance Companies (HFCs) have resorted to ECBs and Masala bonds to compensate for a decline in domestic private issuances. Recently, RBI relaxed hedging provisions for ECBs besides its forex swap operations reduced forex forward premium all of which helped reduce all-in funding cost.

#### (C) Asset sell-downs

During the period of liquidity crunch, some NBFCs and HFCs resorted to aggressive sell-down of their loan book via direct assignment/securitisation. As a result, sell-down volumes by NBFCs increased 71% in nine months of the financial year 2018-19 compared to the entire financial year 2017-18. Within that, mortgages constituted half of these sell-downs, with their volumes increasing to 1.9 times of financial year 2017-18 levels. Besides, the sector also witnessed HFCs selling down some of their Lease Rental Discounting (LRD) exposures during the period, for the first time in the last three years.

#### **Reducing share of retail loans on book (due to asset sell-downs) to bring credit ratings under watch**

In a bid to shore up liquidity and meet repayment obligations, companies which increasingly resorted to sell-down of retail assets will likely experience change in their on-balance sheet loan mix. For instance, your Company not disbursing any fresh loans and selling down an additional ₹ 30-40 billion in fourth quarter of financial year 2018-19, the loan book composition would be very different from what is reported on an Asset Under Management (AUM) basis.

### **OVERVIEW OF THE HOUSING FINANCING INDUSTRY**

The total housing credit outstanding was ₹ 17.8 lakh crore as on September, 2018 as against ₹ 16.6 lakh crore as on March, 2018, leading to an overall growth of 17%. Growth for the housing credit book of banks was supported by portfolio buyouts, which started picking up from second quarter of the year under review. Going forward, while market growth is expected to slow down, increased securitisation volumes could lead to increased share of banks in the overall housing portfolio. HFCs reported a Year on Year (YoY) growth of 22% in the overall portfolio for the 12 months ended September 2018, supported by a higher YoY growth of 30% in the non-housing loan segment while the home loan portfolio grew by 18% during the same period. However, housing loans continue to dominate the HFC loan book, their share in the overall HFC portfolio reduced to 64% as on September, 2018 owing to the higher pace of growth in non-housing loans. The share of housing

loans in the overall portfolio of smaller HFCs was higher than all HFCs. In addition, the pace of growth of home loans for smaller HFCs was at a much faster pace at 25% YoY vis-à-vis non-housing loan growth of 9% for the 12 months ended September, 2018.

The total loan book of the players in the affordable housing segment stood at ₹ 1.77 lakh crore as on September, 2018. Furthermore, the portfolio growth for the new players in the segment was higher at 34% YoY (albeit on a smaller base) with a total loan book of ₹ 38,575 crore as on September, 2018.

The large HFCs had the maximum share of the construction finance, including LRD portfolio among the HFCs. Unlike their larger counterparts, the non-housing loan book of small HFCs mainly consists of Loans against Property (LAP). LAP constituted 22% of the total loan book of small HFCs as on September, 2018 compared to 16% for all HFCs.

Further, in terms of borrower mix, small HFCs have a larger proportion of self-employed customers who tend to borrow against property for their business or personal needs, thus providing small HFCs with better opportunities for originating LAP. However, new HFCs operating in the affordable segment remain focussed on the home loan segment, given the good growth potential and expectations of higher yields from this segment, and have a negligible share in construction finance. *(Source: ICRA Report).*

### **OPPORTUNITIES FOR HOUSING FINANCE SECTOR**

The year 2019 promises to be the best year to buy your dream home. Affordability has increased in the recent times aided by stagnant property prices, steady annual wage inflation of over 10% in the last decade and lower effective interest rates, due to tax incentives and renewed interest in the affordable home space aided by Pradhan Mantri Awas Yojana (PMAY) subsidy. With rapid urbanisation, low mortgage penetration, nuclearisation of families and having two-thirds of the country's population below 35 years of age, good demand for housing is expected in 2019. The year 2018 was a good one for commercial leasing with absorption of over 43 million sq.ft. of new office space, a lead indicator for job creation in the service sector. With fiscal deficit and inflation expected to be within the RBI's estimates, the 10-year G-sec (Government Securities) now off its highs, stable currency and lower oil prices, the interest rates for a home loan borrowers are expected to be stable in 2019. Thus, favourable macroeconomic conditions coupled with conducive demographic factors and increasing affordability augurs well for the housing sector.

One of the most important factors for any retail loan borrower is the rate of interest. While overall home loan rates are expected to be stable in 2019, a major change that home loan borrowers would see this year is that banks as mandated by RBI will have to switch to an external benchmark to determine rates. Since short-term benchmark rates move a lot, this will introduce volatility. However, in the long term, this will be a positive move for home loan borrowers.

Another important factor is that, the Country's mortgage is so under-penetrated, NBFCs and HFCs have taken advantage

of this potential and have been the biggest drivers of housing finance growth. They have adopted multi-pronged distribution model and their last-mile connectivity in tier II and tier III cities has been very effective in tapping under-banked areas and underpenetrated segments of home buyers. HFCs and NBFCs have developed efficient loan processing capabilities through the use of technology platform and cost efficient processes, with an ability to offer faster loan turnaround time.

In such a backdrop, the recent pause in home loan disbursements by NBFCs and HFCs, over the entire second half of the financial year 2018-19 and still continuing, has been a point of concern. Though banks have continued to disburse home loans during the liquidity crisis faced by NBFCs and HFCs, their limitations in product offering and turnaround time will surely impact the housing finance growth in the country, especially in tier II and tier III cities. However, with the liquidity situation now close to normalising, NBFCs and HFCs are expected to restart disbursements. In 2019, housing finance is expected to pick up pace, and combined with structural increase in home loan demand on the back of stable macroeconomic conditions and strong demographic factors, the 2019 growth will match or even outpace previous year's growth.

The current government has viewed housing as its centrepiece economic policy and announced various schemes and policies to increase home ownership. It has been well recognised that in addition to its social aspects, housing is also a key driver of economic growth with its ability to create employment and its linkages to multiple other sectors. Housing is the fourth largest contributor to Indian GDP and the sector has the potential to become the engine of domestic growth for the Indian economy in the coming years.

In all, based on how various parameters are panning out, India's macroeconomic scenario will remain stable in 2019 and it is expected that the housing finance sector will play a pivotal role in the growth story of the country.

### Measures taken to promote real estate

The Union Budget 2018-19 continued its push for the real estate sector by announcing following measures:

- (1) Establishment of a dedicated Affordable Housing Fund in National Housing Bank, financed from priority sector lending shortfall, which will make available low-cost long-term funds for affordable housing.
- (2) Allocation of ₹ 6,505 crore for Pradhan Mantri Awas Yojana (Urban) [PMAY(U)] as against ₹ 6,043 crore in 2017-18, including allocations for Credit Limit Subsidy Scheme (CLSS). Additionally, Internal and Extra Budgetary Resources of ₹ 25,000 crore under PMAY(U) have been made available for 2018-19.
- (3) Allocation of ₹ 21,000 crore for PMAY (Gramin) as against ₹ 23,000 crore in 2017-18. The total resource requirement is projected at ₹ 33,000 crore, comprising of ₹ 21,000 crore of Gross Budgetary Support and ₹ 12,000 crore of Extra Budgetary Resources.

The Government and market regulators have been taking necessary measures for development of monetizing vehicles like Infrastructure Investment Trust (InvIT) and Real Estate Investment Trust (REITs) in India. SEBI in February, 2017 notified norms allowing mutual funds to make investments in such entities. This move is aimed at boosting investor's interest in such alternative investments.

The RBI has raised housing loan limit for eligibility under priority sector lending (PSL) from ₹ 28 lakh to ₹ 35 lakh in metropolitan centres, and from ₹ 20 lakh to ₹ 25 lakh in other centres. The ceiling on cost of eligible dwelling units has also been revised from ₹ 35 lakh to ₹ 45 lakh in metropolitan areas and from ₹ 25 lakh to ₹ 30 lakh in other areas. The limits were revised in order to bring convergence between PSL guidelines for housing loans and the affordable housing scheme under the Pradhan Mantri Awas Yojana (PMAY).

### Tax Incentives

The Tax incentives have traditionally been a key instrument used by the Government to promote the growth in the housing sector. The Tax incentives have also been instrumental in driving the housing demand in India with few of the tax benefit as follows:

The Government has allowed a rebate on taxable income between ₹ 2.5 lakh to ₹ 5 lakh per annum in the interim Budget for 2019-20, which will enable housing for all initiative, as it would provide additional disposable income to potential buyers of affordable homes.

The Government has also increased interest deduction on loan taken for an affordable home by ₹ 1.50 lakh. This means that the owner of a self-occupied house in the affordable segment, valued at up to ₹ 45 lakh can claim interest deductions of ₹ 3.50 lakh instead of ₹ 2 lakh.

Government has extended benefits under Section 80-IBA of the Income Tax Act for one more year upto March 31, 2020. Accordingly, all the projects approved and meeting the conditions prescribed under the said Section 80-IBA, are entitled to claim a deduction of 100% of the profits, with respect to the project approved. This benefit is available, only if the concerned housing project has been approved between June 1, 2016 and March 31, 2020. This will enable creation of more homes under affordable housing.

Further, with the aim of giving impetus to real estate, the Government has proposed extending the period of exemption from levy of tax on notional rent, on unsold inventories, from one year to two years. This will be applicable from the end of the year in which the project is completed, and this will benefit the industry facing slow off take of inventory.

For families which have more than one house – one in the home-town and the other in a location where family members work or have a job – currently, income tax on notional rent is payable in such cases i.e. if one has more than one self-occupied house. Considering the difficulty of the middle class having to maintain families at two

locations on account of their job, children's education, care of parents etc., the Government have exempted levy of income tax on notional rent on a second self-occupied house.

The benefit of rollover of capital gains under Section 54 of the Income Tax Act has been proposed to be increased from investment in one residential house to two residential house for a tax payer having capital gains up to ₹ 2 crore. This benefit can be availed once in a life time.

### **Government Initiatives / efforts to boost Affordable Housing**

The Government incentives to boost the residential real estate sector, in the current fiscal year, witnessed increase in Affordable Housing projects especially budget housing. Growing affordability for the first-time home buyers, supported by government incentives like the PM's Awas Yojana resulted in a rise in primary home purchases, especially in the affordable housing with loan growth to 17% - 19%.

#### **A Schematic approach to promote affordable housing**

##### **Pradhan Mantri Awas Yojana**

The Government of India (GoI) launched the 'Housing for All' mission under the Pradhan Mantri Awas Yojana (PMAY) in June 2015. The mission attempts to address the demand and supply-side constraints that had affected the sector's growth in the past. On the demand side, the GoI proposed a credit-linked subsidy capital, which could be as high as 44% (₹ 2.67 lakh) for a loan of up to ₹ 6 lakh. On December 31, 2016, the Prime Minister introduced two new middle-income categories under the scheme, that is loans of up to ₹ 9 lakh and ₹ 12 lakh with subvention of 4% and 3%, respectively. The income eligibility criteria for the two categories are overall household income of ₹ 12 lakh and ₹ 18 lakh respectively.

These categories are likely to improve affordability for a wider set of borrowers leading to increased growth potential in the affordable housing segment. However, the success of this action would hinge on the availability of supply of such houses. Initiatives taken by state governments and urban local bodies to provide land to keep the prices affordable while ensuring adequate returns for the developers would be critical for ensuring adequate supply of low-cost housing. Further modifications to the scheme were made in November 2017 when the dwelling unit carpet area was increased for the Middle-Income Group segment.

The Union Budget for Fiscal 2018 has maintained its focus on the agenda for Housing for All by 2022; The allocation of ₹ 27,400 crore under PMAY was at levels similar to last year. This would help in continuing the growth momentum in the affordable housing sector on the demand as well as supply side. In addition to the Credit-Linked Subsidy Scheme, the setting up of an affordable housing fund is likely to increase the funding options for HFCs operating in the affordable housing space. In ICRA's opinion, HFCs operating in the affordable housing space could benefit from lower funding costs, which are likely to improve affordability for end borrowers.

The thrust on increasing rural income is also likely to aid the demand for housing and is likely to be a positive for the HFCs from a growth perspective, especially for players with a good presence in rural and semi-urban areas.

### **Credit-Linked Subsidy Scheme (CLSS)**

Under the 'Housing for All by 2022' mission, the Central Government has implemented credit-linked subsidy component as a demand-side intervention to expand institutional credit flow to the housing needs of the people residing in urban regions. Under this component, credit-linked subsidy will be provided on home loans taken by eligible urban population for acquisition and construction of houses. Affordable housing under CLSS will be implemented through banks/ financial institutions. Housing and Urban Development Corporation (HUDCO) and National Housing Bank (NHB) have been identified as Central Nodal Agencies (CNAs) to channelise this subsidy to the lending institutions and for monitoring the progress of this component.

For all the income slabs, as notified, any additional loan taken by the beneficiary up to a maximum tenure of 20 years will be at non-subsidised rates. The interest subsidy amount will not be the differential of interest amount (of actual and subsidised rate) but the net present value (NPV) of the interest subsidy amount - to be calculated at a discounted rate of 9%.

### **Reduction of stamp duty on affordable housing**

Stamp duty being a state subject, the duty rates vary at different locations across the country. In addition, stamp duty is calculated ad valorem on the basis of the price of the property sold. Therefore, the government should evaluate the idea of capping the stamp duty rates for affordable homes.

### **Priority sector lending certificates (PSLC) for HFCs**

Priority sector lending certificates (PSLC) are tradable certificates issued against priority sector loans of banks. PSLCs are an effective market-driven interest subsidy to the institutions that originate priority sector loans.

At present, only scheduled commercial banks, urban co-operative banks, small finance banks and local area banks are allowed to issue and buy PSLCs. Given the priority sector classification on affordable housing loans, PSLC issuance should be extended to housing finance companies too.

The existing measures and efforts of the government to offer affordable housing have turned out to be quite beneficial for the industry. However, expanding the demand spectrum further, announcements on augmentation of the existing schemes or the launch of a few beneficial ones will definitely spur growth in the industry. It's time to capitalise on the affordability factor.

### **Launching of 'Knowledge Lab'**

To meet its vision of housing for all by 2022, the government has launched an online knowledge lab for states and union territories, detailing ways to execute affordable housing projects through



new technologies and innovative designs. The laboratory will act as a source of information on the matters related to affordable housing in the country.

To boost affordable housing and achieve the vision of Housing for All by 2022, the government (Centre and State) have undertaken several initiatives under Pradhan Mantri Awas Yojana (PMAY) with an aim to build 1 crore homes in urban and rural India by 2022.

Affordable housing has also been accorded infrastructure status, ensuring that developers in this segment have access to cheaper loans.

### THREATS FOR HOUSING FINANCE SECTOR

The liquidity crisis has hampered credit growth for housing finance companies and is unlikely to improve much in the current financial year, even as the weak external environment will put a pressure on asset quality, warns a report.

HFCs are expected to report a 13-15% credit growth in FY19, which will inch up to 14-16% in next fiscal year. Gross non-performing assets of the home loan segment will increase to up to 1.3% in the medium-term from the present 1% levels. If the project loans are included, their overall Non Performing Assets (NPAs) will shoot up to 1.8% in the medium-term from the present 1.4%.

According to ICRA, the ongoing troubles will result in a narrowing of margins and accordingly, a moderation of profit levels to 14% levels in the financial year 2018-19 from 18% in the year-ago period, and that it is expected that the bottom-line of companies to be at the same levels in FY 2019-20 as well.

Following the September 2018 liquidity crisis slowdown in the credit growth of HFCs, banks have been quick to seize the opportunity. The housing loans portfolio for HFCs and other shadow banking lenders came down to 13% from 18% in the year-ago period, while the overall housing credit outstanding growth also narrowed down to 16% from 18%.

#### Non-Availability of Funds

Financing in any area depends on the availability of funds for the purpose. Housing finance is a long-term investment, which requires plenty of funds. One of the main problems of housing finance sector of India is non-availability of long-term capital for investment. Conventionally, the funds for the housing sector have originated from the individuals themselves by way of their own savings or from the financial institutions that are primarily engaged in the intermediation process of channelizing funds from the savers to the borrowers. But the funds so organized through the formal sector financial institutions remain much lower than what is required to tackle the problems of housing finance in India.

#### Higher Cost of Acquisition of Land

The availability of land in adequate quantity at the right place & at an affordable price is more important for housing finance sector. The inelastic supply of suitable land results in a spurious increase in the cost of real estate. Besides, the very high stamp

duty payable at the time of purchase of property also causes an increase in the cost of land significantly. It gets priced out many potential housing finance customers in owning a house. A long term urban mission that takes into account the supply of land in high concentration areas is essential. It should enable developers to plan and execute clusters of affordable colonies in partnership with the government.

#### Other factors

Housing loans typically have long maturity periods. Unless long-term capital/debt are available for investment at competitive rates, mis-matches of funds flow could become a challenge both on liquidity as well as in cost of replacement of funds.

Another related challenge is the volatility in the interest rates that could enhance the interest rate risk and disrupt the sustainability of margin of HFCs. Importantly, funding and pricing will remain vulnerable as money market aligns after a time lag to market for demand for resources by HFCs.

Economic cycle and resultant impact on employment will remain a potential challenge to HFCs in adjusting to delay and defaults on repayment commitments.

### BUSINESS AND OPERATIONAL OVERVIEW

Your Company is a HFC with a pan India presence catering mainly to lower and middle income customer segments in Tier II and Tier III towns of India. Your Company has maintained a steady growth in Assets Under Management (AUM) over the years and is one of the four HFCs in India with AUM of more than ₹ 1 lakh crore, a benchmark which it crossed in the financial year 2017-18.

Your Company has a robust in house credit appraisal process which targets first time home buyers and customers with limited credit history. As an outcome of this focused approach, your Company has achieved significant milestones under the Pradhan Mantri Awas Yojna (PMAY) scheme, the flagship program of the government to energise affordable housing. Under the PMAY scheme, your Company has received subsidy to the tune of ₹ 1,200 crore for 53,000 cases till May 2019 and is currently processing another 42,400 cases with a total subsidy amount of another ₹ 870 crore.

Your Company, as a part of its growth, made significant investment in people and technology from the financial year 2016-17 onwards, till September 2018 when the liquidity crisis hit your Company hard. After reporting a strong credit growth in first half of the financial year under review, your Company witnessed a slowdown in the third and fourth quarters. At the fag end of the second quarter of the financial year under review i.e. on September 21, 2018, your Company witnessed sharp decline in its stock price which plunged down by 42.58% i.e. from ₹ 610.55 to ₹ 350.55 sparking speculation that your Company may be facing liquidity issues which created a panic in the stock market. The same was strongly denied by your Company in form of an exchange filings as well as press statements and investor calls by the senior management of your Company.

At the time of stopping its fresh origination in end September 2018, your Company was clocking over ₹ 2,500 crore of retail loans per month with close to 70% as Home loans with a ticket size of sub ₹ 20 lakh. Your Company's investments in back office processing and centralized underwriting took wings around this time to match growing volumes and value in retail origination. Even in January, 2019, when your Company had started lending for a couple of days before stopping again, your Company reported more than 1,000 logins in two days thus showing the inherent strength in the business model of your Company.

Post September 2018, bank lines of credit dried up and even existing limits got frozen. This coupled with multiple downgrades by rating agencies created significant pressure on your Company to maintain a stable liability profile and regular liquidity flow. Your Company expressed concerns over the multiple downgrades and alluded to it as non-merit based and not supported by track record of repayments.

Even in adverse circumstances, your Company reiterated its steadfast commitment to all its financial responsibilities. Since September 2018, your Company has made liabilities payment of approx. ₹ 22,706 crore, which includes principal repayment of more than ₹ 19,600 crore and interest payment of more than ₹ 3,000 crore. As on March, 31, 2019, your Company had a liability outstanding of around ₹ 91,391 crore. The share of debt markets instruments was at 51%, followed by banks at 36%, deposits at 7%, External Commercial Borrowings at 3% and National Housing Bank at 3%.

While the cash flows are supported by regular EMI collections it is significant to note that the collections of your Company have not witnessed any drop in its efficiency the inability to raise money from the capital markets and banks gradually created cash flow mismatches and challenges in meeting repayment commitments on due dates. The portfolio quality and its acceptance is testimony to your Company's origination capability particularly in the segment of first-time borrowers in the LMI segment with limited access to formal credit. As a result, your Company has sold down loan assets worth more than ₹ 25,000 crore (net loans more than ₹ 21,000 crore) since September 2018. The collections and servicing ability on these sold down assets has been remarkable with no deterioration in asset quality.

### **Allegations against your Company and corrective measures**

During the year under review, your Company was subjected to mischievous and malicious campaign by an Indian news website, with a mala fide intent to cause damage to the goodwill and reputation of your Company resulting in erosion in shareholder value.

Your Company received an email from the said news website on the morning of January 29, 2019, seeking answers to sixty four detailed questions containing not only false but also wholly unjustified innuendos. Your Company was shocked and surprised to receive this inquiry on the morning of January 29, 2019,

when the said news website had already announced its press conference on January 25, 2019, with a pre-determined view that they were purportedly exposing an alleged "financial scam".

The entire approach of the news web site raises serious concerns about the motivation of the said so-called 'Expose'. The real intent of this exercise appears to be to defame your Company with many false and scurrilous allegations and even possibly destabilize your Company, leading to serious repercussions to the market.

In any case, in reply to the aforesaid email from the said Indian news website, your Company had confirmed that all the questions were not only false but also wholly unjustified innuendos and allegations.

The Audit Committee of the Board of Directors of your Company took note of the said email from the said news website and the subsequent events. Audit Committee also appointed a reputed independent Chartered Accountant firm viz., M/s. T. P. Ostwal & Associates LLP ("TPO") to carry out an in-depth review of the allegations made by the said news website against your Company and verify the data and Independently place their findings before the Audit Committee.

TPO verified the transactions & dealings entered into by your Company for the period April 1, 2015 to December 31, 2018; and except certain procedural lapses and better end use monitoring of project loans, the audit by TPO did not find evidence in relation to allegations of creation of shell companies, insider trading etc. The Audit Committee also directed the Joint Statutory Auditors of your Company to review the report submitted by TPO. The summary of the report submitted by TPO was submitted by your Company on March 5, 2019 to the stock exchanges i.e. BSE Limited and National Stock Exchange of India Limited.

Your Company took necessary corrective actions to iron out the procedural aspects reported by TPO and the Action Taken Report was placed before the Audit Committee from time to time.

Your Company has received communications seeking clarifications about allegations made by the said news website from Ministry of Corporate Affairs, Securities and Exchange Board of India, Income Tax department etc. seeking information and documents from your Company. Your Company has fully co-operated with the authorities in providing all the information, clarification and documents to the authorities and shall even at all times hereafter co-operate with all authorities in providing any information as may be sought and is confident that your Company would come out clean from this phase.

### **Liquidity and Sale of non-core assets**

Your Company has taken a decision to monetise non-core assets and smaller investments to bring in non-dilutive capital into your Company. Your Company has on June 10, 2019 closed the sale of Aadhar Housing Finance Limited, one of its associate companies to BCP Topco VII Pte. Limited, which is controlled by private equity funds managed by The Blackstone Group L.P. Your Company has also completed the sale/ transfer of 1,92,50,719 equity shares



(equivalent to 30.63%) held in Avanse Financial Services Limited to Olive Vine Investment Limited, an affiliate of the Warburg Pincus group and consummated the transaction on July 30, 2019. Further, your Company has sold the entire stake held by it (i.e. 17.12% directly and 32.88% through DHFL Advisory & Investments Private Limited) in DHFL Pramerica Asset Managers Private Limited and DHFL Pramerica Trustees Private Limited to PGLH of Delaware and the transaction was consummated on July 31, 2019. Your Company has sold down a large project loan to Oaktree Capital to raise ₹ 1,375 crore in February 2019.

### Product and Services

Your Company is a housing finance company with a focus on providing housing finance and related products for the underserved majority, primarily through home loans provided to the LMI segment in India. Your Company provides secured finance primarily to individuals, partnership firms and companies for the purchase, self-construction, improvement and extension of homes, new and resalable flats, commercial properties and plots. Your Company also provides other non-housing loan products including loans against property, lease rental discounting, loans to SMEs and loans to finance construction of residential and commercial projects.

### Retail Loans

Your Company's Housing Loans portfolio consists of a range of home loan products designed for the various classes of borrowers, matched to their borrowing capabilities. The products, suitable for salaried professionals, self-employed and entrepreneurs, come with repayment options up to 30 years. Loans for purchase of ready or under-construction housing units, home renovation/extension, self-construction, purchase of plots and composite loan for purchase of plot and self-construction are included in this category. Special care is taken to enable home loan access to the LMI segment, while designing the product and processes.

### Contours of the Retail Portfolio

Your Company has been steadfast in its focus on servicing the LMI segment and the average ticket size for the housing loans is ₹ 16 lakh. The Non-Housing portfolio is maintained at average of ₹ 36 lakh for Mortgage Loans and ₹ 99 lakh for SME loans.

Your Company efficiently manages credit risk on both portfolio as well as on a transactional level. This reflects in the CIBIL scores of the customer base of our portfolio- 88% of our Retail Housing Loan customers have CIBIL bureau score greater than 650 and 82% of the Retail Mortgage Loan customers have a CIBIL score greater than 650. Further, 93% of the Housing Loan Customers have a Fixed Obligation to Income Ratio (FOIR) of less than 60%. 78% of the SME customers have a FOIR of less than 60% and 75% of the Mortgage Loan Customers have a FOIR of less than 60%. 61% of our Housing Loan Customers have a Loan to Value (LTV) of less than 70%, 65% of the Mortgage Loan Customers have a LTV of Less than 60% and 54% of our SME customers have a LTV less than 50%.

### Building Efficiencies in the Securitization Process

Your Company has taken steps to rationalize the workflow management of the securitization process to improve the Turn Around Time (TAT).

- Dedicated teams have been created to handle various process steps. These specialized teams handle audits, resolve audit observations, Daily tracking and file retrievals where needed
- Document Management System has been put in place where scanned images of 90% of all live retail loans are available on the desktop
- Document Management System has enabled desktop audits for the securitization pools by the financial institutions/ Banks. The desktop audits have substantially reduced the time taken for the securitization audit
- Securitization Audits handled centrally at the Central Processing Unit and at storage vendors location to eliminate delays and to ensure timely completion of the audits.

### PMAY Process

Your Company also offers products aimed at the weaker sections of society, and actively participates in various schemes of National Housing Bank, such as the Golden Jubilee Rural Housing Refinance Scheme and Pradhan Mantri Awas Yojana (PMAY).

Your Company in a bid to create a robust platform for enabling homeownership for the India that lives in Tier II and III cities and in line with the Indian Government's 'Credit Linked Subsidy Scheme' (CLSS) under the PMAY have created efficient and effective workflow based processes to maximize the benefits for its customers. The focused approach has resulted in PMAY Subsidies of ₹ 1,035 crore for 2018-19 compared to ₹ 156 crore in 2017-18. The new initiatives taken by your Company are as follows :

- Your Company has enhanced its systems to identify town codes with PMAY flag. In order to enable this your Company has bifurcated town code master list into applicable pin codes for the town.
- The systems have been further enhanced to identify the applicable product programs under EWS / LIG / MIG and they were segregated as per Carpet Area, Annual Income and Property Ownership.
- Ancestral Property Investigation is conducted through Residential Verification, CERSAI, Personal Discussion and CIBIL report validation
- Technical validation is performed by the technical team by visiting the property and checking the carpet area as per the prescribed guidelines, Town Code and urban authority approval validation.

### Central Processing Units

Your Company has successfully transitioned the loan sanction process to the Central Processing Units (CPU) for all the salaried and self employed files. The CPUs in Mumbai and Hyderabad, with their operating efficiencies, cutting edge tools, state-of-

the-art facilities and well trained teams, have helped centralise most of the underwriting requirements, thus improving the loan processing time significantly.

The CPUs built in state of the art facilities at Mumbai and Hyderabad manage 80% of the total retail volumes. The CPUs handled 1.34 lakh applications with an approval rate of 80% during April to September 2018.

### Deposits

Fixed Deposits have been an important source of borrowing for your Company, and your Company has steadily build a robust deposit book over the years.

However, pursuant to the series of downgrades in the credit rating of your Company, your Company stopped acceptance of fresh Fixed Deposits, as well as renewals, with effect from May 20, 2019 as the credit rating has gone below the minimum credit rating required for accepting deposits, as prescribed by NHB. As of March 31, 2019 the total outstanding Fixed Deposits were ₹ 6,963.92 crore.

Your Company, however, continues to serve the existing fixed deposits and all maturity and interest payments are happening on the scheduled day without any delay.

### Other Products and Services

Your Company also operates in fee-based verticals that complement your Company's core business. By cross-selling various products, including insurance, to Company's customers, your Company retains its present customer base and generate additional fee-based income resulting in higher returns. It also protects interest of the customers in case of unforeseen events with relation to the person or property.

### Insurance services

Your Company is registered with the IRDAI as a "Corporate Agent – Composite". With such registration, it is authorized to solicit customers and serve the businesses of both life and general insurance companies. In this regard, your Company has entered into corporate agency agreements with DHFL Pramerica Life Insurance Company Limited, Cholamandalam MS General Insurance Company Limited and DHFL General Insurance Limited. Pursuant to these agreements, your Company acts as agent of aforesaid Insurers.

### Asset Management Services

Your Company also offers Mutual fund products of its erstwhile Joint Venture entity i.e. DHFL Pramerica Asset Managers Private Limited.

### Structured approach to business development

Your Company follows a systemic approach to business, and has, over the years, developed a well-structured business model, comprising of Sales & Marketing, Credit, Operations, Risk Management, Internal Audit, Collections & Recovery and other key complementary functions. Your Company has an extensive sales network, which includes a direct selling team working

under the supervision of your Company's sales supervisors. This team contributes 51% to the quantum of loans disbursed by your Company and based on the disbursement of loans sourced by them, they are paid a combination of fixed fee and performance linked variable commission. DSAs and other business referral partners are also a strong generators of business for your Company.

Your Company's employees remain involved across the value chain of the loan process, engaging with customers from the stage of loan origination through disbursement. With most loan cases originating from the in-house direct selling team, the employees get an opportunity to gain insights into the specific needs of the customers, also leading to strengthening of the credit appraisal mechanism and increased brand awareness.

Your Company's employees' performance is measured for their efficiency and effectiveness, with pre-defined parameters. The performance measurement is quantitative and the individual scorecards are maintained for each employee.

The in-house underwriting team conducts a credit check and verification procedure on each customer, thereby ensuring consistent quality standards and minimising the risk of future losses. 100% of the loans are underwritten by the in-house credit managers.

Your Company has also engaged third party web-based loan origination and lead management systems to originate and manage home loan applications. Such third party providers are engaged on a commission fee on the leads and also based on the amount of loans disbursed to customers who have been originated or led from the loan origination and lead management system. Your Company ensures quick turnaround time to improve customer satisfaction, while maintaining underwriting standards. Your Company services both individual consumers and developers through its end-to-end business model. Technology has emerged as a key driver of your Company's customer-centric growth strategy, enabling it to boost operational productivity and efficiencies. Customer satisfaction is ensured through efficient customer interfaces with quick turnaround, while adhering to the highest underwriting standards. With evaluation of the properties funded, conducted by in-house technical experts, who are qualified civil engineers, customers have the advantage of a one-stop shop. This is of particular help to the relatively inexperienced customers in the LMI segment, which your Company is primarily targeting.

### Operational efficiencies

Your Company has a separate Operations vertical to run post sanction disbursement and loan management processes, thus helping it to manage its geographically diverse business, and the related risks, more effectively. The Operations team is tasked with processing of the documents covering legal and technical reviews, besides handling disbursements and relationships across the transaction life cycle.

Your Company's Central Disbursal Units (CDU) in Mumbai and Hyderabad have been setup on the lines of its Central Processing Units (CPUs) by incorporating the best practices, which have

helped centralise most of the post sanction disbursal process, thus enabling better controls and improving the processing time.

To ensure procedural discipline, your Company has in place strong checks and processes, which also enables it to achieve exposure limits for several segments and review of the local markets and builders on continuous basis, as a part of its portfolio monitoring and management framework. Further, the sanction conditions have been rationalized, thus enabling significant improvement in operational efficiency and speed of service at the disbursal stage. The processes and systems, designed and followed by the Operations team, help bring in greater efficiencies and enhanced productivity for your Company.

### Distribution Network

Your Company has a robust marketing and distribution network, with a presence across 330 locations including 195 branches, 108 service centres, 19 zonal/ regional/CPU Offices, 4 disbursement hubs, 1 Administrative Office, 1 Registered Office, 1 Corporate Office and 1 National Office as at March 31, 2019.

Your Company's distribution network is designed to reach out to the Low and Middle Income (LMI) segment and tap a growing potential customer base throughout India. Its network is grouped into zones and regions located pan-India. Your Company's distribution network in India is spread over Tier II and Tier III cities and towns. Your Company strongly believes that its business model allows it to deliver improved turnover time and to improve customer satisfaction while maintaining asset quality.

The distribution network of your Company also includes direct selling teams (i.e. staff working with us on a contract basis), Direct Selling Agents (DSAs) and other business referral partners. Direct selling teams work under supervision of its employees and the payment for their services is a combination of fixed fee and variable commission based on the disbursement of loans sourced by them. The majority of the loans are sourced through the direct selling teams.

### Customer Service and Grievance Redressal Processes

Your Company has established a multi-level customer query and grievance resolution process for customers to approach it through various channels such as through the branches, call centers, emails, letters, social media etc. At branch level, dedicated customer service (CS) managers are appointed at each zonal/ regional office. The CS manager and branch operations manager ensure timely resolution of the complaints/queries received at the zonal/ regional office. In addition to customer walk-ins, phone calls and emails, the secure suggestion boxes and complaint registers are made available at every branch and customers are encouraged to submit their feedback and complaints. Your Company accepts customer complaints through request letters and/or customer request forms available at its branches whereby it can verify the customer's details. Your Company ascertains the nature of the customer request and subsequently assigns a unique service request number. It strives to provide a prompt resolution based on a template response mechanism. If necessary, your Company engages its legal team in the response process. The

customer service managers coordinate the respective vertical team members of branches and other units for resolution of complaint. Upon resolution of the complaint, the branch MIS system is updated, and communication is sent to the customer by telephone or by email using standard templates.

Since November 2015, your Company has partnered with Rural Shores Business Services (P) Limited, Kopergaon to handle the customer service related calls and emails at its call centers. The call centre services queries related to home loans, SME, mortgages, insurance and deposits. Apart from Hindi and English, calls are also being answered in Marathi which your Company believes will achieve a higher level of customer satisfaction.

### Non-Performing Assets

With all the above mentioned efforts & processes in place, your Company consistently maintains low NPA levels. This has been made possible through adherence to good underwriting standards, regular monitoring and strong recovery systems.

The amount of Gross Non-Performing Assets (NPA) as at March 31, 2019 was ₹ 2,445.52 crore, which is equivalent to 2.72% of the loan portfolio of your Company, as against ₹ 880.94 crore i.e. 0.96% of the loan portfolio as at March 31, 2018. The net NPA as at March 31, 2019 was ₹ 1,902.94 crore i.e. 2.12% of the loan portfolio. The total cumulative provision towards loan and other assets as at March 31, 2019 was ₹ 4,494.07 crore (including extra provision of ₹ 3,020.05 crore) as against ₹ 974.08 crore in the previous year. During the financial year under review, your Company had written off ₹ 212.26 crore of loans / receivables as against ₹ 159.91 crore during the previous financial year.

### Fair value Project Loan with a view of existing the line of business

Due to the current business environment, your Company is in the process of strategic shift in the business by keeping its sole focus on retail business. Your Company no longer intends to hold the whole sale portfolio which includes project loans, slum rehabilitation authority (SRA) loans and wholesale mortgage loan portfolio for the purposes of collecting the principal and interest. The Management envisages to monetise the wholesale loan portfolio. Consequently, the said loans aggregating ₹ 34,881.60 crore have been reclassified on Fair Value Through Profit or Loss (FVTPL) as at March 31, 2019 and the resultant fair value loss has been charged to the Statement of Profit and Loss.

### BRANDING AND MARKETING

During the year under review, your Company successfully conducted its brand-centric, experiential marketing campaign 'Griha Utsav', which was launched in 2017 in line with the government's vision of 'Housing for All by 2022'. Aimed at strengthening your Company's customer connect in Tier II and III towns, this unique nation-wide initiative comprised of 'Property Expo and Home Loan Melas', wherein a market place was created for builders to display affordable properties, and consumers who were looking for such properties were invited to visit the expo. Through this initiative, your Company touched millions of lives by enabling their home ownership dreams.

Your Company enhanced its social media presence by increasing its engagement with customers via Facebook, Twitter, LinkedIn and YouTube. Basis in-depth research on consumer's online behaviour and journeys, your Company revamped its website making it mobile and user friendly for improved communication with its stakeholders and customers. The website effectively captures your Company's leadership position across housing and non-housing loan portfolios and helps visitors get a better understanding of your Company's products and services with a least number of clicks.

Your Company has leveraged the digital media to generate awareness on the nuances of home loans and welfare schemes, including the Pradhan Mantri Awas Yojana (PMAY), using digital characters 'Sharmaji & Vinodji' launched in 2016, as part of its consumer education initiative.

## FINANCIAL OVERVIEW

### Balance Sheet Movement

During the financial year under review, your Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015. The financial statements for the year ended March 31, 2019 have been prepared under Ind AS. The financial statements for the year ended March 31, 2018 have been restated in accordance with Ind AS for comparative purposes.

The summary of your Company's balance sheet as at March 31, 2019 is as under:

| (₹ In Crore)                        |                   |                   |
|-------------------------------------|-------------------|-------------------|
| Particulars                         | March 2019        | March 2018        |
| <b>Assets</b>                       |                   |                   |
| <b>Financial Assets</b>             |                   |                   |
| Cash and cash equivalents           | 1,259.63          | 1,923.05          |
| Other bank balances                 | 1,741.01          | 1,030.41          |
| Derivative financial instruments    | 171.13            | 87.23             |
| Receivables                         | 4.76              | 42.74             |
| Housing and Other loans:-           |                   |                   |
| At amortised cost                   | 66,348.82         | 92,457.92         |
| At Fair Value                       | 31,628.15         | 656.70            |
| Investments                         | 2,350.22          | 8,086.28          |
| Other financial assets              | 1,091.23          | 766.48            |
| <b>Non-Financial Assets</b>         |                   |                   |
| Current Assets (Net)                | 370.20            | 147.29            |
| Deferred Tax Asset                  | 442.81            | 95.63             |
| Property, Plant & Equipment         | 782.93            | 842.28            |
| Intangible Assets under development | 104.01            | 129.05            |
| Other Intangible Assets             | 81.75             | 7.51              |
| Other non-financial Assets          | 98.60             | 39.08             |
| <b>TOTAL ASSETS</b>                 | <b>106,475.25</b> | <b>106,311.65</b> |

(₹ In Crore)

| Particulars                                                                              | March 2019        | March 2018        |
|------------------------------------------------------------------------------------------|-------------------|-------------------|
| <b>LIABILITIES &amp; EQUITY</b>                                                          |                   |                   |
| <b>Liabilities</b>                                                                       |                   |                   |
| <b>Financial Liabilities</b>                                                             |                   |                   |
| Derivatives financial instruments                                                        | 302.51            | 135.81            |
| Trade Payables                                                                           |                   |                   |
| (i) Total Outstanding dues of Micro Enterprise & Small enterprises                       | Nil               | Nil               |
| (ii) Total Outstanding dues of Creditors other than Micro Enterprise & Small enterprises | 102.05            | 104.12            |
| Debt Securities                                                                          | 45,379.12         | 35,813.60         |
| Borrowings (other than Debt Securities)                                                  | 40,604.21         | 45,114.14         |
| Deposits                                                                                 | 6,588.40          | 9,652.44          |
| Subordinated Liabilities                                                                 | 1,135.81          | 1,131.84          |
| Other Financial Liabilities                                                              | 4,087.69          | 4,955.96          |
| Provisions                                                                               | 10.15             | 6.29              |
| Other non-financial Liabilities                                                          | 163.25            | 164.92            |
| <b>Equity</b>                                                                            | <b>313.82</b>     | <b>313.66</b>     |
| Other Equity                                                                             | 7,788.24          | 8,918.87          |
| <b>TOTAL LIABILITIES</b>                                                                 | <b>106,475.25</b> | <b>106,311.65</b> |

### Authorised Share Capital

#### Equity Share Capital

The present Authorised Share Capital stood at ₹ 828 crore which comprises of (i) 57,80,00,000 equity shares of ₹ 10 each aggregating to ₹ 578 crore and (ii) 25,00,000 non-convertible redeemable cumulative preference shares of ₹ 1,000 each aggregating to ₹ 250 crore.

During the year under review, your Company issued and allotted 1,64,177 equity shares of ₹ 10/- each, upon exercise of options (employee stock option plan and employee stock appreciation rights) by the eligible employees of your Company pursuant to the Employee Stock Option Scheme, 2008 and Employee Stock Appreciation Rights Plan 2015.

Consequently, the issued, subscribed and paid-up equity share capital of your Company increased from ₹ 3,13,65,88,470 divided into 31,36,58,847 equity shares of face value of ₹ 10/- each to ₹ 3,13,82,30,240 divided into 3,13,82,30,240 equity shares of face value of ₹ 10/- each.

### Other Equity

During the year under review, your Company suffered a net loss of ₹ 1,036.05 crore on account of huge impact on increased provisioning and consequently, no transfers was made to Special Reserve and Statutory reserve u/s 29C of National Housing Bank Act and to General Reserve.



As at March 31, 2019, other equity has reduced to ₹ 7,788.24 crore as against ₹ 8,918.87 crore in the previous financial year.

As at March 31, 2019, Debenture Redemption Reserve (DRR) stands at ₹ 1,170.00 crore on the outstanding amount of NCDs issued by way of public issue during financial year 2016-17 and 2018-19. Your Company being a Housing Finance Company (HFC) is exempted from the requirement of creating DRR in case of debentures issued on private placement basis.

### Dividend

During the year under review, final dividend of ₹ 2.50 per equity shares of face value ₹ 10 each, for the financial year 2017-18, which was approved at the 34<sup>th</sup> Annual General Meeting held on June 27, 2018, was paid.

For the financial year under review, the Board of Directors of your Company did not recommend any dividend.

### Capital Adequacy

Your Company's tangible Net Worth decreased from ₹ 9,232.53 crore as of March 31, 2018 to ₹ 8,102.06 crore as of March 31, 2019, mainly on account of provision on Expected Credit Loss (ECL) and Fair Value Through Profit or Loss (FVTPL) on the loan assets for the period.

Capital Adequacy of your Company in the form of CRAR stood at 14.07% as of March 31, 2019 compared to 15.29% as of March 31, 2018, which is well above the NHB's minimum stipulated requirement of 12%. Company's Tier I CRAR stood at 9.40% as of March 31, 2019 as disclosed at point no. 3 in "Disclosure Required by the National Housing Bank".

### Borrowing Composition

As at March 31, 2019, your Company's sources of funding were primarily from banks and financial institutions 36%, Debt market instruments 51%, public (fixed) deposits 7%, refinancing from the NHB 3% and External Commercial Borrowings (ECB) 3%. Your Company aims to continue to gradually reduce its reliance on the borrowings from banks and financial institution and focus on capital market instruments with lower funding costs subject to compliance with conditions prescribed by the NHB from time to time.

### Long Term Borrowings

#### Term Loans from Banks and Financial Institutions

During the financial year under review, your Company raised ₹ 1,425 crore through term loans from banks and financial institutions. The said loans are secured by first ranking pari-passu charge by way of mortgage on your Company's immovable properties and hypothecation of your Company's present and future movable properties, including book debts, in favour of lenders (excluding the floating charge on the specific assets as per the provisions of Section 29B of the National Housing Bank Act, from time to time).

Your Company has 31 banks in its lending consortium as of March 31, 2019, with Union Bank of India as the lead bank of the consortium for credit facilities aggregating to ₹ 32,955.94 crore.

### External Commercial Borrowings (ECBs)

During the financial year under review, your Company has refinanced two of the existing ECB loans amounting to ₹ 721.82

crore (USD 110 Million) and ₹ 874.16 crore (USD 130 Million), original lenders being banks under the syndicated loan facilities, with State Bank of India, Singapore Branch, under Reserve Bank of India, ECB Refinance Guidelines, maintaining the same maturity and interest payment schedule as that of the existing ECB facilities. Both these refinances were successfully done to reduce the spread and to effectively bring down the cost of borrowing. According to the terms of RBI guidelines, these borrowings have been swapped into rupees for the entire maturity by way of principal-only swaps and LIBOR has been hedged by way of interest rate swaps.

During the financial year under review, the principal amount for the ECB loans availed by your Company has been fully hedged, in accordance with the guidelines prescribed by Reserve Bank of India.

### Non-Convertible Debentures (NCDs)

#### Private Placement of Secured Redeemable NCDs

During the financial year under review, your Company raised ₹ 5,950 crore through secured redeemable NCDs on a private placement basis. As on March 31, 2019, the outstanding NCDs stood at ₹ 15,561.03 crore (including premium accrued on Zero Coupon NCDs).

#### Private Placement of Perpetual Debt Instrument (PDI)

Your Company did not raise Non-Convertible Perpetual Unsecured Debentures during the financial year 2018-19. The outstanding balance of such debentures as at March 31, 2019 amounts to ₹ 1,135.81 crore.

#### Private Placement of Subordinated Debt

As at March 31, 2019, your Company's outstanding subordinated debts were ₹ 2,202.00 crore. The debt is subordinated to present and future senior indebtedness of your Company.

### Non-Convertible Debentures (NCDs) by way of public issue

The Board of Directors of your Company at their meeting held on April 30, 2018 had approved the raising of funds by way of public issue of Secured Redeemable Non-Convertible Debentures of face value ₹ 1,000 each, subject to the receipt of necessary approvals, for an amount upto ₹ 15,000 crore (Rupees Fifteen Thousand crore only) (including the green shoe option), in one or more tranches, in terms of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Companies Act, 2013 and other applicable laws.

During the financial year under review, your Company made a public issue of Secured Redeemable Non-Convertible Debentures of ₹ 12,000 crore (including green shoe option). Your Company allotted 10,94,47,863 NCDs of the Face value of ₹ 1,000 each for aggregate amount of ₹ 10,944.79 crore. The proceeds of the aforesaid issuances were utilized for the purpose for which they were raised, largely towards business purposes, pre-payment/repayment of borrowings.

### Commercial Paper

During the year under review, the reliance on short-term borrowings through commercial papers had declined with the



amount outstanding reducing to ₹ 833.18 crore as on March 31, 2019 from ₹ 5,957.65 crore as against the previous financial year ended March 31, 2018.

### Public Deposits

Your Company has been consistently growing the retail deposit book over the past several years, backed by a strong distribution network and a competitive product offering. However, this year has been relatively tough for your Company due to adverse economic and market conditions for Housing Finance Companies and Non-Banking Financial Companies. As a result, the fixed deposit portfolio of your Company has seen a decline during the financial year under review. The total deposits reduced by 32% to ₹ 6,915.55 crore as on March 31, 2019 as compared to ₹ 10,166.72 crore as on March 31, 2018, including other deposit.

Deposits accepted by your Company are secured by a floating charge on the statutory liquid assets, created by way of Trust Deed as per the NHB's Guidelines.

### Rupee Denominated Medium Term Note (MTN)

As a part of a strategy for diversification of its resources, your Company has successfully entered into international bond market and raised its first maiden Rupee Denominated Medium Term Note (MTN). Your Company filed an Offering Circular for establishment of a Rupee Denominated MTN programme and on April 18, 2018 successfully raised an amount of ₹ 989.72 crore by issue of INR denominated USD settled 10 billion. Notes having a tenure of 5 years under the approval route in accordance with the external commercial borrowing guidelines issued by the Reserve Bank of India (RBI). This issuance opened new avenue for your Company to tap into a new source of fixed income investor base overseas. These bonds are listed on London Stock Exchange (LSE – International Securities Market (ISM) Segment).

### Trade Payables

Trade payables as at March 31, 2019 were ₹ 102.05 crore as against ₹ 104.12 crore in the previous financial year. This includes amounts payable to vendors for supply of goods and services.

### Property, Plant and Equipment

Your Company's investments in tangible assets represent cost of building, leasehold improvements, computers, office equipment, furniture & fixtures and vehicles. During the financial year under review, your Company's gross block increased by 5.65% over the previous year. The additions on fixed assets were at ₹ 37.57 crore as tangible assets and ₹ 80.86 crore as intangible assets, as given below:

- Building amounting to ₹ 0.07 crore, which was capital work-in-progress till last financial year,
- Leasehold improvements and Furniture and Fixtures amounting to ₹ 10.14 crore,
- Furniture and Fixtures to ₹ 3.21 crore
- Office equipment amounting to ₹ 17.29 crore,

- Vehicle amounting to ₹ 1.67 crore
- Computer systems amounting to ₹ 5.19 crore,
- Software amounting to ₹ 80.86 crore

Your Company also made investments towards intangible assets which are under development amounting to ₹ 104.01 crore towards IT system upgradation. Your Company has no Capital work in progress as at March 31, 2019.

### Lending Operations

The Sanctions and Disbursements of housing/other property loans, during the financial year 2018-19 were ₹ 43,343.28 crore and ₹ 28,770.61 crore, respectively, vis-à-vis ₹ 65,935.78 crore and ₹ 44,800.31 crore, respectively, in the previous financial year. The cumulative loan disbursement of your Company since inception was ₹ 204,986.80 crore. In the backdrop of significant slow down of disbursement post September, 2018, the loan book reduced by 2.42% and stood at ₹ 89,758.00 crore as compared to ₹ 91,931.32 crore in the previous financial year. Your Company's Assets under Management (AUM), including other loans and ICDs were ₹ 1,33,024 crore as against ₹ 1,13,655 crore in the previous financial year with 17.04% growth.

### Securitisation/Direct Assignment of Loans

During the financial year under review, your Company has sold/assigned multiple pools of Housing loans aggregating to ₹ 16,245.82 crore and other Non-Housing loans aggregating to ₹ 2,166.09 crore. The aforesaid figures constitute 86.68% of the actual pools sold/assigned aggregating to ₹ 21,239.56 crore with the balance of ₹ 2,827.69 crore being retained by your Company, which is in line with Minimum Retention Requirement (MRR) and Minimum Holding Period (MHP) commitments, as per the extant Guidelines on Securitisation and Assignment, prescribed by Reserve Bank of India. Such securitised receivables are de-recognised in the balance sheet when they are sold (true sale criteria being fully met with) and consideration is received by your Company.

Your Company will, however, continue to collect the interest and EMI payments on these loans on behalf of the acquirer of the loans and remit the same after retaining its portion in terms of the individual agreements.

### Investments and Treasury

Your Company has ensured a balance between earning adequate returns on liquidity/treasury assets; and the need to cover financial and business risks. It actively monitors its treasury portfolio and has a policy in place for investing surplus funds. Appropriate limits and controls are in place to ensure that investments are made as per the policy.

The investment/disinvestment decisions are in line with the limits as set out by the Board. As on March 31, 2019, the investment portfolio stood at ₹ 2,350.22 crore as against ₹ 8,086.28 crore in the previous financial year March 31, 2018.

Housing Finance Companies (HFCs) are required to maintain a Statutory Liquidity Ratio (SLR) in respect of public deposits raised. Currently the SLR requirement is 13% of public deposits.

As on March 31, 2019, your Company has invested ₹ 737.95 crore in bank fixed deposits and NHB bonds and ₹ 697.47 crore in approved securities (book value-gross) which includes both Government securities and Government guaranteed bonds.

### Significant changes in key financial ratios

| Particulars             | For the financial year 2018-19 | For the financial year 2017-18 |
|-------------------------|--------------------------------|--------------------------------|
| Interest Coverage ratio | 0.88                           | 1.22                           |
| Current ratio           | 0.97                           | 1.03                           |
| Debt Equity ratio       | 11.57                          | 9.93                           |
| Operating Profit margin | 63.8%                          | 86.7%                          |
| Net Profit margin       | -8.0%                          | 11.4%                          |
| Return on Net Worth     | -11.95%                        | 14.20%                         |

The changes in the aforesaid ratios are largely on account of the loss suffered by the Company during the Financial Year 2018-19 and adverse business circumstances as detailed in this Report.

### Subsidiary/Joint Ventures / Associate Companies

As of the date of this report, your Company has four (4) wholly owned subsidiary companies, DHFL Advisory & Investments Private Limited (DAIPL), DHFL Investments Limited (DIL), DHFL Changing Lives Foundation and DHFL Holdings Limited, which were incorporated on February 12, 2016, February 13, 2017, December 1, 2017 and September 20, 2018, respectively.

During the year under review, your Company made investment of ₹ 1 lakh by subscribing to 10,000 equity shares of ₹ 10 each issued by DHFL Holdings Limited.

Further, as on March 31, 2019, your Company had three (3) joint venture(s) viz. DHFL Pramerica Life Insurance Company Limited, DHFL Pramerica Asset Managers Private Limited and DHFL Pramerica Trustees Private Limited and three (3) associate companies viz. Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited), Avanse Financial Services Limited and DHFL Ventures Trustee Company Private Limited.

Your Company, sold its entire stake i.e. 23,01,090 shares consisting of 9.15% of total equity share capital of Aadhar Housing Finance Limited to BCP Topco VII Pte. Ltd., which is controlled by private equity funds managed by The Blackstone Group L.P. Consequently, Aadhar Housing Finance Limited ceased to be an Associate Company of your Company w.e.f. June 10, 2019.

During the current financial year, your Company sold its entire stake i.e. investment of 1,92,50,719 equity shares, consisting of 30.63% of the total equity share capital of Avanse Financial Services Limited to Olive Vine Investment Limited, an affiliate of the Warburg Pincus group. Consequent upon said sale/transfer on July 30, 2019, Avanse Financial Services Limited ceased to be an Associate Company of your Company.

During the current financial year, your Company made disinvestment of its entire shareholding of 50% in DHFL Pramerica Asset Managers Private Limited (i.e. 17.12% being held directly and 32.88% being held by its wholly owned subsidiary, DHFL Advisory & Investments Private Limited) along with its entire shareholding of 50% in DHFL Pramerica Trustees Private Limited

to PGLH of Delaware. Consequent upon said disinvestment on July 31, 2019, both DHFL Pramerica Asset Managers Private Limited and DHFL Pramerica Trustees Private Limited ceased to be Joint Ventures of your Company.

### Profit and Loss Statement

(₹ In Crore)

| Particulars                           | Standalone        |                 |
|---------------------------------------|-------------------|-----------------|
|                                       | 2018-19           | 2017-18         |
| <b>Gross Income</b>                   | 12,902.52         | 10,864.42       |
| Less : Finance Costs                  | 9,392.85          | 7,721.95        |
| Net loss on fair value changes        | 2,458.37          | -               |
| Impairment on financial instruments   | 1,084.98          | 629.68          |
| Overheads & Provisions                | 1,080.15          | 784.14          |
| Depreciation and amortization expense | 51.15             | 27.63           |
| <b>(Loss) /Profit before Tax</b>      | <b>(1,164.98)</b> | <b>1,701.02</b> |
| Less : Current Tax                    | 538.32            | 483.62          |
| Deferred Tax                          | (667.25)          | (22.59)         |
| <b>Net (Loss) /Profit after tax</b>   | <b>(1,036.05)</b> | <b>1,239.99</b> |

### Income from Operations

Your Company registered a robust growth in the total revenue from operations, which mainly includes interest on housing loan disbursed to the customers. This was primarily due to an increase in loan disbursements through deeper penetration into the existing markets and geographical expansion through your Company's captive network.

Income from operations increased from ₹ 10,850.13 crore in the financial year 2017-18 to ₹ 12,883.88 crore for the financial year 2018-19, registering a growth of 18.7%. The increase in income from operations was mainly due to increase in loan book. Your Company has also generated revenue from other miscellaneous receipts. Other revenues constitute ₹ 18.64 crore during the financial year under review, as against ₹ 14.29 crore during the financial year 2017-18.

### Interest and Finance Cost

Your Company's interest expenses increased by 21.64% from ₹ 7,721.95 crore in the financial year ended March 31, 2018 to ₹ 9,392.85 crore for the financial year ended March 31, 2019. The increase in interest expenses is due to the rising borrowings required to fund the disbursements.

### Employee Remuneration & Benefits

Your Company continued to make substantial investments in human capital and information technology to meet its growth targets. Employee costs increased by 31.08 % from ₹ 370.25 crore for the financial year 2017-18 to ₹ 485.33 crore for the financial year 2018-19, Employee costs accounted for 54.40% of the entire operating expenses for the financial year 2018-19, which is slightly more compared to 51.31% for the financial year 2017-18.

### Operating Expenses

The operating, administrative and other expenses increased by 37.75% from ₹ 784.14 crore for the financial year ended March 31,

2018 to ₹ 1,080.15 crore for the financial year ended March 31, 2019 owing to increase in rent, rates, taxes, repairs & maintenance and other expenditure.

### Depreciation & Amortisation

Depreciation charged on fixed assets was ₹ 51.15 crore in the financial year 2018-19 vis-à-vis ₹ 27.63 crore during the financial year 2017-18. Depreciation on fixed assets is provided on straight-line method by considering revised useful lives as specified in part 'C' of schedule II to the Companies Act, 2013.

### Provision for Taxation

During the financial year under review, your Company has made a provision of ₹ (128.93) crore (including deferred taxation) vis-à-vis ₹ 461.03 crore.

### Net Profit

In the backdrop of a significant slowdown in disbursement and loan growth post September 2018, the financials of your Company have been quite strained for the last two quarters of the financial year 2018-19 impacting the overall performance of your Company.

Due to the additional provisioning of ₹ 3,280 crore (including net loss on fair value), your Company reported a net loss of ₹ 1,036.05 crore for the financial year from a net profit of ₹ 1,239.99 crore reported for the financial year 2017-18.

### Contribution and Expenses towards Corporate Social Responsibility (CSR)

Your Company is required to spend money on Corporate Social Responsibility (CSR) activity as per the Companies Act, 2013 and rules thereunder. Your Company has adopted a programmatic approach to investing in CSR activities. It has Board approved projects under Early Childhood care and Education (ECCE), Skills Development, Draught Mitigation and Financial Literacy. ECCE the flag ship programme is now managed by DHFL Changing Lives Foundation, a Section 8 Company (wholly owned subsidiary of your Company) thus ensuring the required focus, freedom and professionalism in implementing the CSR projects.

During the financial year under review, your Company has spent ₹ 27.19 crore on its flagship/ identified programmes as against ₹ 26.59 crore which was required to be spent for the financial year as per the provisions of the Companies Act, 2013. It is committed to remain invested in the programmes undertaken over a period of next 3-5 years, which will require higher allocation and expenditure, thus, utilising the required amount to its full extent. The Corporate Social Responsibility Committee of the Board oversees the initiatives undertaken by your Company and that the same meets the requirement as per section 135 of the Companies Act, 2013 read with Schedule VII prescribed under the Companies Act, 2013.

Further, details on the prescribed CSR spend under Section 135 of the Companies Act, 2013 during the financial year 2018-19, are provided in Annexure-5 annexed to the Board's report.

### CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of your Company, its associates, joint ventures and the subsidiaries have been

prepared as per the applicable provisions of Companies Act, 2013 and Indian Accounting Standards. The same forms a part of this Annual Report.

A brief summary of the consolidated audited financial results for the year ended March 31, 2019 is as under:

(₹ In Crore)

| Particulars                           | Consolidated      |                 |
|---------------------------------------|-------------------|-----------------|
|                                       | 2018-19           | 2017-18         |
| <b>Gross Income</b>                   | 12,911.66         | 10,891.13       |
| Less : Finance Costs                  | 9,416.91          | 7,744.02        |
| Net loss on fair value changes        | 2,458.37          | 0.00            |
| Impairment on financial instruments   | 1,008.97          | 629.68          |
| Overheads & Provisions                | 1,080.27          | 784.21          |
| Depreciation and amortization expense | 51.15             | 27.63           |
| <b>(Loss) /Profit before Tax</b>      | <b>(1,104.01)</b> | <b>1,705.59</b> |
| Less : Current Tax                    | 538.32            | 483.62          |
| Deferred Tax                          | (658.40)          | (22.59)         |
| <b>Net (Loss) /Profit after tax</b>   | <b>(983.93)</b>   | <b>1,244.56</b> |

### RISK MANAGEMENT

As a lending entity, prudent risk management practices are integral to the vertical's operations and your Company maintains high underwriting standards. The thrust is on sourcing pre defined selective target industries and segments. The growth agenda of your Company is driven by a multi-pronged strategy that includes building of existing and new channels, including MoUs with leading equipment manufacturers, OEMs and distribution agents.

Risk Control Matrix is created where all operations risks are identified in various verticals of credit, operations, legal & Technical. Risk assessment conducted by an independent Party where major risks are identified and tested against critical parameters for each of the verticals. The identified Operational risk metrics are continuously monitored and measured by a separate independent team.

### Liquidity risk management

Your Company is susceptible to market-related risks such as liquidity risk, interest rate risk, funding risk etc. Such risk management is assigned to the Asset-Liability Management Committee (ALCO) to monitor these risks on an ongoing basis.

Liquidity risk arises when there is an asset-liability mismatch caused by the difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increases in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner at a reasonable price. Housing Finance Companies in particular are exposed to liquidity risk in view of the fact that the assets generated by HFCs are of an average tenor of 6 to 8 years while the liabilities contracted are of an average tenor of 4 to 6 years. Your Company actively monitors its liquidity position to ensure that it can meet all requirements of its borrowers, while also meeting the requirements of its lenders and to be able to consider investment opportunities as they arise. Your Company's ALCO, composed of senior management, lays down policies and quantitative limits

and appraises the Audit Committee and the Board periodically on our asset-liability mismatch and liquidity issues.

Your Company seeks diverse sources of liquidity to facilitate flexibility in meeting funding requirements. Your Company's operations are principally funded by borrowings from banks and financial institutions, while it also obtains funding from the NHB and public (fixed) deposits.

### Interest rate risk management

The borrowings of HFCs like your Company are largely linked to benchmarks such as the Marginal Cost of Funds Lending Ratio (MCLR) and hence the debt of our Company is mainly floating in nature. This exposes HFCs to interest rate risk. Consequently, exposure to interest rate fluctuations and increases needs to be managed in order to mitigate the risk.

Your Company's business is impacted by a change in interest rates although the floating rate loans only re-price on a periodic basis. Exposure to fluctuations in interest rates is measured primarily by way of asset-liability gap analysis, providing a static view of the maturity profile of balance sheet positions. An interest rate gap is prepared by classifying all assets and liabilities into various time period categories according to contracted maturities or anticipated re-pricing dates. The difference in the amount of assets and liabilities maturing or being re-priced in any time period category would then give an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities.

Your Company's strategy is to optimize its borrowings between short-term and long-term debt as well as between floating and fixed rate instruments. Your Company prepares interest rate risk reports periodically and reports to the NHB regarding the same. Your Company follows a prudent policy in respect of managing its assets and liabilities to ensure that exposure to fluctuations in interest rates is kept within acceptable limits. Your Company uses interest rate swaps on a limited basis for the purpose of hedging interest rate mismatches. The ALCO periodically reviews the treasury operations and the pricing of products at specific intervals.

### Credit risk management

Credit risk is the risk of default on a debt that may arise from a borrower failing to make required payments. Lenders are exposed to default risk in virtually all forms of credit extensions. Default risk can change as a result of broader economic changes or changes in a Company's financial situation. Certain credit norms and policies are being followed by your Company to manage credit risk, including a standard credit appraisal policy based on customer credit-worthiness approved by the Board. These criteria change between loan products and typically include factors such as profile of applicant, income and certain stability factors such as the employment and dependency detail, other financial obligations of the applicant, Loan to value and the loan-to-cost ratio. Standardised credit approval process including a comprehensive credit risk assessment is in place which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of the borrower.

Your Company has implemented an Automated Rule Engine which is the prescribed tool for underwriting of customers in an

efficient and error free manner by the regulators. The automated rule engine provides a summary and findings by comparing the loan attributes like Income, obligations, bank details, bureau scores and positive verifications.

The digital tools for areas of Income Tax Return (ITR) extraction through mobility solution, Bank Statement extraction and Analysis with report customized as per Credit requirement have further enhanced the controls and quality of loan review.

The credit policy and loan delivery process are put in place by your Company prescribing ideal portfolio configuration in terms of customer profile and considering factors such as exposure limits, segmented net interest margins (interest rates vis-a-vis default propensity in a segment) and its impact on the loan book, risk based pricing based on probability of default, appraisal standards and collateral management. Your Company efficiently manages credit risk on both portfolio as well as on a transactional level.

### Operational risk management

Operational risk management is defined as a continual cyclic process which includes risk assessment, risk decision making, and implementation of risk controls, which results in acceptance, mitigation or avoidance of risk. To manage the Operational Risk, your Company has implemented a comprehensive operational risk management policy with a framework to identify, assess and monitor risks, strengthen controls, improve services and minimise operational losses. Your Company attempts to mitigate operational risk by maintaining a system of internal controls, establishing systems and procedures to monitor transactions, maintaining key back-up procedures, undertaking regular contingency planning and providing employees with continuous training. Moreover your Company remains exposed to substantial risk when transactions are carried out at multiple locations simultaneously. To have a preventive vigilance and control the transaction risk, Risk containment units have been established at major locations, wherein hind sighting, upfront scrutiny and curbing of malpractices are undertaken. The branches perform the initial confirmation review of compliance to the conditions while the Centralized disbursal unit performs the final review and initiates the disbursal which ensures independent maker checker process along with standard and robust process control across all branches

As your Company deals with many external vendors on various sides of business, it has a well-defined Outsourcing Policy, approved by the Board, which clearly lays down the requirements and procedures for any such engagement. Such controls also help your Company in keeping a standard approach in such engagements. Your Company has strengthened its technology platform across systems and processes and also has a disaster recovery site for retrieval of data to operating units in case of an eventuality or system failure as a part of its business continuity plan. Your Company has set up a data centre in Bengaluru to ensure that all transactions are separately kept on real-time basis. Your Company has formulated the contingency plan to address data recovery in case of a natural disaster. The Management also periodically reviews vigilance and fraud reports, recovery reports and audit reports to detect failures with the objective of systemic remediation. Any event or incident, which has the potential risk to your Company's brand name or reputation, is continuously



watched out for and your Company has in place related risk controls to manage such risks, with a special focus on the ones which can cause any legal or compliance complications.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has an adequate system of internal controls for business processes, operations, financial reporting, fraud control, and compliance with applicable laws and regulations, among others. These internal control and systems are devised as part of the principles of good governance; and are accordingly implemented within the framework of proper check and balances. Your Company ensures that a reasonably effective internal control framework operates throughout the organization, which provides assurance about safeguarding the assets, reliability of financial and operational information, compliance with applicable statutes, execution of transactions as per the authorization and compliance with the internal policies of your Company.

Your Company's Management Assurance and Audit function is headed by a senior management personnel with reporting lines to the Audit Committee of the Board and a dotted line reporting to the Chairman & Managing Director. The Head of Management Assurance and Audit is accountable to the Board of Directors through the Chairman of the Audit Committee. The function is responsible for providing comprehensive audit coverage of all divisions within your Company as per the audit plan approved by the Audit Committee of the Board and Senior Management. It is an independent and objective assurance and consulting activity designed to add value and improve your Company's operations. It helps your Company accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The function adopts a risk- based audit approach and conducts an audit of all branches and functions and also proactively recommends improvements in operational processes and suggests streamlining of controls to mitigate various risk.

## HUMAN RESOURCES

Your Company continues to nurture a culture of talent and leadership development and believes that the internal human potential shall be the stepping stones of establishing a profitable business proposition. It is your Company's constant attempt to create an atmosphere where the workforce thrives, grows up the learning curve and are valued for their contributions.

Your Company believes in acquiring the finest resources, building their capabilities through robust learning models, and retaining them through progressive employee- centric policies and practices. This successfully creates alignment of organizational and individual aspirations.

During the financial year under review, your Company strengthened the pre-trained manpower hiring channel, providing product and process training prior to on-boarding, in order to curtail the loss of productive hours. Your Company is also tied up with prominent and tier 1 learning institutions of the country to curate end-to-end scholastic cycles for the youth of tomorrow. Your Company introduced referral schemes to ensure economical quality hires. It also refurbished its Employee Induction Program,

aiding cultural orientation of the off-role staff to the organizational culture, while, at the same time, imparting to them the necessary product and process knowledge.

Under the flagship program, GATI – Career Progression Plan for its DSSL staff – that was announced in financial year 2015-16, approximately 3,500 frontline staff was dispersed across three levels. In the last financial year, your Company on-boarded 10% proportion of its total hire from DSSL source, rationalizing cost of hire and lessening performance lead time on external hires. Your Company also arranged for “First Time Manager” training to employees to hone their people management skills and improve employee relations. Your Company also joined hands with prominent educational institutions to sponsor higher education opportunities for the staff and their families at reduced rates. As part of this initiative, more than 70 applications were received in the last financial year. Through this initiative, your Company intends to provide career growth opportunities to its human capital and foster higher studies amongst the extended DHFL Family, contributing to the cause of developing employable skills amongst the youth of the nation.

Your Company was able to retain its key resources in spite of the year under review being a challenging year for the sector. Top 5 key layers across business functions remained intact. This was necessary for the system and its machinery to remain active for the business continuity and growth.

Your Company, in the financial year 2016-17, had launched “Better Together” - its diversity and inclusion initiative. Your Company continued to maintain a 10% female in the workforce ratio. Your Company leveraged on “Stronger Together” – the DHFL Women's Club, to facilitate knowledge sharing and empowerment among women employees. This informal platform helped us to create a more secure and supportive environment for the women staff. Your Company also scheduled several work-life sessions by celebrated speakers, besides financial knowledge camps, as well as grooming and health awareness sessions. An in-house nutritionist and Desk Yoga instructor were also appointed keeping in mind the welfare of the staff. Your Company, as responsible corporate citizens, will continue to promote diversity and go beyond its duty to build a workplace conducive to female staff, marked by equal opportunities and merit-based career decisions.

Your Company is on its way to building an organization that is future ready, based on the capabilities of its internal human capital, so as to leverage the inborn talents of employees to achieve higher levels of productivity. For this, your Company had worked with a celebrated brand in the Strength Management Field, Gallup, through their tool, Gallup Clifton Strength's Finder – an online assessment tool that identifies areas in which an individual has the greatest potential for building strengths. In financial year 2017 – 18, your Company had started the conversation around strengths and in the last financial year, your Company continued to work with people managers for this initiative and successfully implemented this concept, infusing strengths based working into the backbone of internal processes and human resources. Your Company, post the Leadership Enrichment Session based on the Strengths Philosophy, also worked to progress towards drawing out Succession Plans for the organization, wherein the successors for the top three layers were charted out.



Your Company also progressed in areas of Company level Strength Maps and Competency Framework, keeping in mind the next generation of technology and millennials. This involved the making of Organizational and Functional level Strength Maps that would help ascertain the overall organizational behavior and the competencies that we need to build for the future. The exercise charted out the core competencies that your Company would need to build internally to thrive in the next phase of growth and business operations. This was aimed at supporting the strategic growth charter of your Company and filtering out key action areas in terms of employee capability to make your Company's future-ready.

Your Company respects talent and proactively builds growth-driven symbiotic relationships with its high potential employees. In line with this approach, your Company launched the second rung of ZENITH – Accelerated High Potential Developmental Program, wherein a pool of 57 employees was recognized through a series of rigorous assessments to adjudge their abilities and aspirations. The employees selected in the pilot batch of ZENITH were undertaken through their Individual Development Plans with their HR Anchors and their Business Mentors. These employees were allocated blended learning plans basis their areas of developmental needs and their career aspirations. The initiative has a win-win design for your Company and its employees, fueling individual's career growth and creating a pool of home grown leaders to take up the baton of the organization.

### Band-based Interventions

Your Company has structured a holistic internal reward and recognition mechanism - RACE (Recognise and Celebrate Excellence). Under this programme, your Company has, till September 2018, recognised over 500+ top performers for the first quarter, amongst whom 42% were DSSL awardees. The performance levers for identifying achievers every quarter are directly aligned to the overall mission of the organisation and thereby, through RACE, your Company promotes and wishes to replicate performance behaviours that achieve higher productivity levels. RACE operates across the board, covering over 65 unique roles in the organisation spanning varied departments against three major award categories – Miles Awards for frontline sales staff, Star Awards for back-end non-sales staff, and Hero Awards for employees at Area, Region and Zonal Roles. Through RACE, your Company also recognises employees who demonstrate people management skills, through the People Excellence Awards. Your Company fosters a culture of recognition and meritocracy through the platform of RACE, which additionally acts as a booster to employee productivity.

Your Company understands that in addition to building a performance oriented culture, it is also of supreme importance that employees are provided with an engaged work environment. Thus, to promote fun and joy at work, your Company under the SHINE brand Spreads Happiness, Impacts lives and Nurtures Excellence. Under this initiative, your Company organized in house sports activities at regional and zonal levels building greater connect and camaraderie. Your Company is also focused on proactive wellness of its employees, and organized health and wellness camps across the country. In addition, local festivals were celebrated to add to the spirit of the employees.

Your Company appreciates the importance of integrating modern technology, and enabling its seamless use by its employees, to strengthen the people management framework. Led by the vision, of connecting to the last mile of employees, your Company leveraged the internal to launch its surveys. This led to easy access and quick closure at minimum investment of cost and efforts. The DHFL Connect, accessible from a range of devices including mobiles and tablets, facilitates geo-attendance tagging, helped the employees mark their presence on-the-go. DHFL Connect is the starting point of HR digital transformation, automation of lifecycle processes and knowledge management, the derivative of which would be enriched internal customer experience for your Company.

In its continued efforts to build your Company as an employer brand of choice, your Company continued its branding efforts on its official LinkedIn Page, showcasing the ethos, practices and spirit of a DHFL workplace. Your Company achieved a significant growth in organic followers reflecting increased traction and social presence for your Company on the web media.

Your Company also undertook proactive measures to ring-fence critical talent and keep attrition values well within the industry range. Employee productivity also moved up the curve through the financial year, and had a positive impact on business growth continuity.

As on March 31, 2019, your Company's total workforce was 3,320 as against 3,582 on March 31, 2018. The manpower is in line with your Company's operations and geographical reach, especially in Tier II and Tier III cities, towns and peripheral suburbs.

### Future Outlook

Going forward, the priority before your Company is to recommence origination of new home loans particularly in the affordable home category. It is in continuing discussion with banks to open new line of credit with back to back arrangement for securitization of loans as they complete seasoning period as per RBI guidelines. The underwriting infrastructure, technology and processes are capable of scaling up quickly once the origination of loans commences. Co-origination of home loans with banks is another avenue to harness the underwriting strength your Company. Cross selling strategies of Insurance and Savings product will continue to be a focus area to add valuable fee based income and strengthen the bottom line.

The next on the importance is to strengthen the equity capital of your Company by bringing in a strategic partner with commitment to grow the retail business. Your Company is engaging with large potential entities to identify and on-board the right strategic partner and are in advanced stages of discussions to achieve the same over the next few months.

Your Company has stated that its objective on the wholesale lending and developer loan book will be to look beyond collection of interest and instalment and monetize these assets through proactive measures. Two large loans have already been monetized through sale of asset to overseas institutional investors of repute through Pass Through Certificate (PTC) route. Simultaneously, efforts are on to identify developers of good

standing to join hands as development managers to the projects financed by your Company, who will bring in working capital and project management skills to accelerate the execution of stalled projects on a revenue sharing basis.

Your Company has approached bankers to initiate the process of forming an Inter Creditor Agreement (ICA) under RBI guidelines of June 7, 2019 and bring in other lenders to work towards a Resolution Plan (RP) in the best interest of all lenders. The RP is in advanced stage of drafting for consideration under the ICA process. Your Company has assured its lenders that there shall be no hair cut envisaged under the RP, recasting of debt for longer duration and staggered payback of interest and principle will enable your Company to overcome the liquidity logjam and pay back its liabilities overtime. Simultaneously negotiation with strategic investors are held in the context of valuation of the

core strength of your Company as an outcome of restructuring measures and retail consolidation as detailed above.

Your Company's plan for way forward is to build a franchise and enhance its brand value as a focused originator of home loans in affordable segment across geographies and segments. Product and customer focus will be the hall mark. Will be lean on balance sheet but strong on return on assets and equity through strategic business measures. Risk management and collection efficiency will be integral part of strengthening the business development.

Your Company is committed to regain its value and conduct business in a manner which will be value accretive in the current business environment. Your Company thanks all the shareholders for reposing faith in your Company and assures them of sustained growth and brighter future.

# Board's Report

Dear Members,

The Board of Directors of your Company take pleasure in presenting the standalone and consolidated reports on the operational and business performance, along with the audited financial statements for the financial year ended March 31, 2019.

## KEY FINANCIALS

The financial performance of your Company for the financial year ended March 31, 2019, is summarized below:

(₹ in crore)

| Particulars                                                                                                                                      | Standalone        |                 | Consolidated      |                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|-----------------|
|                                                                                                                                                  | 2018-19           | 2017-18         | 2018-19           | 2017-18         |
| <b>Gross Income</b>                                                                                                                              | 12,902.52         | 10,864.42       | 12,911.66         | 10,891.13       |
| Less: Finance Costs                                                                                                                              | 9,392.85          | 7,721.95        | 9,416.91          | 7,744.02        |
| Net loss on fair value changes                                                                                                                   | 2,458.37          | -               | 2,458.37          | -               |
| Impairment on financial instruments                                                                                                              | 1,084.98          | 629.68          | 1,008.97          | 629.68          |
| Overheads & Provisions                                                                                                                           | 1,080.15          | 784.14          | 1,080.27          | 784.21          |
| Depreciation and amortization expense                                                                                                            | 51.15             | 27.63           | 51.15             | 27.63           |
| <b>Profit/ (Loss) before Tax</b>                                                                                                                 | <b>(1,164.98)</b> | <b>1,701.02</b> | <b>(1,104.01)</b> | <b>1,705.59</b> |
| Less: Current Tax                                                                                                                                | 538.32            | 483.62          | 538.32            | 483.62          |
| Deferred Tax                                                                                                                                     | (667.25)          | (22.59)         | (658.4)           | (22.59)         |
| <b>Net Profit/ (Loss) after tax</b>                                                                                                              | <b>(1,036.05)</b> | <b>1,239.99</b> | <b>(983.93)</b>   | <b>1,244.56</b> |
| Add: Share of net profits of associates and joint ventures                                                                                       | -                 | -               | 18.02             | 18.76           |
| Add: Balance brought forward from the previous year                                                                                              | 2,377.73          | 1,841.38        | 2,143.21          | 1,583.81        |
| Dividend of earlier years on shares allotted upon exercise of ESOPs/ ESARs                                                                       | -                 | -               | 0.07              | -               |
| Add/(Less): Other Comprehensive Income                                                                                                           | 0.93              | (2.17)          | 0.88              | (2.33)          |
| <b>Surplus available for appropriations</b>                                                                                                      | <b>1,342.61</b>   | <b>3,079.20</b> | <b>1,178.25</b>   | <b>2,844.80</b> |
| <b>Appropriations</b>                                                                                                                            |                   |                 |                   |                 |
| Transferred to Statutory Reserve under Section 36(1) (viii) of the Income Tax Act, 1961 read with Section 29C of National Housing Bank Act, 1987 | -                 | 275.00          | -                 | 275.00          |
| Transferred to General Reserve                                                                                                                   | -                 | 200.00          | -                 | 200.00          |
| Interim Dividend(s)                                                                                                                              | -                 | 94.08           | -                 | 94.08           |
| Equity Dividend (Final)                                                                                                                          | 78.41             | 94.07           | 78.41             | 94.07           |
| Tax on Dividends                                                                                                                                 | 16.13             | 38.32           | 16.46             | 38.44           |
| Balance carried over to Balance Sheet                                                                                                            | 1,248.07          | 2,377.73        | 1,083.38          | 2,143.21        |
| <b>Total</b>                                                                                                                                     | <b>1,342.61</b>   | <b>3,079.20</b> | <b>1,178.25</b>   | <b>2,844.80</b> |
| <b>Earnings Per Share</b>                                                                                                                        |                   |                 |                   |                 |
| Basic (in ₹)                                                                                                                                     | (33.02)           | 39.55           | (30.78)           | 40.29           |
| Diluted (in ₹)                                                                                                                                   | (33.02)           | 39.37           | (30.78)           | 40.11           |

Appropriations from Net Profit are as detailed in the table given above

Your Company's Gross Income grew by 18.76% to ₹ 12,902.52 crore as at March 31, 2019 as against ₹ 10,864.42 crore as at March 31, 2018.

## IND AS IMPLEMENTATION

During the financial year under review, your Company has adopted Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015. The financial statements for the year ended March 31, 2019 have been prepared under Ind AS. The financial statements for the year ended March 31, 2018 have been restated in accordance with Ind AS for comparative purposes.

## TRANSFER TO RESERVES

During the year under review, your Company suffered a net loss of ₹ 1,036.05 crore on account of increased provisioning and higher impact of impairment on financial instruments and consequently, no transfers were made to the reserves out of the amount available for appropriation.

## PERFORMANCE

Your Company has always been the flag bearer of the Mission - Housing for All. Your Company since inception is conducting its business towards fulfilling a mission of enabling every Indian citizen more particularly those in Lower and Middle Income (LMI) and Economically Weaker Sections (EWS) to own a house for themselves and their families.

Your Company disbursed loans worth ₹ 13,582.89 crore in first quarter of the financial year under review, which is the highest ever loans disbursed by your Company in the first quarter of any financial year and in value terms is more than the loan disbursement in the fourth quarter of the previous financial year. This tremendous growth in the first quarter shows the ability of your Company to forge ahead and work collaboratively at all times to deliver beyond the expected.

Unfortunately, the Non-Banking Financial Companies (NBFCs) and Housing Finance Companies (HFCs) sectors witnessed some strong headwinds in the financial year under review in the wake of the default by prominent financial institutions which led to a liquidity crunch in the financial markets. Bond market lost depth and with banks playing cautious in releasing funds to NBFCs and HFCs, the business cycle for NBFCs and HFCs took a hit in the latter half of the financial year under review.

While your Company was not left unaffected of the liquidity crunch in the financial markets, your Company successfully repaid all its repayment obligations till March 31, 2019 without any default, even in the face of the liquidity shortfall, wherein your Company looked at securitization to tide over the crises. Your Company securitized over ₹ 18,411.86 crore of loan assets in the financial year under review, which bore a testimony to the high quality and strength of the retail portfolio that your Company has built with a single minded focus on catering to the LMI segment.

Your Company continues to remain committed to its mission of enabling home ownership to every Indian which is also aligned to the Government's vision of "Housing for All by 2022" and has facilitated Credit Linked Subsidy Scheme (CLSS) subsidy to over 45,745 households worth over ₹ 1,035.3 crore being sanctioned by National Housing Bank under Pradhan Mantri Awas Yojna (PMAY).

Even though your Company continued to pay all liabilities as per scheduled dates, starting February 2019, the credit rating agencies downgraded your Company multiple times creating further pressure on the liquidity. Your Company continued to make all efforts to pay all liabilities on time. However, on June 4, 2019, there was a delay in repayment of dues to the holders of Non-Convertible Debentures (NCDs) issued by your Company. While your Company repaid the amount within the 7 working days cure period, the credit rating was downgraded to Default by the rating agencies. The downgrade of credit rating has impacted your Company and also there were a few instances of defaults in respect of NCDs, however, the management and the promoters of your Company are working on all possible solutions to resolve the current crisis of your Company.

Your Company has been working towards resolving its liquidity crisis in a comprehensive and timely manner. As a step towards the same, your Company has formulated a draft resolution plan in accordance with the requirements set out in the circular issued by the Reserve Bank of India on Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets), 2019 dated June 7, 2019 bearing Circular No. RBI/2018-19/203, DBR. No.BP.BC.45/21.04.048/2018-19 and the said draft resolution plan has been submitted to the lenders for their consideration and approval, pursuant to execution of Inter-Creditor Agreement executed among lenders.

## Standalone

During the financial year ended March 31, 2019 and March 31, 2018, your Company made total loan disbursements of ₹ 28,770.61 crore and ₹ 44,800.31 crore, respectively. As on March 31, 2019 and March 31, 2018, the Gross NPAs as a percentage of the outstanding loans were 2.72% and 0.96%, respectively. The net NPAs as a percentage of the outstanding loans were 2.12% and 0.56%, respectively, which are both substantially lower than industry benchmarks.

Total income for the financial year under review was ₹ 12,902.52 crore as against ₹ 10,864.42 crore during the previous financial year and total expenditure was ₹ 14,067.5 crore, compared to ₹ 9,163.4 crore during the previous financial year. **Your Company's Assets Under Management (AUM), including other loans and ICDs stood at ₹ 1,33,024 crore as on March 31, 2019, as against ₹ 1,13,655 crore in the previous financial year.**

For the financial year under review, your Company suffered a Loss Before Taxes of ₹ 1,164.98 crore as against Profit Before Tax of ₹ 1,701.02 crore in the previous financial year and Loss After Tax is ₹ 1,036.05 crore as against Profit After Tax of ₹ 1,239.99 crore in the previous financial year, mainly on account of Net Loss on Fair Value Changes of ₹ 2,458.37 crore and ₹ 1,084.98 crore towards impairment on financial instrument during the financial year under review.

## Consolidated

During the financial year under review, your Company's total revenue on consolidated basis stood at ₹ 12,911.66 crore, higher than ₹ 10,891.13 crore in the previous financial year. The overall operational expenses for the financial year under review were ₹ 14,015.67 crore, as against ₹ 9,185.54 crore in the previous

financial year. Operating loss before tax stood at ₹ 1,104.01 crore as compared to profit of ₹ 1,705.59 crore in the financial year 2017-18. The financial year's Loss After Tax stood at ₹ 965.91 crore as against Profit After Tax of ₹ 1,263.32 crore in the previous financial year.

## **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no material changes and commitments affecting the financial position of your Company, which have occurred between the end of the financial year under review, i.e. March 31, 2019 and the date of this Board's report i.e. August 26, 2019, except as disclosed in this Board's Report.

## **DIVIDEND**

Your Company has in place a Dividend Distribution Policy formulated in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which intends to ensure that a rational decision is taken with regard to the amount to be distributed to the shareholders as dividend after retaining sufficient funds for your Company's growth, to meet its long-term objective and other purposes. The Policy lays down various parameters to be considered by the Board of Directors of your Company before recommendation/ declaration of dividend to the Members of your Company and also circumstances under which the shareholders of your Company may not expect dividend.

Owing to the present economic scenario in the financial sector and in view of the loss incurred by your Company for the financial year under review, no dividend has been declared/recommended by the Board of Directors on Equity Shares for the financial year ended March 31, 2019.

The Dividend Distribution Policy is available on the website of the Company at the URL <https://www.dhfl.com/docs/default-source/investors/dividend-distribution-policy/dividend-distribution-policy-jan-2018.pdf> and forms part of this Board's report as "Annexure - 1".

## **TRANSFER OF UNCLAIMED DIVIDEND / DEPOSITS AND SHARES TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)**

Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013, rules made thereunder and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 read with the relevant circulars and amendments thereto, the amount of dividend / deposits remaining unpaid or unclaimed for a period of 7 (seven) years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF) as constituted by the Central Government.

Further, as per the provisions of Section 124(6) of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer & Refund) Rules 2016, the shares in respect of which the dividend has not been claimed for seven (7) consecutive years are required to be transferred by the Company to the designated Demat account of the IEPF Authority.

The details of the unpaid/unclaimed dividend/deposits and the shares due to be transferred to the IEPF, are also uploaded as per the requirements, on the website of your Company i.e. [www.dhfl.com](http://www.dhfl.com).

## **Unpaid / Unclaimed Dividend**

During the financial year under review, your Company has transferred unclaimed final dividend of ₹ 0.09 crore pertaining to the financial year 2010-11 to the Investor Education and Protection Fund (IEPF) established by the Central Government after the expiry of seven years from the date of transfer to unpaid dividend account.

## **Unclaimed Deposits**

During the financial year under review, an amount of ₹ 0.26 crore was transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government, being the amount of deposits along with interest thereon, that remained unclaimed and unpaid for a period of seven years from the date it became first due for payment.

Members and Depositors of your Company are requested to claim their unclaimed dividend/deposit, if any, and for the purpose may correspond with the Secretarial Department or the Registrar and Share Transfer Agent.

## **Transfer of Shares to IEPF**

Pursuant to the provisions of Section 124(6) of the Companies Act, 2013 and the rules made thereunder, your Company has transferred in aggregate 84,764 equity shares of ₹ 10 each to Investor Education and Protection Fund (IEPF) established by the Central Government in respect of which the dividend remained unpaid / unclaimed for a period of seven consecutive years i.e. from 2010-11 till the due date of September 2, 2018 after following the prescribed procedure.

In case your shares, unclaimed dividend or deposits etc. have been transferred to IEPF, you can claim the same by making an application directly to IEPF in the prescribed form under the IEPF Rules which is available on the website of IEPF i.e. [www.iepf.gov.in](http://www.iepf.gov.in).

## **LENDING OPERATIONS**

The sanctions and disbursements of housing and other loans, during the financial year ended March 31, 2019, were ₹ 43,343.28 crore and ₹ 28,770.61 crore, respectively, as against ₹ 65,935.78 crore and ₹ 44,800.31 crore, respectively, in the previous financial year. Your Company's cumulative loan disbursement since inception was ₹ 2,07,050.15 crore.

## **Securitisation / Assignment of Loans**

During the financial year under review, your Company has sold/ assigned multiple pools of ₹ 18,411.86 crore. Your Company will, however, continue to collect the Equated Monthly Installments (EMIs) receivable from the borrowers in most of the cases, on behalf of the acquirer of the loans and remit the same to the latter after retaining its portion in terms of the individual agreements.



## Loan Book (Housing and Other Loans)

As at March 31, 2019, the loan book, including other loans, stood at ₹ 1,02,429 crore, as against ₹ 94,501 crore in the previous financial year, including; inter-corporate deposits.

## SHARE CAPITAL

### (A) Authorized Share Capital

During the financial year under review, there has been no change in the authorized share capital of the Company. The Authorized share capital of the Company as at March 31, 2019 stood at ₹ 828,00,00,000 divided into (i) 57,80,00,000 equity shares of ₹ 10/- each aggregating to ₹ 578,00,00,000; and (ii) 25,00,000 non-convertible redeemable cumulative preference shares of ₹ 1,000/- each aggregating to ₹ 250,00,00,000.

### (B) Issued and Paid-up Share Capital

#### (1) Equity Share Capital

The issued and paid-up equity share capital of the Company as at March 31, 2019 was ₹ 313,82,30,240 divided into 31,38,23,024 equity shares of ₹ 10/- each as compared to ₹ 313,65,88,470 divided into 31,36,58,847 equity shares of ₹ 10/- each as at March 31, 2018. The increase was on account of allotment of 1,64,177 equity shares of ₹ 10/- each, upon exercise of options (employee stock option plan and employee stock appreciation rights) by the eligible employees of your Company pursuant to the Employee Stock Option Scheme, 2008 and Employee Stock Appreciation Rights Plan, 2015.

Your Company has neither issued any shares with differential voting rights nor any Sweat Equity shares, during the financial year under review.

#### (2) Preference Share Capital

No preference shares have so far been issued by the Company.

## RESOURCE MOBILISATION

Your Company's borrowing policy is under the control of the Board. Your Company has vide special resolution passed by the Members of your Company, under Section 180(1)(c) of the Companies Act, 2013, at the 33<sup>rd</sup> Annual General Meeting held on July 21, 2017, authorized the Board of Directors to borrow money upon such terms and conditions as the Board may think fit in excess of the aggregate of paid up share capital and free reserves of your Company upto an amount of ₹ 2,00,000 crore and the total amount so borrowed shall remain within the limits as prescribed by National Housing Bank. Your Company has maintained a well diversified borrowing mix comprising of borrowings from the Banks (36%), debt market instruments (51%), deposits (7%), refinance from National Housing Bank (3%) and External Commercial Borrowings (3%).

Your Company continued to raise resources at competitive rates from its lenders.

Your Company's total borrowings amounted to ₹ 91,391 crore as at March 31, 2019, as against ₹ 92,076 crore in the previous year.

The Company's Asset-Liability Management Committee (ALCO), set-up in line with the guidelines issued by NHB, monitors asset-liability mismatches.

## Non-Convertible Debentures [NCDs] by way of public issue

During the financial year under review, your Company made a public issue of Secured Redeemable Non-Convertible Debentures of ₹ 12,000 crore (including green shoe option). Your Company allotted 10,94,47,863 NCDs of the face value of ₹ 1,000 each for an aggregate amount of ₹ 10,944.79 crore. The proceeds of the aforesaid issuances were utilized for the purpose for which they were raised, largely towards business purposes, pre-payment/repayment of borrowings. The outstanding balance of these Debentures as on March 31, 2019 amounts to ₹ 24,634.32 crore.

## Non-Convertible Debentures [NCDs] issued on private placement basis

During the financial year under review, your Company continued to issue Non-Convertible Debentures on private placement basis, pursuant to the special resolution passed by the Members of the Company and Policy for private placement of Non-Convertible Debentures (NCDs) of the Company formulated as per the guidelines issued by National Housing Bank. The proceeds of the aforesaid issues were utilized for making disbursement to meet the housing finance requirements of the borrowers, repayment/prepayment of principal and interest of existing borrowers as well as for general corporate purposes.

### Non-Convertible Secured Redeemable Debentures

During the financial year under review, your Company issued Non-Convertible Secured Redeemable Debentures on private placement basis amounting to ₹ 5,950 crore to banks and financial institutions. The outstanding balance of these Debentures including accrued premium on zero coupon NCDs as on March 31, 2019 amounts to ₹ 15,561.03 crore.

### Non-Convertible Perpetual Unsecured Debentures

During the financial year under review, your Company did not raise any Non-Convertible Perpetual Unsecured Debentures. The outstanding balance of such debentures as at March 31, 2019 amounts to ₹ 1,135.81 crore.

### Non-Convertible Subordinated Unsecured Debentures

As at March 31, 2019, your Company's outstanding subordinated debts were ₹ 2,202.00 crore. The debt is subordinated to present and future senior indebtedness of your Company. Further, in the month of April, 2018, your Company has issued on private placement basis Non-Convertible Subordinated Unsecured Debentures amounting to ₹ 1,000 crore.

Debenture Trustee Agreement(s) were executed by your Company, in favour of Catalyst Trusteeship Limited (formerly known as GDA Trusteeship Limited) for NCDs issued during the year.

During the financial year under review, the interest on Non-Convertible Debentures issued by way of public issue and on private placement basis were paid by your Company on their respective due dates and there were no instances of any interest amount which were not claimed by the investors or paid by your Company after the date, on which the same became due

for payment. However, there have been few instances of delay and non-payment of interest and principal amount of the Non-Convertible Debentures during the month of June 2019 to August 2019 on account of liquidity crunch faced by your Company.

Your Company being Housing Finance Company is exempted from the requirement of creating Debenture Redemption Reserve (DRR) in case of privately placed debentures. Therefore no DRR has been created for the Debentures issued by your Company on private placement basis. However, your Company has created a DRR for Secured Redeemable Non-Convertible Debentures issued by way of Public issue. As at March 31, 2019, DRR stood at ₹ 1,170 crore.

### **Medium Term Notes (MTN) programme (Masala Bonds)**

During the financial year under review, your Company has set up Medium Term Note (MTN) programme for raising of funds by way of issue of secured Rupee denominated Notes overseas to be settled in USD for an amount not exceeding USD 2 billion. Under the said MTN Programme, your Company has on April 18, 2018 successfully raised an amount of ₹ 989.72 crore by issue of INR denominated USD settled 10 billion Notes having a tenure of 5 years. These bonds are listed on London Stock Exchange (LSE – International Securities Market (ISM) Segment).

### **Disclosure under Housing Finance Companies issuance of Non-Convertible Debentures on Private Placement Basis (NHB) Directions, 2014**

During the financial year under review, the Non-Convertible Debentures issued on private placement basis, were paid/redeemed by your Company on their respective due dates and there were no such instances of any Non-Convertible Debentures which have not been claimed by the investors or not paid by your Company after the date on which the Non-Convertible Debentures became due for redemption. However, there have been few instances of delay and non-payment of interest and principal amount of the Non-Convertible Debentures during the month of June 2019 to August 2019 on account of liquidity crunch faced by your Company.

### **Loans from Banks**

Your Company continued to leverage on its long term relationship with banks and thus tied up funds by raising additional term loans from banks to the extent of ₹ 1,425 crore during the financial year under review at competitive rates available in the market and continued its focus on domestic sources.

### **Deposits**

Your Company has been consistently growing the retail deposit book over the past several years, backed by a strong distribution network and a competitive product offering. However, this year has been relatively tough for your Company due to adverse economic and market conditions for Housing Finance Companies and Non-Banking Financial Companies. As a result, the fixed deposit portfolio of your Company has seen a decline during the financial year under review. The total deposits reduced by 32% to ₹ 6,915.55 crore as on March 31, 2019 as compared to ₹ 10,166.72 crore as on March 31, 2018.

As of March 31, 2019, there were 9,123 depositors who had not claimed their deposits (along with interest due thereon) aggregating to ₹ 88.78 crore. Your Company sends appropriate reminders to the depositors before the date of deposit maturity and that is also followed up by reminders after the date of maturity in case the deposit remains unclaimed, to renew or claim their maturity amount of deposits by submitting necessary deposit receipt along with the necessary instructions.

Your Company, a deposit accepting Housing Finance Company, registered with National Housing Bank (NHB), governed by the provisions of the Housing Finance Companies (NHB) Directions, 2010 (NHB Directions 2010), as amended and other directions, regulations and circulars issued by NHB, has temporarily stopped accepting deposits w.e.f. May 20, 2019 due to downgrading of its Credit Rating below the investment grade as required under NHB Directions 2010. The Fixed Deposits accepted by your Company are secured appropriately by the floating charge on the statutory liquid assets maintained in terms of Sub-Sections (1) and (2) of Section 29B of the National Housing Bank Act, 1987.

### **Commercial Papers**

As at March 31, 2019, Commercial Papers outstanding amount stood at ₹ 833.18 crore.

### **External Commercial Borrowings (ECBs)**

During the financial year under review, your Company has refinanced External Commercial Borrowings (ECBs) amounting to ₹ 1,595.98 crore in the form of a syndicated loan facility. The ECBs were raised under the RBI Refinance Guidelines for Low Cost Affordable Housing Scheme of the Reserve Bank of India (RBI) under the approval route.

In terms of ECB Master Circular issued by RBI, the proceeds of the subject ECBs have been utilised for financing the prospective owners of low cost affordable housing units. Low cost affordable housing units have been defined as units where the property cost is up to ₹ 30 lakh, the loan amount is capped at ₹ 25 lakh and the carpet area does not exceed 60 square metres.

### **SECURITY COVERAGE FOR THE BORROWINGS**

The security details of the aforesaid secured borrowings made by the Company are mentioned at Note No. 18 in the Notes to accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2019.

### **CREDIT RATINGS**

On June 4, 2019, there was a delay in repayment of dues by your Company to some of the holders of Non-Convertible Debentures (NCDs). While your Company repaid the amount within the 7 working days cure period, the credit rating was downgraded to Default grade by the rating agencies.

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Your Company being a housing finance company, the disclosure regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business is exempted as per the provisions of Section 186(11) of the Companies Act, 2013.

Details of the investments made by the Company pursuant to the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2019.

## CAPITAL ADEQUACY

As required under Housing Finance Companies (NHB) Directions, 2010, [NHB Directions, 2010], your Company is presently required to maintain a minimum capital adequacy of 12% on a stand-alone basis. The following table sets out the Company's Capital Adequacy Ratios as at March 31, 2017, 2018 and 2019:

| Particulars            | As on March, 31 |        |        |
|------------------------|-----------------|--------|--------|
|                        | 2019            | 2018   | 2017   |
| Capital Adequacy Ratio | 14.07%          | 15.29% | 19.12% |

The Capital Adequacy Ratio (CAR) of your Company was at 14.07% as on March 31, 2019, as compared to the regulatory requirement of 12% as disclosed at point no. 3 in "Disclosure Required by the National Housing Bank".

In addition, the NHB Directions, 2010 also require that your Company transfers minimum 20% of its annual profits to a reserve fund. Due to net loss incurred during the reported period, no transfer was made by the Company.

## NON-PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company adhered to the prudential guidelines for Non-Performing Assets (NPAs), under the Housing Finance Companies (NHB) Directions, 2010 [NHB Directions, 2010], as amended from time to time. Your Company did not recognize income on such NPAs and further created provisions for contingencies on standard as well as non-performing housing loans and property loans, in accordance with the NHB Directions, 2010. The Company has also made additional provisions to meet unforeseen contingencies. The following table set forth Company's gross NPAs, net NPAs, cumulative provisions and write-offs for the periods indicated:

(₹ in crore)

| Particulars                                         | As of March 31 |        |        |
|-----------------------------------------------------|----------------|--------|--------|
|                                                     | 2019           | 2018   | 2017   |
| Gross Non-Performing Assets                         | 2,445.52       | 880.94 | 678.45 |
| % of Gross NPA to Total Loan Portfolio              | 2.72%          | 0.96%  | 0.94%  |
| Net Non-Performing Assets                           | 1,902.94       | 514.65 | 419.43 |
| % of Net NPA to Total Loan Portfolio                | 2.12%          | 0.56%  | 0.58%  |
| Total cumulative provision- loans and other assets* | 4,494.07       | 974.08 | 714.19 |
| Write-off                                           | 212.26         | 159.91 | 87.49  |

\* including additional provision of ₹ 3,020 crore

## Recovery & Collections

The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) has been effectively utilized by your Company to initiate recovery action under the provisions of this Act, against the defaulting

borrowers. Your Company has taken physical possession of the secured assets of some of the defaulters and the same are being auctioned as per the process laid down under the SARFAESI Act and the rules framed thereunder. Your Company has a very robust and comprehensive collections setup comprising of call centers, field agents, law firms and auctioneers to deal with various stages of default while adhering to NHB guidelines.

In order to prevent frauds in loan cases by mortgaging the same property with multiple lenders, the Government of India has set up Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under Section 20 of the SARFAESI Act. Your Company has been filing requisite particulars of mortgaged properties with CERSAI as per the prevailing guidelines issued by CERSAI.

## INVESTMENTS

The Investment Committee constituted by the Board of Directors is responsible for approving investments in line with the Investment Policy and limits as set out by the Board. The Investment Policy is reviewed and revised in line with the market conditions and business requirements from time to time. The decisions to buy and sell up to the approved limit delegated by the Board are taken by the Chairman & Managing Director, who is assisted by Senior Executives of the Company. The investment function is carried out primarily to support the core business of housing finance to ensure adequate levels of liquidity and to maintain investment in approved securities in respect of public deposits raised as per the norms of National Housing Bank. Considering the time lag between raising of resources and its deployment, the surplus funds are generally being parked with liquid fund schemes of mutual funds, bonds and short term deposits with banks. During the financial year under review, your Company earned ₹ 36.10 crore by way of income from mutual funds & other treasury operations and ₹ 35.75 crore by way of interest on bonds (including SLR bonds) and deposits placed with banks.

As per National Housing Bank guidelines, Housing Finance Companies are required to maintain Statutory Liquid Ratio (SLR) in respect of public deposits raised. Currently, the SLR requirement is 13% of the public deposits. As at March 31 2019, your Company has invested ₹ 697.47 crore (book value - gross) in approved securities comprising of government securities, government guaranteed (State and Central) bonds, State Development Loans and by way of bank deposits for ₹ 737.95 crore. It is being maintained within the limits prescribed by National Housing Bank.

## SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

As on March 31, 2019, your Company has four (4) wholly owned subsidiaries, three (3) joint ventures and three (3) associate companies. The Board of Directors reviewed the affairs of all the subsidiaries, joint ventures and associate companies.

Pursuant to the provisions of Section 129(3) of the Companies Act, 2013, your Company has prepared Consolidated Financial Statements of the Company which forms part of this Annual Report. Further, a Statement containing salient features of financial statements of the subsidiaries, joint venture entities and

associate companies in the prescribed format AOC-1, pursuant to the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 forms part of this Board's report as "Annexure - 2". The Statement also provides details of performance and financial position of each of these companies.

In accordance with the provisions of Section 136 of the Companies Act, 2013 read with the applicable rules, the audited standalone financial statements, the consolidated financial statements and related information of the Company and the audited accounts of the subsidiary/ies, joint venture entities and associate companies, are available on the Company's website i.e. [www.dhfl.com](http://www.dhfl.com). These documents shall also be available for inspection till the date of the ensuing Annual General Meeting during the business hours, i.e. between 2.00 p.m. to 5.00 p.m. on all working days (except Saturdays, Sundays and Public Holidays) at the Registered Office of the Company.

### Highlights of Performance of Subsidiaries

#### DHFL Advisory & Investments Private Limited (DAIPL)

DHFL Advisory & Investments Private Limited was incorporated as a wholly-owned subsidiary of your Company with the main object to, inter-alia, carry on the business of providing all kinds of advisory/ consultancy services and fee based intermediation activities.

As at March 31, 2019, DAIPL held 32.88% stake in the equity share capital of the joint venture entity i.e. DHFL Pramerica Asset Managers Private Limited (DPAMPL).

During the current financial year, your Company has pursuant to receipt of approval from relevant regulatory authorities sold the entire stake held by it (i.e. 17.12% directly and 32.88% through DAIPL) in DPAMPL and DHFL Pramerica Trustees Private Limited (DPTPL) to PGLH of Delaware and the transaction was consummated on July 31, 2019.

DAIPL earned an advisory fees of ₹ 0.025 crore during the financial year ended March 31, 2019 as against ₹ 0.05 crore for the financial year 2017-18.

#### DHFL Investments Limited (DIL)

DHFL Investments Limited was incorporated as a wholly owned subsidiary of your Company in the financial year 2016-17. The Company made an investment of ₹ 100.05 crore in DIL by way of subscription to 10,00,50,000 equity shares of ₹ 10/- each in the financial year 2016-17. During the previous financial year, your Company made further investment of ₹ 1.20 crore by subscribing to 12,00,000 Equity shares of ₹ 10/- each issued by DIL on preferential basis.

DIL holds 50% stake in the equity share capital of the joint venture entity DHFL Pramerica Life Insurance Company Limited. DIL had during the financial year 2016-17, by way of issue of Compulsory Convertible Debentures (CCDs), raised an amount of ₹ 1,901 crore from Wadhawan Global Capital Limited (formerly Wadhawan Global Capital Private Limited). The said CCDs are convertible into equal number of equity shares of DIL after the expiry of 100 months from the date on which the CCDs were issued and mandatorily to be converted on the expiry of 110 months.

As at March 31, 2019, the networth of DIL stood at ₹ 2,000.62 crore and its loss for the financial year 2018-19 was ₹ 0.05 crore as against loss of ₹ 0.33 crore for the financial year 2017-18.

#### DHFL Changing Lives Foundation

DHFL Changing Lives Foundation, was incorporated in the previous financial year as a Non-Profit Company, limited by guarantee, registered under Section 8 of the Companies Act, 2013 to take forward your Company's CSR Vision and implement social programmes in a far more collaborative and participative way. The DHFL Changing Lives Foundation has initiated implementing the Company's flagship CSR programme i.e. Early Childhood Care and Education (ECCE). It further proposes to invest in various capacity building initiatives to develop the programme, scale it to new geographies, foster partnership and use the learnings for creating a holistic approach to ECCE and make it an adaptable model in the National agenda for sustainable development goals.

#### DHFL Holdings Limited (DHL)

During the financial year under review, your Company incorporated DHFL Holdings Limited as its wholly-owned subsidiary and made an investment of ₹ 1 lakh in DHL by way of subscription to 10,000 equity shares of ₹ 10/- each.

The main object of DHL is, inter-alia, to carry on the business of a holding and investment company, to buy, underwrite, invest in, acquire, hold, deal in and trade in shares, stocks, debentures, debenture-stock, bonds, obligations and securities of any kind of companies or partnership firms or body corporate, whether in India or elsewhere.

### Highlights of Performance of Joint Ventures

#### DHFL Pramerica Life Insurance Company Limited

Your Company had acquired 50% equity stake in DHFL Pramerica Life Insurance Company Limited (erstwhile DLF Pramerica Life Insurance Company Limited) ("DPLI"), a life insurance Company registered with Insurance Regulatory and Development Authority of India, from DLF Limited in December, 2013, and entered into a joint venture with Prudential International Insurance Holdings Limited ("Prudential"). In order to unlock the value of the Company's investment in DPLI, with the approval of Board of Directors, the Members of the Company and relevant regulatory authorities, during the financial year 2016-17, the entire equity stake held in DPLI representing 50% of the paid-up equity share capital of DPLI was sold to DIL, a wholly-owned subsidiary.

As at March 31, 2019, the networth of DPLI stood at ₹ 989.91 crore and its Profit before tax declined by 19.4% to ₹ 97.91 crore for financial year 2018-19 as against ₹ 121.53 crore for financial year 2017-18. The Assets under Management of DPLI stood at ₹ 4,463.70 crore as at March 31, 2019 as against ₹ 3,101.80 crore as at March 31, 2018. DPLI has presence in 27 states and 2 Union Territories.

#### DHFL Pramerica Asset Managers Private Limited & DHFL Pramerica Trustees Private Limited

Upon entering into a joint venture with PGLH of Delaware, (a wholly-owned indirect subsidiary of Prudential Financial Inc.) your



Company had acquired 50% of the equity share capital of DHFL Pramerica Asset Managers Private Limited (hereinafter referred to as "DPAMPL"), the Asset Management Company of DHFL Pramerica Mutual Fund (hereinafter referred to as "DPMF") and DHFL Pramerica Trustees Private Limited, the Trustee of DPMF.

Your Company is registered with Association of Mutual Funds in India (AMFI) vide registration No. ARN -101515 as AMFI registered Mutual Fund Advisor and undertakes the distribution of mutual fund products of DPAMPL.

As at March 31, 2019, your Company held 50% equity stake in DPAMPL (directly 17.12% and 32.88% through its wholly-owned subsidiary, DA IPL) and the DPTPL, respectively. Your Company has sold the entire stake held by it in DPAMPL (i.e. 17.12% directly and 32.88% through DA IPL) and DPTPL to PGLH of Delaware and the transaction was consummated on July 31, 2019. Consequent upon said disinvestment on July 31, 2019, both DHFL Pramerica Asset Managers Private Limited and DHFL Pramerica Trustees Private Limited ceased to be Joint Venture companies of your Company.

As on March 31, 2019, the networth of DPAMPL stood at ₹ 133.28 crore with a Loss Before Tax of ₹ 10.20 crore for financial year 2018-19 as against Profit of ₹ 11.27 crore for financial year 2017-18. The Assets under Management of DPAMPL stood at ₹ 9,432.40 crore as at March 31, 2019 as against ₹ 26,750.82 crore as at March 31, 2018. DPAMPL has presence in 14 states.

## Highlights of Performance of Associate Companies

### Aadhar Housing Finance Limited (AHFL) (formerly DHFL Vysya Housing Finance Limited)

Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited, hereinafter referred to as "AHFL") is a housing finance company registered with NHB and it focuses to cater to the lower and middle income segment.

As at March 31, 2019, the networth of AHFL stood at ₹ 859.85 crore (including capital reserve on amalgamation) and its Profit Before Tax grew by 45.53% at ₹ 235.40 crore for the financial year 2018-19 as against ₹ 161.75 crore for the financial year 2017-18. The Assets under Management of AHFL stood at ₹ 10,016 crore as at March 31, 2019 as against ₹ 7,966.41 crore as at March, 31, 2018. AHFL has presence in 20 states.

As on March 31, 2019, your Company held 9.15% of the paid-up equity share capital of AHFL.

During the current financial year, your Company has pursuant to receipt of regulatory approvals and execution of relevant documents, completed the sale/transfer of its entire stake i.e. 23,01,090 equity shares (equivalent to 9.15% of AHFL) held in AHFL to BCP Topco VII Pte. Ltd., which is controlled by private equity funds managed by Blackstone and consummated the transaction on June 10, 2019. Consequent upon sale/transfer on June 10, 2019, Aadhar Housing Finance Limited ceased to be an associate company of your Company.

### Avanse Financial Services Limited (Avanse)

Avanse Financial Services Limited is one of the leading education focused niche NBFC, regulated by Reserve Bank of India. With its new age, flexible and tailored financial solutions, Avanse addresses higher education needs of the Indian youth enabling them to 'Aspire without Boundaries'. Avanse has fulfilled dreams

of over 15,000 academic aspirants across 6,000+ courses in 2,000+ institutes across India and over 45+ countries including US, UK, Canada, Australia and others.

As at March 31, 2019, the net worth of Avanse stood at ₹ 577.78 crore and its Profit Before Tax grew by 130% at ₹ 41.48 crore for the financial year 2018-19 as against ₹ 18.00 crore for the Financial Year 2017-18. The Assets under Management of Avanse stood at ₹ 2,852 crore as at March 31, 2019 as against ₹ 2,187 crore as at March 31, 2018. Avanse has presence in 16 locations across India.

As on March 31, 2019, your Company held 30.63% of the paid-up equity share capital of Avanse.

During the current financial year, your Company has pursuant to receipt of regulatory approvals and execution of relevant documents, completed the sale/transfer of its entire stake held in Avanse i.e. 1,92,50,719 (30.63%) equity shares to Olive Vine Investment Limited, an affiliate of the Warburg Pincus group and consummated the transaction on July 30, 2019. Consequent upon sale/transfer on July 30, 2019, Avanse Financial Services Limited ceased to be an associate company of your Company.

### DHFL Ventures Trustee Company Private Limited (DHFL Ventures)

DHFL Ventures is a Company which acts as a trustee company of venture capital funds and alternative investment funds. During the financial year 2016-17, your Company had transferred its entire equity stake held in DHFL Ventures to its wholly owned subsidiary i.e. DHFL Investments Limited at face value

As at March 31, 2019 the net worth of DHFL Ventures stood at ₹ 0.06 crore and its Profit Before Tax was ₹ 0.02 crore for financial year 2018-19. The total assets of DHFL Ventures stood at ₹ 0.11 crore as at March 31, 2019 as against ₹ 0.09 crore as at March 31, 2018.

## INFORMATION TECHNOLOGY

Your Company has been expanding technology landscape through advanced technology solutions as part of digital transformation program which comprises of technology enablers for business growth and operational efficiency along with a lot of emphasis on IT security.

The journey towards digital transformation is to enhance customer and employee experience by strengthening enterprise architecture and expanding the digital footprint to meet evolving business needs.

As part of this program, best-fit solutions were being implemented/enhanced in the areas of (i) customer relationship management to achieve higher customer satisfaction and enhanced marketing and sales effectiveness; (ii) digital channels to provide for effective interaction between the Company and its customers and business partners/agents (iii) enhancing deposits system (iv) complete digitization of processes and document management to facilitate the centralization of processes (v) Mobility solutions for collections management, customer on-boarding and technical verifications (vi) loan origination and management system (vii) middleware enhancements (viii) Integration with fintech solutions for improving operational efficiency.



## **HUMAN RESOURCES**

Your Company continues to nurture a culture of talent and leadership development and believes that the internal human potential shall be the stepping stones of establishing a profitable business proposition. It is your Company's constant attempt to create an atmosphere where the workforce thrives, grows up the learning curve and are valued for their contributions.

Your Company believes in acquiring the finest resources, building their capabilities through robust learning models, and retaining them through progressive employee-centric policies and practices. This successfully creates alignment of organizational and individual aspirations.

During the financial year 2018-19, your Company strengthened the pre-trained manpower hiring channel, providing product and process training prior to on-boarding, in order to curtail the loss of productive hours. Your Company is also tied up with prominent and Tier I learning institutions of the country to curate end-to-end scholastic cycles for the youth of tomorrow. Your Company introduced referral schemes to ensure economical quality hires. It also refurbished its Employee Induction Program, aiding cultural orientation of the off-role staff to the organizational culture, while, at the same time, imparting to them the necessary product and process knowledge.

Under the flagship program, GATI – Career Progression Plan for its DSSL staff – that was announced in financial year 2015-16, approximately 3,500 frontline staff was dispersed across three levels. During the financial year under review, your Company on-boarded 10% proportion of its total hire from DHFL Sales and Services Limited (DSSL) source, rationalizing cost of hire and lessening performance lead time on external hires. Your Company also arranged for “First Time Manager” training to employees to hone their people management skills and improve employee relations. Your Company also joined hands with prominent educational institutions to sponsor higher education opportunities for the staff and their families at reduced rates. As part of this initiative, more than 70 applications were received in the year under review. Through this initiative, your Company intends to provide career growth opportunities to its human capital and foster higher studies amongst the extended DHFL Family, contributing to the cause of developing employable skills amongst the youth of the nation.

Your Company, in the financial year 2016-17, had launched “Better Together” - its diversity and inclusion initiative. Your Company continued to maintain a 10% female in the workforce ratio. Your Company leveraged on “Stronger Together” – the DHFL Women's Club, to facilitate knowledge sharing and empowerment among women employees. This informal platform helped us to create a more secure and supportive environment for the women staff. Your Company also scheduled several work-life sessions by celebrated speakers, besides financial knowledge camps, as well as grooming and health awareness sessions. An in-house nutritionist and Desk Yoga instructor were also appointed keeping in mind the welfare of the staff. Your Company, as responsible corporate citizens, will continue to promote diversity and go beyond its duty to build a workplace conducive to female staff, marked by equal opportunities and merit-based career decisions.

Your Company is on its way to building an organization that is future ready, based on the capabilities of its internal human capital, so as to leverage the inborn talents of employees to achieve higher levels of productivity. For this, your Company had worked with a celebrated brand in the Strength Management Field, Gallup, through their tool, Gallup Clifton Strength's Finder – an online assessment tool that identifies areas in which an individual has the greatest potential for building strengths. In financial year 2017-18, your Company had started the conversation around strengths and in the last financial year, your Company continued to work with people managers for this initiative and successfully implemented this concept, infusing strengths based working into the backbone of internal processes and human resources. Your Company, post the Leadership Enrichment Session based on the Strengths Philosophy, also worked to progress towards drawing out Succession Plans for the organization, wherein the successors for the top three layers were charted out.

Your Company also progressed in areas of Company level Strength Maps and Competency Framework, keeping in mind the next generation of technology and millennials. This involved the making of Organizational and Functional level Strength Maps that would help ascertain the overall organizational behavior and the competencies that we need to build for the future. The exercise charted out the core competencies that your Company would need to build internally to thrive in the next phase of growth and business operations. This was aimed at supporting the strategic growth charter of the Company and filtering out key action areas in terms of employee capability to make your Company's future-ready.

## **Learning and Development**

Your Company's Learning & Development Team (L&D Team) is responsible for providing learning solutions to every role within the Company by designing comprehensive training framework to match the dynamic and ever evolving business trends.

Your Company has created stronger depth and focus in its skill building efforts. It has been able to support professional development and empower employees to deliver improved quality of service through its training intervention and motivating them to perform with renewed vigor and enthusiasm. Teaching expertise has been nurtured in-house, in the form of dedicated trainers, facilitators, content developers as well as subject matter experts from business teams.

During the financial year under review, training was imparted to 4,584 on roll employees and 2,626 off roll employees, covering a wide range of functional areas including sales skill development programs, credit analytical skills, appraisal techniques, fraud & risk management. “Organization Orientation” the exclusive monthly induction program for the new recruits is conducted to give an overall view of the Company's vision and mission. Similarly, programs based on soft skills and monitoring techniques were also conducted and 4,113 employees were covered, of which 3,337 were on roll and 776 were off roll.

In keeping with its importance and in compliance with National Housing Bank norms, trainings on Know Your Customer (KYC)

& Anti Money Laundering (AML) with a total coverage of 2,801 employees were also imparted at all levels within the organization. External training programs and cross functional exposures were utilized to provide an extra edge to employees for continuous and better performance through learning and job experience. To leverage the internal strength of L&D Team, only 14.24% of trainings were fully outsourced.

Your Company has partnered with the best in class leadership trainers of the country for corporate breakthrough workshop for key position holders and business managers. To study the impact of training, your Company engages leading trainers from the industry to benchmark Company's skills and for analyzing the same with focus on measuring and improving employee engagement and learning quotient.

Taking concrete steps based on the study findings, is helping the organization in building a stronger and more engaged workforce. Customer focus remains at the core of all L&D initiatives.

Your Company's Human Resources initiatives and L&D systems are designed to ensure an active employee engagement process, leading to better organizational capability and vitality for maintaining a competitive edge and in pursuing its ambitious growth plans.

## EMPLOYEE REMUNERATION

- (A) The ratio of the remuneration of each director to the median employees' remuneration and other details in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, forms part of this Board's report as "Annexure - 3".
- (B) The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended by the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 forms part of this Board's report. However, as per first proviso to Section 136(1) of the Act and second proviso of Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Report and Financial Statements are being sent to the Members of the Company excluding the said statement. Any Member interested in obtaining a copy of the said statement may write to the Secretarial Department at the Registered Office of the Company.

## EMPLOYEES STOCK OPTION SCHEME (ESOP)/ EMPLOYEE STOCK APPRECIATION RIGHTS (ESARs)

Your Company has formulated employee stock option schemes/ employee stock appreciation rights plan with an intent to reward the employees of the Company for their performance and to

motivate them to contribute to the growth and profitability of the Company. The Company also intends to use these schemes/plan to retain the talent, working with the Company.

Your Company has with the approval of Nomination and Remuneration Committee of the Board of Directors and pursuant to the special resolution passed by the Members of the Company at the Annual General Meeting held on July 23, 2007, formulated three employee stock option schemes, ESOP - 2008, ESOP - 2009 - Plan II and ESOP - 2009 - Plan III. The said stock option schemes are in compliance with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (SEBI SBEB Regulations). The ESOP 2009 Plan II lapsed on November 25, 2015 and the ESOP 2009 Plan III was completed on May 12, 2017 and ESOP 2008 was completed on June 1, 2018 upon allotment of the balance 15,440 equity shares of ₹ 10 each under the said plans.

Pursuant to the resolution passed by the Board of Directors of the Company, at its meeting held on January 16, 2015 and the special resolution passed by the Members of the Company on February 23, 2015 through Postal Ballot, the DHFL Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR Plan 2015" / "the Plan") was approved in accordance with the provisions of SEBI SBEB Regulations, exercisable into not more than 51,46,023 fully paid-up equity shares in aggregate, having face value of ₹ 10/- each. Consequent to the bonus shares issued by the Company to its Members in the ratio 1:1 during the financial year 2015-16, the total number of Employee Stock Appreciation Rights (ESARs) also increased in the same ratio i.e. exercisable into not more than 1,02,92,046 fully paid up equity shares.

During the financial year 2017-18, Nomination and Remuneration Committee on July 13, 2017 approved Grant III of 32,47,100 and Grant IV of 5,50,000 ESARs and thereafter, on October 16, 2017 and January 22, 2018 approved Grant V & VI of 1,50,800 ESARs and 71,900 ESARs respectively, to the eligible employees of the Company conferring upon them a right to receive equity shares equivalent to the appreciation in the value of the shares of your Company. Nomination and Remuneration Committee on January 22, 2018 also approved the amendment to the vesting schedule in respect of the ESARs granted under Grants III, IV and V.

During the financial year 2017-18, the Members of the Company, approved amendment to the DHFL ESAR Plan 2015, inter-alia, for increasing the number of equity shares that can be allotted thereunder to 2,67,82,046 equity shares from the earlier limit of 1,02,92,046 equity shares. Pursuant to the subject approval, the Nomination and Remuneration Committee on March 21, 2018 approved Grant VII of 1,17,35,600 ESARs to the eligible employees of the Company.

Pursuant to the subject approval, the Nomination and Remuneration Committee on June 27, 2018 approved Grant VIII of 2,40,000 ESARs to the eligible employees of the Company.

During the Financial Year under review, in view of the interest expressed and requests given by all the ESAR Grantees covered under the aforesaid Grant - VII and Grant - VIII of the DHFL ESAR Plan 2015 to cancel and discontinue with the said Grants, the Nomination & Remuneration Committee and the Board of Directors of the Company at their respective Meetings held on March 29, 2019, approved cancellation of said Grant VII and Grant VIII of ESARs issued under the DHFL ESAR Plan 2015.

During the financial year under review, the Company allotted to the eligible employees from time to time 1,48,737 equity shares of ₹ 10/- each on exercise of 2,42,211 ESARs, under Grant I, II and III of DHFL ESAR Plan 2015.

The Company's Nomination and Remuneration Committee of the Board of Directors, inter-alia, administers and monitors the Employee Stock Option Schemes/Employee Stock Appreciation Rights Plans of the Company, in accordance with SEBI SBEB Regulations.

The Company has received a certificate from its auditors confirming that the Employee Stock Options Schemes/ Employee Stock Appreciation Rights Plan have been implemented in accordance with SEBI SBEB Regulations and is as per the respective resolutions passed by the Members of the Company. The said certificate would be placed at the ensuing Annual General Meeting for the inspection by the Members of the Company. The applicable disclosures as stipulated under SEBI SBEB Regulations, for the financial year under review, form part of this Board's report as "Annexure - 4" and in terms of Regulation 14 of SEBI SBEB Regulations the said details are also available on the website of the Company at the URL: <http://www.dhfl.com/investors/esos-esar-disclosures/>

## **DISCLOSURE UNDER SUB-SECTION (3) OF SECTION 134 OF COMPANIES ACT, 2013, READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

### **A. Conservation of Energy**

Your Company is not engaged in any manufacturing activity and thus its operations are not energy intensive. However, adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy. During the financial year under review, your Company has made capital investment of approximately ₹ 0.80 crore at various locations, towards the installation of energy conservation equipment's such as replacement of CFL (Compact Fluorescent Lamp) with LED (Light- Emitting Diode) lights, energy saving Air-conditioners (VRV), replacement of normal tube lights with LED lights at the National Office of the Company and other pan-India branches. These initiatives have resulted in power saving on a daily basis. The Company on its lending side actively associates in all programmes and schemes of the Government and National Housing Bank (NHB), in promoting energy efficient homes.

### **B. Technology Absorption**

Your Company has taken positive steps towards digital transformation to enhance customer experience, provide superior customer service, improve operational efficiency to support evolving business needs.

By expanding digital footprint, your Company has embraced mobility solutions in a big way to improve productivity and efficiency in customer onboarding, collections and technical verification processes. In addition, your Company is doing

continuous enhancement of the core technology architecture to provide a scalable future ready platform to support and enable your Company's growth. The new technology platform covers all functions starting from sales to loan underwriting and management, customer relationship management, financial accounting and collections management.

Your Company is also adopting analytics solutions in a big way to provide better insights about its customers and internal operations, and take informed decisions based on advanced and predictive analytics. The various technology advancements that have been undertaken are aimed at serving the customers better, managing the processes efficiently and economically without compromising on security and controls.

### **C. Foreign Exchange Earnings and Outgo**

There were no foreign exchange earnings during the year.

During the financial year under review, your Company's expenditure in foreign currency increased by 55.35% from ₹ 127.96 crore in the financial year ended March 31, 2018 to ₹ 198.79 crore for the financial year ended March 31, 2019. The increase in foreign exchange expenses was due to payment of interest on foreign borrowings and expenses for raising funds / borrowings.

### **INSURANCE**

Your Company has insured its various properties and facilities against the risk of fire, theft, risk of financial loss due to fraud and other perils, etc. and has also obtained Directors' and Officers' Liability Insurance Policy which covers the Company's Directors and Officers (employees in managerial or supervisory position) against the risk of financial loss including the expenses pertaining to defense cost and legal representation expenses arising in the normal course of business. Also the Public Liability policy availed covers the legal liability arising out of third party bodily injury or third party property damage in Company premises.

Further, your Company has obtained money policy to cover "money in safe and till counter and money in transit" for the Company's branches and various offices. All the vehicles owned by the Company are also duly insured.

Your Company also has in place a group mediclaim policy for its employees and their dependent family members, group term life and group personal accident policies, which provide uniform benefits to all the employees.

Your Company being registered with Insurance and Regulatory Development Authority of India (IRDAI) to act as a Corporate Agent (Composite) for distribution and solicitation of life and general insurance products of DHFL Pramerica Life Insurance Company Limited, Cholamandalam MS General Insurance Company Limited and DHFL General Insurance Limited, respectively.

Your Company serves as group administrators for group health and/or personnel accident insurance policy for its customers

and also solicit Property (Fire & Standard Perils) retail general insurance product to ensure adequate insurance coverage for the properties financed during the tenure of the loan.

Your Company also has in place a policy on Open Architecture for Retail Insurance Business, in terms of the Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015, which lays down the manner of soliciting and servicing insurance products and addresses the manner of adopting the philosophy of open architecture and its implementation.

Your Company also educates its customers in relation to the insurance products suitable for them.

### **NATIONAL HOUSING BANK GUIDELINES**

Your Company has complied with the provisions of the Housing Finance Companies (NHB) Directions as prescribed by National Housing Bank (NHB) and has been in compliance with the various Circulars, Notifications and Guidelines issued by NHB from time to time. The Circulars, Notifications and Guidelines issued by NHB are also placed before the Audit Committee / Board of Directors at regular intervals to update the Committee/ Board members on the status of compliance with the same.

### **VIGIL MECHANISM (WHISTLE BLOWER POLICY)**

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct and Code of Business Ethics. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases.

The said policy is available on the website of the Company at the URL: <https://www.dhfl.com/docs/default-source/investors/whistle-blower-policy/whistle-blower-policy-revised.pdf>

### **PREVENTION, PROHIBITION & REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and has a robust mechanism to redress the complaints reported thereunder. An Internal Complaints Committee has been constituted, which comprises of internal members and an external member who has experience in the subject field.

Pursuant to the provisions of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal)

Act, 2013, the complaints received thereunder and the details relating thereto are as follows:

- (a) Number of complaints received in the year: Nil
- (b) Number of complaints disposed of during the year: Nil
- (c) Number of cases pending more than ninety days: Nil
- (d) Number of workshops or awareness programme against sexual harassment carried out: Your Company on a regular basis sensitizes its employees on prevention of sexual harassment through various workshops, awareness programmes which are conducted at branch, regional, zonal and national level.
- (e) Nature of action taken by the employer or district officer: Nil

### **RISK MANAGEMENT**

As a housing finance company, your Company is exposed to various risks like credit risk, market risk, liquidity risk and operational risk (technology, employee, transaction and reputation risk).

While your Company catapulted into large HFC domain, prudence in underwriting and loan appraising capability remained a key benchmark for your Company. Your Company's highly proficient teams from legal, technical services and risk containment unit are the backbone of your Company's adept risk management processes and differentiates it from the others. Corporate governance remained a matter of utmost priority. Your Company has an effective Risk Management Control Framework that has been developed encircling all the above areas. Your Company has a Risk Management Committee (RMC) and Operational Risk Management Committee (ORMC) that comprise of its directors and members of its senior management team, respectively, who have rich experience in the industry in various domains. The RMC meets on periodic basis to oversee risk management system and the emergent risks your Company is exposed to. Your Company encourages sound risk management culture within the organization.

Your Company is committed to manage its risk in a proactive manner and has adopted structured and disciplined approach to risk management by developing and implementing risk management framework. With a view to manage its risk effectively, your Company has in place a Comprehensive Risk Management Policy which covers a formalized Risk Management Structure, alongwith other aspects of Risk Management i.e. Credit Risk Management, Operational Risk Management, Market Risk Management and Enterprise Risk Management. The Risk Management Committee of the Board, on periodic basis, oversees the risk management systems, processes and minimization procedures of the Company. During the financial year under review, the risk management policy of the Company was revised to align the same with the changing business environment.

During the financial year under review, the Comprehensive Risk Management Policy was amended on August 13, 2018 to amend the parameters for risk profiling on the basis of individual



credit risk. Further, the details of the amended Asset Liability Management Policy and Foreign Exchange and Interest Rate Risk Management Policy were also included in the subject policy.

### **NOMINATION (INCLUDING BOARDS' DIVERSITY) REMUNERATION & EVALUATION POLICY (NRE POLICY) & PERFORMANCE EVALUATION**

Your Company recognizes the importance and benefits of having a diverse Board. It endeavors to ensure diversity on the Board through varied skills, experience and background, gender, knowledge and other distinguishing qualities to enhance the overall effectiveness of the Board which in turn brings in valuable contribution to the Company's business strategies, plans and future growth aspects.

Your Company also believes that the Board shall at all times represent an optimum combination of Executive and Non-Executive Directors as well as Independent Directors. The Nomination (including Boards' Diversity), Remuneration & Evaluation Policy (NRE Policy) of the Company, inter-alia, lays down the approach to diversity of the Board, criteria for identifying the persons who are qualified to be appointed as Directors and/or Senior Management Personnel of the Company, alongwith the criteria for determination of remuneration of Directors, KMPs and other employees and their evaluation and includes other matters, as prescribed under the provisions of Section 178 of Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Additional details with respect to the said policy are given in the Report on Corporate Governance forming part of this Annual Report.

The said policy is available on the website of the Company at the URL: [https://www.dhfl.com/docs/default-source/investors/nomination-\(including-boards-diversity\)-remuneration-and-evaluation-policy-of-the-company/nomination-remuneration-evaluation-policy-revised.pdf](https://www.dhfl.com/docs/default-source/investors/nomination-(including-boards-diversity)-remuneration-and-evaluation-policy-of-the-company/nomination-remuneration-evaluation-policy-revised.pdf)

The Nomination and Remuneration Committee of the Board of Directors has laid down the performance evaluation and assessment criteria/parameters for the Board (including Board Committees) and individual Directors. The Independent Directors in terms of Schedule IV of the Companies Act, 2013 at its separate meeting evaluated the performance of the Chairman & Managing Director, Joint Managing Director, Non-Executive Director and the Board as a whole.

The Nomination and Remuneration Committee carried out the evaluation of every Director's performance and the Board additionally carried out a formal evaluation of its own performance, Board Committees namely Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders' Relationship Committee, Corporate

Social Responsibility Committee and Finance Committee and all the individual Directors without the presence of the Director being evaluated. The detailed process and manner of performance evaluation carried out basis the criteria / parameters laid down for the purpose have been explained in the Report on Corporate Governance, forming part of this Annual Report.

### **CORPORATE SOCIAL RESPONSIBILITY**

Your Company has been raising hope and fulfilling dreams of home ownership, of the lower and middle income (LMI) segment, for more than three and a half decades. Thus, encouraging a safer and healthier living environment, aspirations for better education, better career opportunities and better lifestyle. Your Company has extended its business ethos of 'Changing Lives' to its Corporate Social Responsibility (CSR) and has in place a Corporate Social Responsibility Policy (CSR Policy), as per the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large.

During the financial year under review, the Corporate Social Responsibility policy (CSR Policy) was amended on November 21, 2018 to align the same with the requirements of the amendments made to the relevant provisions of the Companies Act, 2013 and the rules thereunder notification of the Companies Amendment Act, 2017 issued by Ministry of Corporate Affairs (MCA).

As per the provisions of Section 135 of the Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee (CSR Committee). The CSR Committee assists the Board in fulfilling its duty towards the community and society at large by identifying the activities and programmes that can be undertaken by the Company, in terms of the CSR Policy of the Company. The composition of the CSR Committee and its terms of reference are given in the Report on Corporate Governance forming part of this Annual Report.

Your Company's CSR programmes have scaled to cover 6 States and 25 locations (cities/ villages/ towns), in the following thematic areas:

- I. Education viz. Early Childhood Care & Education (ECCE)
- II. Rural development with a focus on drought mitigation
- III. Empowerment through Financial literacy and inclusive growth, under 'Sharmaji ke Sawal. Vinodji ke Jawab'
- IV. Skills development for sustainable livelihoods

Your Company has established a wholly-owned subsidiary viz. DHFL Changing Lives Foundation in December 2017, for implementing the Company's CSR programmes. The DHFL Changing Lives Foundation currently implements the Company's flagship CSR programme under Early Childhood Care & Education



(ECCE) as 'Project Sneh' along with few other allied programmes towards livelihoods and education. The Annual Report on CSR activities forms part of this Board's report as "Annexure - 5" and details the programme reach, impact and investments.

## LISTING OF SHARES OF THE COMPANY

The Equity Shares of your Company continue to remain listed on BSE Limited and the National Stock Exchange of India Limited.

The Company has paid the listing fees as payable to the BSE Limited and the National Stock Exchange of India Limited for the financial year 2019-20 within stipulated time.

## MARKETING AND BRANDING

Your Company has also ensured value driven communication, to reinforce the significance of home ownership, across TV, print, radio, digital and outdoor media. Additionally, your Company has leveraged digital media to generate awareness on the nuances of home loans and welfare schemes, including the Pradhan Mantri Awas Yojana (PMAY), using digital characters 'Sharmaji & Vinodji' launched in 2016 as a part of its consumer education initiative. In addition to this your Company also continued its country wide unique initiative called 'Griha Utsav – Property Expo and Home Loan Mela' wherein a market place was created for builders to display affordable properties and consumers who were looking for such properties were invited to visit the expo. Throughout the year your Company conducted 39 such exhibitions and touched millions of lives by enabling home ownership. To keep up with the digital boom, your Company also launched its revamped website in April 2018. The revamped website came with an appealing look & feel and also with a mobile friendly navigation.

Your Company enhanced its social media presence by increasing its engagement with customers via Facebook, Twitter, LinkedIn and YouTube. Basis in-depth research on consumer's online behaviour and journeys, your Company revamped its website making it mobile and user friendly for improved communication with its stakeholders and customers. The website effectively captures your Company's leadership position across housing and non-housing loan portfolios and helps visitors get a better understanding of your Company's products and services with a least number of clicks.

## AWARDS AND RECOGNITIONS

The Awards and recognitions won by the Company during the Financial Year 2018-19, at various award forums are as under:

- DHFL awarded "The Best Performing Primary Lending Institution under CLSS for MIG" by the Ministry of Housing and Urban Affairs, Government of India
- DHFL awarded as the Leading Housing Finance Company of the Year by Times Network
- DHFL Griha Utsav awarded the Most Admired Brand Activation Campaign at the 7<sup>th</sup> ACEF Asian Leadership Awards 2018

- DHFL awarded "Housing Finance Company of the Year" at the Asia's Banking, Financial Services and Insurance Excellence Awards held in Singapore
- DHFL awarded The Economic Times Iconic Brand Award 2018

## DISTRIBUTION NETWORK

The distribution network of your Company is designed to reach out to the Lower and Middle Income (LMI) segment and tap a growing potential customer base throughout India. Your Company maintains a pan-India marketing and distribution network with a presence across at 330 locations throughout India, including 195 Branches, 108 Service Centres, 19 Zonal/Regional/CPU Offices, 4 Disbursement Hubs, 1 Administrative Office, 1 Registered Office, 1 Corporate Office and 1 National Office as on March 31, 2019. Additionally, your Company has international representative offices located in London and Dubai.

Your Company's network is grouped into Zones and Regions located pan-India with significant presence in Tier II and Tier III cities, town and its peripheral suburbs. Your Company believes that its business model allows it to deliver improved turnaround time and to improve customer satisfaction while maintaining asset quality. The distribution network includes direct selling teams (i.e. staff working on a contract basis), Direct Selling Agents [DSAs] and other business referral partners. Direct selling teams work under supervision of the employees of your Company and the payment for their services is a combination of fixed fee and variable commission based on the disbursement of loans sourced by them. The majority of the loans are sourced through the direct selling teams. Your Company has also entered into tie-ups with a number of Indian public and private sector banks to provide their customers access to the home loan solutions offered by your Company. The tie-ups with such banks allow your Company an access to the ally banks' customers and branch networks while providing them with the option to participate in the loan syndication programs with the Company.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of your Company as at March 31, 2019 consisted of five Directors, out of which two were Independent Directors, two were Non-Executive Directors and one was Executive Director designated as a Chairman & Managing Director. The current composition of the Board (as on the date of this Report) consists of six Directors, out of which three are independent Directors, two are Non-Executive Directors and one is Executive Director designated as a Chairman & Managing Director.

The following are the changes that occurred in the composition of Board of Directors and Key Managerial Personnel during the financial year under review and until the date of this Report:

Mr. Harshil Mehta (DIN: 03038428) resigned from the position of Whole Time Director (designated as Joint Managing Director & CEO) from the Board of Directors of the Company with effect from February 13, 2019. Mrs. Vijaya Sampath (DIN: 00641110),

Mr. Vijay Kumar Chopra (DIN: 02103940), Mr. Guru Prasad Kohli (DIN: 00230388) and Mr. Mannil Venugopalan (DIN: 00255575) resigned from the position of Independent Directors of the Company with effect from February 12, 2019, March 11, 2019, March 29, 2019 and March 30, 2019 respectively.

The Board of Directors places on record its appreciation for the invaluable contribution made and services rendered by Mr. Harshil Mehta, Mrs. Vijaya Sampath, Mr. Vijay Kumar Chopra, Mr. Guru Prasad Kohli and Mr. Mannil Venugopalan during their tenure as Directors with the Company.

The Board of Directors appointed Mr. Sunjoy Joshi (DIN: 00449318), Mr. Alok Kumar Misra (DIN: 00163959) with effect from March 26, 2019 and Dr. Deepali Pant Joshi (DIN: 07139051) with effect from May 8, 2019 as Additional Directors, in the category of Non-Executive, Independent Directors of the Company for a term of 5 years, not liable to retire by rotation, subject to the approval of the Members of the Company at the ensuing Annual General Meeting of the Company.

The Board of Directors also appointed Mr. Srinath Sridharan (DIN: 03359570) as an Additional Director in the category of Non-Executive Director of the Company with effect from March 26, 2019, subject to the approval of the Members of the Company at the ensuing Annual General Meeting of the Company, whose office shall be liable to retire by rotation.

In accordance with the provisions of section 152 of the Companies Act, 2013 and Articles of Association, Mr. Dheeraj Wadhawan (DIN: 00096026), Non-Executive Director being the longest in office among directors who are liable to retire by rotation, retires by rotation and being eligible; offers himself for reappointment at the ensuing Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence, as laid down under section 149(6) of the Companies Act, 2013 and the provisions of Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors of your Company are related to each other, except for Mr. Dheeraj Wadhawan, Non-Executive Director who is the brother of Mr. Kapil Wadhawan, Chairman & Managing Director of the Company.

The necessary resolutions for the appointment/re-appointment of the above mentioned directors and their brief profiles, nature of expertise in specific functional areas and names of other companies in which they hold Directorship alongwith the Membership/Chairmanship of Committees of the Board as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard (SS-2) on General Meetings are provided in the annexure to the Notice of the Thirty Fifth (35<sup>th</sup>) Annual General Meeting being sent to the Members along with this Annual Report.

Based on the confirmations received, all the directors satisfy the fit and proper criteria as prescribed under the applicable

regulations and they are not disqualified for being appointed/reappointed as directors in terms of section 164 the Companies Act, 2013.

During the year under review, no stock options were issued to the Promoter Directors or Independent Directors of the Company.

During the year under review, Mr. Santosh Sharma, the erstwhile Chief Financial Officer of the Company and Ms. Niti Arya, the erstwhile Company Secretary of the Company resigned from their respective positions with effect from end of working hours of March 15, 2019.

## BOARD MEETINGS

Your Company holds at least four Board meetings in a year, one in each quarter, inter-alia, to review the financial results of the Company and an annual calendar of meetings of the Board are finalized well before the beginning of the financial year after seeking concurrence of all the Directors. All the decisions and urgent matters approved by way of circular resolutions are placed, numbered and noted at the subsequent Board meeting. In case of urgent matters, additional Board meetings are held in between the quarterly meetings.

During the financial year under review, nine (9) Board Meetings were convened and held. The intervening gap between the Board Meetings was within the period prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the Board composition, its meetings held during the year along with the attendance of the respective Directors thereat are set out in the Report on Corporate Governance forming part of this Annual Report.

## Board Committees

Your Company has a duly constituted Audit Committee as per the provisions of Section 177 of the Companies Act, 2013 and provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board of Directors have constituted other committees namely – Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Finance Committee and Corporate Social Responsibility Committee which enable the Board to deal with specific areas / activities that need a closer review and to have an appropriate structure to assist in the discharge of its responsibilities.

The Board of Directors had constituted two special committees viz. "Review Committee for Declaration of Willful Defaulters to Credit Information Companies (CICs)" pursuant to circular issued by National Housing Bank, and NCD Public Issue Committee to take all decisions in connection with the issue of Non-convertible Debentures by way of public issue, in one or more tranches and allotment thereunder. The Board of Directors of your Company at their meeting held on March 29, 2019 unanimously agreed to

dissolve the said committee since the purpose of the constitution of this committee was duly met with.

During the financial year under review, the Board of Directors at its meeting held on January 31, 2019 also constituted a Special Committee viz., 'Special Committee for Sale of Strategic Investments' to identify, determine and approve strategic sale of investments by the Company.

The details of the composition of the Audit Committee alongwith that of other Board committees and other details including their respective terms of reference are included in the Report on Corporate Governance forming part of this Annual Report.

The Audit Committee and other Board Committees meet at regular intervals and ensure to perform the duties and functions as entrusted upon them by the Board.

## **PARTICULARS OF CONTRACTS AND AGREEMENTS WITH RELATED PARTIES**

Your Company has in place Related Party Transaction Policy as per the provisions of Companies Act, 2013 read with the rules made thereunder and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which describes the related party transactions requiring requisite approvals and requirements of appropriate reporting and disclosure of transactions between the Company and its related parties. The said policy also defines the materiality of related party transactions and lays down the procedures of dealing with such transactions.

The Company obtains prior approval of the Audit Committee before entering into any related party transaction. Approval of the Board of Directors in terms of Section 188 of the Companies Act, 2013 is also obtained for entering into Related Party Transactions by the Company, wherever applicable. A quarterly update on the related party transactions is provided to the Audit committee and the Board of Directors for their review and consideration.

All related party transactions entered during the financial year under review were in ordinary course of business and on an arm's length basis.

There were no material related party transactions entered by the Company with any related party during the financial year under review. Thus, the disclosure of related party transaction as per Section 134(3)(b) of the Companies Act, 2013 in the prescribed Form AOC – 2 is not applicable.

The details of the related party transactions entered into by the Company in the ordinary course of business at arm's length basis are mentioned in the notes to the accounts forming part of the audited (standalone) financial statements for the financial year ended March 31, 2019.

During the financial year under review, the Related Party Transaction Policy was amended to align the same with the

requirements of the amendments made to the Companies Act, 2013 and the rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Pursuant to Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Related Party Transaction Policy of the Company forms part of this Board's report as "Annexure - 6". The said policy is available on the website of the Company at URL [https://www.dhfl.com/docs/default-source/investors/related-party-transaction-policy-of-the-company/related-party-transaction-policy\\_27-06-2018.pdf](https://www.dhfl.com/docs/default-source/investors/related-party-transaction-policy-of-the-company/related-party-transaction-policy_27-06-2018.pdf)

## **SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR OR COURT OR TRIBUNALS**

There were no significant and material orders passed by any Regulator or Court or Tribunal which would impact the going concern status of the Company and its future operations.

## **INTERNAL AUDIT & INTERNAL FINANCIAL CONTROL AND ITS ADEQUACY**

Your Company has a Management Assurance and Audit Department, which provides comprehensive audit coverage of functional areas and operations of the Company to examine the adequacy of and compliance with policies, procedures, statutory and regulatory requirements. Annual Risk Based audit plan is placed before the Audit Committee and adherence to the plan is reported quarterly to the Audit Committee.

Significant audit observations and follow up actions thereon are reported to the Audit Committee. The Audit Committee reviews and evaluates adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations.

Management Assurance and Audit is an independent and objective assurance and consulting activity designed to add value and improve the Company's operations. Management Assurance and Audit function is accountable to the Board of Directors through the Chairman of the Audit Committee. Management Assurance and audit also assist the management in identifying operational opportunities for revenue leakage, cost savings and revenue enhancements; ensures working within the regulatory and statutory framework and facilitate early detection and prevention of frauds.

The Audit Committee and Board of Directors have approved a documented framework for the internal financial control to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information and disclosures. The Audit Committee periodically reviews and evaluates the effectiveness of internal financial control system.

## **SECRETARIAL AUDIT REPORT AND SECRETARIAL COMPLIANCE REPORT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company had appointed Mrs. Jayshree S. Joshi, Proprietress of M/s Jayshree Dagli & Associates, Practicing Company Secretaries, Mumbai, to undertake the Secretarial Audit of the Company for the financial year 2018-19.

The Secretarial Audit Report for the financial year ended March 31, 2019, forms part of this Board's report as "Annexure – 7". The said report contains certain qualifications, reservations or adverse remarks and response of the Board on the same are as follows:

The Secretarial Audit report to the Members for the financial year under review, contains qualified opinion and the response of the Board with respect to the same are as follows:

Response to para 1(a) of Annexure 1 to the Secretarial Audit Report: During the financial year under review, your Company had granted short term loan of ₹ 30 crore to Wadhawan Global Capital Limited (WGC) in the ordinary course of business of your Company, on account of the urgency of the fund requirement by WGC. However, it was observed at a later date that the said transaction required prior approval of the Audit Committee under the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") as WGC was a related party of your Company pursuant to Regulation 2(1)(zb) of SEBI Listing Regulations, which was inadvertently missed by your Company. Upon realizing the said inadvertent error, your Company forthwith placed the said transaction before the members of the Audit Committee and the Board of Directors for their consideration and the said transaction was ratified by the Audit Committee members on May 3, 2019 and by the Board of Directors on May 5, 2019 i.e. within the period of three months prescribed under the Companies Act, 2013 during which the Audit Committee and the Board are empowered to ratify such transactions. The management shall take due care to avoid such instances in future.

Response to para 1(b) of Annexure 1 to the Secretarial Audit Report: Your Company, being a housing finance company, in its ordinary course of business grants various loans in the form of housing loan and non housing loan to third parties through its various branches. In March, 2018, your Company had in its ordinary course of business, through one of its branches granted a Property Term Loan of ₹ 27,97,64,893 to Wadhawan Holdings Private Limited, a related party of your Company. In view of the delay in flow of information to the head office, prior approval of Audit Committee/Board of Directors could not be sought. However, as it was observed that the said transaction was a related party transaction and the said transaction required

approval of the Audit Committee, your Company placed the said transaction before the members of the Audit Committee and the Board of Directors for their consideration and the said transaction was ratified by the Audit Committee members and the Board of Directors on July 13, 2019. The management shall take due care to avoid such instances in future.

Response to para 1(c) of Annexure 1 to the Secretarial Audit Report: All Related party transactions require prior approval of the Members of Audit Committee as per the provisions of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. G.P. Kohli was granted leave of absence for the Audit Committee Meeting held on March 29, 2019 due to his pre-occupation and hence the quorum could not be available as per the Regulation 18(2)(b) of SEBI Listing Regulations. However, the Management is of the view that since the subject related party transaction was also approved by the Board of Directors at their meeting held on March 29, 2019 i.e. immediately after the Audit Committee meeting, the transaction continues to be valid.

Response to para 2 of Annexure 1 to the Secretarial Audit Report: As a practice, your Company submits Form ECB 2 within the specified timeline on monthly basis, however in few instances there were inadvertent delay in submission of Form ECB 2 either due to non-availability of the authorised signatories or delay at the end of the AD banks in confirming the correctness of the details provided in Form ECB 2. The management has noted the same and shall take due care to submit the said Form within the specified timelines.

Response to para 3 of Annexure 1 to the Secretarial Audit Report: The Asset Liability Management Committee consists of Directors and senior officials of your Company and the said Committee is constituted pursuant to the Asset-Liability Management Policy of your Company framed in accordance the provisions of Housing Finance Companies (NHB) Directions, 2010. It was observed that the Joint Managing Director & CEO had resigned w.e.f. February 13, 2019 and the Chief Financial Officer had resigned w.e.f. the close of working hours of March 15, 2019, hence, the meetings as referred in this para were presided by one of the senior management personnel of your Company, who is also one of the members of ALCO Committee and was elected at such meetings to act as Chairman of the meetings. The Management is of the view that as per the standard corporate governance practices where the Chairman of any Committee is not present, any one of the members of such committee can act as the Chairman of the meetings of such committee if so elected by the members present at such meetings.

Response to para 4 of Annexure 1 to the Secretarial Audit Report: The Management believed that although the approval of the Board of Directors was sought post facto but the rescheduling of the 12 SRA projects was largely undertaken in compliance with



the provisions of Housing Finance Companies (NHB) Directions, 2010 which inter alia stipulated for rescheduling of any loan account and had appropriate approval of the Chairman and Managing Director which was also ratified by the Board at a later date. Your Company had accordingly submitted its representation to NHB in this respect and subsequently paid the penalty of ₹ 65,000 for the said deficiency.

Response to para 5 of Annexure 1 to the Secretarial Audit Report: In the last week of January, 2019, News portal Cobrapost.com made allegations against your Company's management and its promoters. Your Company had received a series of questions from the portal hours before the allegations were made public. The Audit Committee appointed an independent firm of Chartered Accountants (Independent Chartered Accountants) to review the allegations and report to the Committee. The report by Independent Chartered Accountants restricted its scope to the allegations which in their opinion pertained to your Company, highlighted certain procedural lapses and documentation deficiencies inter alia that the end use monitoring of the funds loaned had not been performed. Your Company, its directors and officers have submitted the required documents and explanations to the Ministry of Corporate Affairs in this regard as and when called upon to do so including by way of letter dated February 8, 2019 bearing No. ROC-M/Inqs.206/DDPL/48/02/2019/56 and MCA's letter dated 5<sup>th</sup> February, 2019 bearing reference no. ROC/Inq 206/DHFL/45/02/2019/25.

Response to para 6 of Annexure 1 to the Secretarial Audit Report: Pursuant to the implementation of the Indian Accounting Standards ("IndAS") in preparation of financial statements and audit respectively, for accounting periods beginning from April 1, 2018, the financial year ended on March 31, 2019 was the first full financial year pertaining to which your Company was required to submit its Audited Standalone and Consolidated Financial Results as per IndAS. In view of the requirement of submission of the IndAS compliant Audited Standalone and Consolidated Financial Results for the first time and as it required additional resources, time and effort as also full time engagement of accounts and finance team in various non-routine audits and due diligence by various parties, your Company was not in a position to submit the Audited Standalone and Consolidated Financial Statements for the financial year ended on March 31, 2019 within the time stipulated under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e. on or before May 30, 2019. Accordingly, on July 22, 2019, your Company submitted the said Annual Audited Ind AS Financial Statements for the financial year ended March 31, 2019 and also paid the penalty to BSE Limited and National Stock Exchange of India Limited as levied by the stock exchanges owing to delay in submission of financial results.

Response to para 7 of Annexure 1 to the Secretarial Audit Report: In view of the extension granted by National Housing Bank (NHB),

your Company is in the process of dilution of 1% additional stake held in the joint venture entity DHFL Pramerica Life Insurance Company Limited (DPLI), however, has not been able to complete the same due to lack of interest of any prospective suitable acquirer.

Response to para 8 of Annexure 1 to the Secretarial Audit Report: While your Company has been adhering to the timelines for the transfer of amounts of unclaimed dividends, deposits and shares to the Investor Education and Protection Fund (IEPF) pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and rules framed thereunder, however, in view of administrative challenges, in a few cases while there have been inadvertent delays in transferring unclaimed amount of public deposits and/or interest thereon to IEPF aggregating to ₹ 7 lakh in the financial year 2018-19, there are no instances where your Company has failed to transfer such amounts to IEPF.

Response to para 9 of Annexure 1 to the Secretarial Audit Report: Mr. Harshil Mehta, erstwhile Joint Managing Director and CEO of your Company was paid remuneration for the financial year 2018-19 in excess of the remuneration permissible under the provisions of Section 197 of the Companies Act, 2013 ("the Act") read with Schedule V to the Act. However, the said excess remuneration has since been recovered from Mr. Harshil Mehta as permissible under the provisions of the Act.

Pursuant to SEBI Circular CIR/CFD/CMD1/27/2019 dated February 8, 2019, Ms. Prachi P. Sawant of M/s. Sawant & Associates, Practicing Company Secretary, Mumbai undertook the Annual Secretarial Compliance Audit and the Secretarial Compliance Audit Report has been duly submitted by the Company with the Stock Exchanges.

## STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018) and M/s. Chaturvedi & Shah LLP, Chartered Accountants (Firm Registration Number 101720W/W10035) have resigned as the Joint Statutory Auditors of the Company with effect from August 2, 2019 and August 22, 2019, respectively. The Board of Directors, at their meeting held on August 26, 2019, on the recommendation of the Audit Committee, have appointed M/s. K. K. Mankeshwar & Co., Chartered Accountants (Firm Registration Number 106009W), as the Statutory Auditors of the Company, to fill the casual vacancy created upon resignation of the Statutory Auditors, with effect from August 26, 2019 till the conclusion of ensuing 35<sup>th</sup> Annual General Meeting of the Company, and also from the conclusion of the ensuing 35<sup>th</sup> Annual General Meeting of the Company till the conclusion of the 40<sup>th</sup> Annual General Meeting of the Company. The proposal for the said appointment as the Statutory Auditors of the Company is included in the Notice of the ensuing Annual General Meeting for approval of the Members of the Company.

M/s. K. K. Mankeshwar & Co. has furnished written consent and a confirmation to the effect that they are not disqualified to be appointed as the Statutory Auditors of the Company in terms of the provisions of the Companies Act, 2013 and Rules framed



thereunder. In terms of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, they have confirmed that they hold a valid certificate issued by the Peer Review Board of the ICAI.

### Auditors Report

The Report of the Joint Statutory Auditors to the members for the financial year under review contains disclaimer of opinion and the response of the Board to the Basis for Disclaimer of Opinion contained in the Joint Statutory Auditors' Report (hereinafter referred to as "the Basis for Disclaimer of Opinion") are as follows:-

Response to point No. 1 of the Basis for Disclaimer of Opinion: The unsecured Inter Corporate Deposits (ICDs) aggregating ₹ 5,65,269 lakh were outstanding as at March 31, 2019 and includes ICDs (net) of ₹ 4,82,014 lakh granted during the year. Of these, ICDs aggregating ₹ 40,870 lakh have since been repaid while ICDs aggregating ₹ 3,93,699 lakh are expected to be repaid shortly. Balance ICDs aggregating to ₹ 1,30,700 lakh are being converted into secured term loans. There are documentation deficiencies with respect to grant / rollover of ICDs which are being rectified. The ICDs have been advanced towards regular business activities and were either extended as a temporary loan pending full valuation of project funding or short term corporate requirements. Pending conclusion of these actions, your Company believes that no adjustments are required to the carrying value of the ICDs. This also addresses the point (c) of the audit qualification w.r.t. Internal Financial Control (IFC).

Response to Point No. 2 of the Basis for Disclaimer of Opinion: In the last week of January, 2019, news portal Cobrapost.com made allegations against your Company's management and its promoters. Your Company had received a series of questions from the portal shortly before the allegations were made public. The Audit Committee appointed an independent firm of Chartered Accountants (Independent Chartered Accountants) to review the allegations and report to the Committee. The report by Independent Chartered Accountants restricted its scope to the allegations which in their opinion pertained to your Company, highlighted certain procedural lapses and documentation deficiencies inter alia the fact that the end use monitoring of the funds loaned had not been performed despite a specific mandate by the Finance Committee as part of the loan sanction conditions. The Statutory Auditors post their review of the Independent Chartered Accountants report, provided their observations and suggestions on the scope, coverage and findings by the Independent Chartered Accountants in the report as well as additional areas that needed to be covered. Your Company is in the process of determining the action to address the comments of the Statutory Auditors. As stated in the Action Taken Report tabled before the Audit Committee on March 29, 2019, your Company has sought written explanations from the loanees for loans where end use monitoring was not effected. Your Company is yet to receive responses from the loanees after which a decision on remedial measures including recalling the monies advanced will be made. Your Company is undertaking fresh valuation in respect

of the loans including underlying securities that were a subject matter of the allegations, from reputed valuation specialists and have been advised by the lawyers that agreements entered into with the loanees are legally enforceable. Necessary adjustments to the carrying values of the loans advanced will be made upon conclusion of the above actions. This also addresses the point No. (g) of the audit qualification w.r.t. Internal Financial Control (IFC).

Response to Point No. 3 of the Basis for Disclaimer of Opinion: Due to the current business environment, your Company no longer holds the project loans, SRA loans and wholesale mortgage loan portfolio for the purposes of solely collecting the principal and interest. Your Company envisages to monetise the wholesale loan portfolio. Consequently, the said loans aggregating ₹ 34,88,160 lakh including ₹ 16,48,717 lakh related to note 53 of the Notes to Standalone Financial Statements have been reclassified as Fair Value Through Profit or Loss (FVTPL) as at March 31, 2019 due to the change in business model. As required under Ind AS 109, these assets have been fair valued as at March 31, 2019 based on internal valuations which involve management's judgment and assumptions at ₹ 31,62,815 lakh and the resultant fair value loss aggregating ₹ 3,25,345 lakh (gross of reversal of provision) has been charged to the Statement of Profit and Loss.

Further, in respect of deficiencies of documentation with respect to points 3(a) and 3(b) of the Basis for Disclaimer of Opinion: In respect of certain Project / Mortgage Loans, the Management is actively engaged with the loanees to remediate certain lacunae in loan documentation and expects to complete this exercise by September 2019. Your Company believes that deficiencies in documentation will not affect the enforceability of the underlying security. Your Company is confident that the loans extended are secured and recoverable basis the cash flows arising from such project/mortgage loans.

In relation point 3(a) of the Basis for Disclaimer of Opinion: During the financial year under review, the housing finance sector has been under duress which has been compounded by the liquidity crunch in the real estate sector. Consequent to this, there have been instances where cheques received from the borrowers particularly from project and mortgage loan customers, were accounted for as receipts, but were not banked at the instance of the borrower. As at the year end, the collections recorded in this manner aggregating ₹ 1,87,526 lakh have been remediated at the year-end and the corresponding loans have been dealt with in a manner as stated in note 55 of the notes to accounts.

Response to Point No. 4 of the Basis for Disclaimer of Opinion: Your Company has received a letter dated July 3, 2019, from the National Housing Bank containing observations emanating from the inspection carried out by NHB for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. There are observations in the letter inter-alia, being impact on the Capital Adequacy Ratio of the Company as at March 31, 2018 reduced to 10.24%. NHB has directed the Company to provide

a specific response to all the observations within a period of 21 days. Your Company does not concur with the observation of the NHB and has provided an appropriate response. As mentioned in the note 55 of the Standalone Ind AS Financial Statements, on account of classification of project loans, SRA loans and wholesale mortgage loans as Fair Value through Profit or Loss (FVTPL) due to the change in business model as at March 31, 2019, has resulted in a charge of fair value loss aggregating to ₹ 3,25,345 lakh to the statement of Profit and Loss. In view of these results being prepared using Indian Accounting Standards (Ind AS) while the NHB observations relate to numbers compiled on the basis of regulatory guidelines, the Management believes that the aforesaid observations may not have any implications on the same.

Response to Point No. 5 of the Basis for Disclaimer of Opinion: Your Company had commenced implementation of Expected Credit Loss (ECL) model as part of its Ind AS transition. During the course of the audit, deficiencies have been identified in the historical data used for the purpose of determination of the ECL provision. Your Company is in the process of remediating the same, though does not consider the resultant impact to be material.

Additionally, your Company has also taken external bureau supportive information (i.e. CIBIL score range band - Probability of default (PD) analysis) of our portfolio in comparison to Industry standards, which indicates that the PD of the Company's Portfolio is better than the Industry standards. Further, based on the Company's borrower profile and CIBIL score, the Company is convinced of its assumptions supporting ECL calculation.

Response to point No. 6 of the Basis for Disclaimer of Opinion: Your Company has recognized net deferred tax asset of ₹ 44,281 lakh as at March 31, 2019. Considering the factors described in Note 54 of the Standalone Ind AS Financial Statements, the Company is of the view that no adjustment is required to be made to the carrying value of the deferred tax asset.

Response to point No. 7 of the Basis for Disclaimer of Opinion: Your Company has incurred expenditure aggregating to ₹ 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. Considering the factors described in Note 54 of the Standalone Ind AS Financial Statements, the Company is of the view that no adjustment is required to be made to the carrying value of the intangible asset under development pursuant to the requirement of Ind AS 36 on Impairment of Assets.

Response to point No. 8 of the Basis for Disclaimer of Opinion: Your Company, as described in Note 54 of the Standalone Ind AS Financial Statements, is of the view that, since in the first fortnight of July 2019, the consortium of bankers have agreed to enter into an Inter-creditor Agreement (ICA) for a potential restructuring of the Company's liabilities, the Company is confident that other lenders who may or may not have restrictive or compliance related covenants shall also be part of the proposed restructuring. Hence, no adjustment is made on this account.

Response to point No. 9 of the Basis for Disclaimer of Opinion: Your Company would like to state that your Company is undergoing substantial financial stress since second half of the current financial year. Your Company has suffered consistent downgrades in its credit ratings since February 2019. On June 5, 2019, the credit rating was reduced to 'default grade' despite there being no default till that date. Your Company's ability to raise funds has been substantially impaired and the business has been brought to a standstill with there being minimal/virtually no disbursements. These developments may raise a significant doubt on the ability of your Company to continue as a going concern.

Your Company is taking active steps to monetize its assets and is in discussions with multiple Indian banks and international financial institutions to sell off its retail as well as wholesale portfolio. It is in discussions with the consortium of bankers / lenders to restructure its borrowings and will take all the necessary steps to ensure that it meets its financial commitments. There have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The Company on July 1, 2019 had a meeting with the consortium of bankers wherein the bankers agreed to enter into an Inter-creditor Agreement (ICA) for a potential restructuring of Company's liabilities. In view thereof, the requirement in respect of creation of debenture redemption reserve and the corresponding deposit in liquid assets shall be assessed upon conclusion of the restructuring plan. The Company has submitted a draft resolution plan to the lenders and the lenders are expected to give an in principle approval to the plan. The ability of your Company to continue as a going concern is predicated upon its ability to monetize its assets, secure funding from the bankers and investors, restructure its liabilities and recommence its operations. In view of all the actions that are currently underway, the Financial Statements to Financial Year ended to 2019 have been prepared on the basis that your Company is a going concern.

Response to the Report on Other Legal and Regulatory Requirements under the Basis for Disclaimer of Opinion has been covered in the aforesaid responses. Further, in response to para j(iii) in the said Report, while your Company has been adhering to the timelines for the transfer of amounts of unclaimed dividends, deposits and shares to the Investor Education and Protection Fund (IEPF) pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 and rules framed thereunder, however, in view of administrative challenges, in a few cases while there have been inadvertent delays in transferring unclaimed amount of public deposits and/or interest thereon to IEPF aggregating to ₹ 7 lakh in the financial year 2018-19, there are no instances where your Company has failed to transfer such amounts to IEPF.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors would like to inform that the audited (standalone) financial statements for the financial year ended March 31, 2019 are in conformity with the requirements of the Companies Act, 2013 and they believe that the financial statements reflect fairly the form and substance of transactions carried out during the year and

reasonably present the Company's financial condition and results of operations. These financial statements have been audited by M/s. Chaturvedi & Shah LLP, Chartered Accountants (Firm Registration Number 101720W/W10035) and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W/W-100018), the Joint Statutory Auditors of the Company.

Pursuant to the provisions of Section 134(5) of the Companies Act, 2013, it is hereby confirmed that:

- (a) in the preparation of the annual accounts for the financial year ended March 31, 2019, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (b) the directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual financial statements on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### REPORT ON CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section titled 'Report on Corporate Governance' forms part of this Annual Report which also includes certain disclosures that are required, as per the Companies Act, 2013.

Pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, a separate section titled 'Management Discussion and Analysis' forms part of this Annual Report.

The certificate by Ms. Prachi P. Sawant of M/s. Sawant & Associates, Practicing Company Secretary, confirming compliance with the conditions of Corporate Governance as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure

Requirements) Regulations, 2015 forms part of this Board's report as "Annexure - 8". The said certificate for the financial year 2018-19 does not contain any qualification reservation or adverse remark.

### BUSINESS RESPONSIBILITY REPORT

Pursuant to Regulation 34(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, a separate section titled Business Responsibility Report (BRR) forms part of this Annual Report which describes the Company's performance and activities from environmental, social and governance perspective. The BRR is also available on the website of the Company at the URL: <https://www.dhfl.com/docs/default-source/investors/annual-reports/2018-2019/business-responsibility-report-fy-2018-19.pdf>

### EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the extract of the Annual Return as at March 31, 2019, in the prescribed form MGT 9, forms part of this Board's report as "Annexure - 9". Further, the Annual Return of your Company in the prescribed Form MGT 7 is available on the website of the Company at the URL: <https://www.dhfl.com/docs/default-source/investors/annual-reports/2018-2019/dhfl-annual-return-fy-2018-19.pdf>

### ACKNOWLEDGMENTS

Your Directors wish to place on record their gratitude for the continued support of various authorities including the National Housing Bank, Securities and Exchange Board of India, Insurance Regulatory and Development Authority of India, Ministry of Corporate Affairs, Registrar of Companies, Financial Intelligence Unit (India); and also for support and faith reposed in the Company by the Customers, Bankers and other Lenders, Members, Debenture holders, Trustees, Depositors and others. The Board also places on record its deep appreciation for the significant contributions made by its employees at all levels and for the dedication, commitment and hard work of the employees. The Directors would also like to thank the BSE Limited, the National Stock Exchange of India Limited, National Securities Depository Limited and Central Depository Services (India) Limited for their continued co-operation.

For and on behalf of the Board

**Kapil Wadhawan**

*Chairman & Managing Director*  
(DIN-00028528)

Place: Mumbai  
Date: August 26, 2019

# Annexure - 1

## to the Board's Report

### DIVIDEND DISTRIBUTION POLICY

#### I. Preamble

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016, [**"Listing Regulations"**] vide circular no. SEBI/LAD-NRO/GN/2016-17/008 dated July 8, 2016, the Board of Directors of your Company at its meeting held on October 17, 2016, have approved and adopted the Dividend Distribution Policy [**"Policy"**] of your Company.

Regulation 43A of the Listing Regulations makes it mandatory for the top five hundred listed entities based on their market capitalization calculated as on March 31 of every financial year to formulate Dividend Distribution Policy.

Your Company being one of the top five hundred listed companies as per the market capitalization as on the last day of the immediately preceding financial year, i.e. March 31, 2016, frames this Policy to comply with the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### II. Objective

This Policy aims to ensure that your Company makes rationale decision with regard to the amount to be distributed to the equity and preference shareholders as dividend after retaining sufficient funds for your Company's growth, to meet its long-term objective and other purposes.

This Policy lays down various parameters which shall be considered by the Board of Directors of your Company before recommendation/ declaration of Dividend to its shareholders.

#### III. Definitions

- a. **"Act"** means the Companies Act, 2013 and rules made thereunder [including any amendments or re-enactments thereof].
- b. **"Applicable laws"** shall mean to include Companies Act 2013 and rules made thereunder, [including any amendments or re-enactments thereof], Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, [including any amendments or

re-enactments thereof], Rules / guidelines / notifications / circulars issued by National Housing Bank and any other regulation, rules, acts, guidelines as may be applicable to the distribution of dividend.

- c. **"Board"** or **"Board of Directors"** shall mean Board of Directors of the Company, as constituted from time to time.
- d. **"Company"** shall mean Dewan Housing Finance Corporation Limited.
- e. **"Dividend"** includes any interim dividend; which is in conformity with Section 2(35) of the Companies Act, 2013 read with Companies (Declaration and Payment of Dividend) Rules, 2014.
- f. **"Financial Year"** shall mean the period starting from 1<sup>st</sup> day of April and ending on the 31<sup>st</sup> day of March every year.
- g. **"Free Reserves"** shall mean the free reserves as defined under Section 2 (43) of the Act.

#### IV. Parameters Governing the Distribution of Dividend

##### 1. Factors for recommendation/declaration of Dividend.

##### a. Internal Factors (Financial Parameters)

The Board shall consider the below mentioned financial parameters for the purpose of recommendation/ declaration of dividend:

- i. Current year's net operating profit
- ii. Capital expenditure and working capital requirements
- iii. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
- iv. Financial requirement for business expansion and/or diversification, acquisition. etc. of new businesses.
- v. Provisioning for financial implications arising out of unforeseen events and/or contingencies.
- vi. Past dividend trend

**b. External Factors**

The Board shall also consider the below mentioned external factors at the time of taking a decision w.r.t recommendation/declaration of dividend:

- i. Applicable laws and Regulations including taxation laws.
- ii. Economic conditions
- iii. Prevalent market practices

**2. Circumstances under which the shareholders of the Company may or may not expect dividend.**

The decision to recommend/declare the dividend by the Board of Directors shall primarily depend on the factors listed out at point no. 1 above. However, the shareholders of the Company may not expect dividend in the below mentioned circumstances:

- i. In the event of a growth opportunity where the Company may be required to allocate a significant amount of capital.
- ii. In the event of higher working capital requirement for business operations or otherwise.
- iii. In the event of inadequacy of cashflow available for distribution.
- iv. In the event of inadequacy or absence of profits.
- v. Under any other circumstances as may be specified by the Companies Act, 2013 or any other applicable regulatory provisions or as may be specified under any contractual obligation entered into with the lenders

**3. Manner of utilisation of Retained Earnings.**

The Board of Directors of the Company may recommend/declare dividend out of the profits of your Company or out of the profits for any previous year or years or out of Free Reserves available for distribution of dividend, as per the regulatory provisions after consideration of the factors as stated at point No. 1 above. Your Company shall ensure compliance with the requirements in this respect as laid down under the provisions of Section 123 of the Act and other Applicable laws.

**4. Manner of Declaration and Payment of Interim Dividend.**

The Board of Directors of the Company may declare Interim Dividend during any financial year or at any time during the period from closure of financial year till the holding of the Annual General Meeting.

The Board shall consider the financial results of your Company for the period for which Interim Dividend is to be declared and shall be satisfied that the financial position of the Company justifies and supports the declaration of such Dividend.

The financial results shall take into account the following-

- a) Depreciation for the full year;
- b) Tax on profits of the Company including deferred tax for full year;
- c) Other anticipated losses for the Financial Year;
- d) Dividend that would be required to be paid at the fixed rate on preference shares;
- e) The Losses incurred, if any, during the current financial year up to the end of the quarter, immediately preceding the date of declaration of Interim Dividend;

In case, where your Company has incurred losses during the current Financial Year up to the end of the quarter immediately preceding the date of declaration of Interim Dividend, such Dividend shall not be declared at a rate higher than average Dividend declared during the immediately preceding three financial years.

**5. Other factors to be considered with regard to various classes of shares.**

Pursuant to the approval of the Board of Directors at its meetings held on January 16, 2017, and the shareholders of the Company through postal ballot resolution dated February 22, 2017, your Company reclassified its authorized share capital. At present, the Authorised share capital of the Company comprises of Equity and Preference shares.

Presently, the issued share capital of your Company comprises of only one class of equity shares of ₹ 10 each which rank pari passu with respect to all their rights. In the event your Company issues preference shares, Equity dividend shall stand second in priority after payment of dividend to the Preference Shareholders.

In the event of your Company issuing any other class(es) of shares, it shall consider and specify the other parameters to be adopted w.r.t. such class(es) of shares.

**V. General**

- i. Pursuant to the provisions of Section 123 of the Act, Articles of Association of the Company and this Policy, the Board of Directors shall recommend the final



dividend, which shall be declared by the Shareholders of the Company at the Annual General Meeting. The Board may also, from time to time, declare interim dividend which shall be subject to confirmation by the Shareholders at the Annual General Meeting.

- ii. Your Company shall ensure compliance with the Applicable laws w.r.t. payment of dividend to the shareholders. It shall ensure that the amount of the dividend, including interim dividend, is deposited by your Company in a Scheduled bank in a separate account within five days from the date of declaration of such dividend.
- iii. Due regard shall be given to the restrictions/covenants contained in any agreement entered into with the lenders of your Company or any other financial covenant as may be specified under any other arrangement/ agreement, if any, before recommending or distributing dividend to the shareholders.

## VI. Disclosures

Your Company shall make appropriate disclosures in compliance with the provisions of the Listing Regulations, in

particular the disclosures required to be made in the annual report and on the website ([www.dhfl.com](http://www.dhfl.com)) of the Company.

In case, your Company proposes to declare dividend on the basis of the parameters in addition to those as specified in this Policy and/or proposes to change any of the parameters, your Company shall disclose such changes alongwith the rationale in the annual report and on its website.

## VII. Review

The Board of Directors shall have the right to modify, amend or change any or all clauses of this Policy in accordance with the provisions of the Applicable laws/ Acts /Regulations or otherwise.

In case of any amendment(s), clarification(s), circular(s) etc. issued under any Applicable laws/ Regulations, which is not consistent with any of the provisions of this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall be deemed to be amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

# Annexure - 2

## to the Board's Report

### FORM AOC- 1

(Pursuant to first proviso to sub Section (3) of Section 129 of the Companies Act, 2013  
read with Rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of Subsidiaries/Associate Companies/Joint Ventures**

#### Part A: Subsidiaries

| Sl. No. | Particulars                                                                                                                 | Details                                                                                                               |                                                                                                    |                                                                                                  |                                                                                                         |
|---------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| 1       | Name of the subsidiaries                                                                                                    | DHFL Advisory & Investments Private Limited                                                                           | DHFL Investments Limited                                                                           | DHFL Holdings Limited                                                                            | DHFL Changing Lives Foundation                                                                          |
| 2       | The date since when subsidiary was acquired                                                                                 | DHFL Advisory & Investments Private Limited was not acquired. It was incorporated by the Company on February 12, 2016 | DHFL Investments Limited was not acquired. It was incorporated by the Company on February 13, 2017 | DHFL Holdings Limited was not acquired. It was incorporated by the Company on September 28, 2018 | DHFL Changing Lives Foundation was not acquired. It was incorporated by the Company on December 1, 2017 |
| 3       | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | Not Applicable                                                                                                        | Not Applicable                                                                                     | Not Applicable                                                                                   | Not Applicable                                                                                          |
| 4       | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Not Applicable                                                                                                        | Not Applicable                                                                                     | Not Applicable                                                                                   | Not Applicable                                                                                          |
| 5       | Share Capital                                                                                                               |                                                                                                                       |                                                                                                    |                                                                                                  |                                                                                                         |
| -       | Number                                                                                                                      | 7,50,10,000                                                                                                           | 10,12,50,000                                                                                       | 10,000                                                                                           | -                                                                                                       |
| -       | Amount (₹ in Lakh )                                                                                                         | 7,501                                                                                                                 | 10,125                                                                                             | 1                                                                                                | -                                                                                                       |
| 6       | Reserves & Surplus (₹ in Lakh )                                                                                             | (29,633)                                                                                                              | 1,89,937                                                                                           | (0.48)                                                                                           | (27.49)                                                                                                 |
| 7       | Total Assets (₹ in Lakh )                                                                                                   | 7,128                                                                                                                 | 2,00,078                                                                                           | 1                                                                                                | 733                                                                                                     |
| 8       | Total Liabilities (₹ in Lakh )                                                                                              | 29,290                                                                                                                | 16                                                                                                 | 0.47                                                                                             | 14                                                                                                      |
| 9       | Investments (₹ in Lakh )                                                                                                    | 7,123                                                                                                                 | 2,00,052                                                                                           | -                                                                                                | -                                                                                                       |
| 10      | Turnover (₹ in Lakh )                                                                                                       | 3                                                                                                                     | -                                                                                                  | -                                                                                                | -                                                                                                       |
| 11      | Profit before taxation (₹ in Lakh )                                                                                         | (25,305)                                                                                                              | (5)                                                                                                | (0.48)                                                                                           | (25.83)                                                                                                 |
| 12      | Provision for taxation (₹ in Lakh )                                                                                         | -                                                                                                                     | -                                                                                                  | -                                                                                                | -                                                                                                       |
| 13      | Profit after taxation (₹ in Lakh )                                                                                          | (25,305)                                                                                                              | (5)                                                                                                | (0.48)                                                                                           | (25.83)                                                                                                 |
| 14      | Proposed Dividend                                                                                                           | -                                                                                                                     | -                                                                                                  | -                                                                                                | -                                                                                                       |
| 15      | Extent of shareholding (in percentage)                                                                                      | 100%                                                                                                                  | 100%                                                                                               | 100%                                                                                             | 100%                                                                                                    |

#### Notes:

- Names of subsidiaries which are yet to commence operations - DHFL Holdings Limited
- Names of subsidiaries which have been liquidated or sold during the year – NIL
- The Company holds 100% of equity share capital of DHFL Investments Limited (DIL), however, based on the agreement dated March 31, 2017, the Company does not exercise control over DIL and hence is not considered as a subsidiary company for the purpose of preparation of these financial statements.
- In September, 2018, the Company incorporated a wholly-owned subsidiary viz., DHFL Holdings Limited as a holding and investment company.
- The Company incorporated a wholly-owned subsidiary on December 1, 2017 viz., DHFL Changing Lives Foundation, a Section 8 Company, to take forward the Company's CSR vision and implement its social programmes.

## Part B: Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| SI No. | Name of Associates/ Joint Ventures                                                    | Avanse Financial Services Limited <sup>(9)</sup>    | Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited) <sup>(8)</sup> | DHFL Ventures Trustee Company Private Limited <sup>(1)</sup>                                                     | DHFL Pramerica Life Insurance Company Limited <sup>(3)</sup> | DHFL Pramerica Asset Managers Private Limited <sup>(5) (10)</sup>                                                                         | DHFL Pramerica Trustee Private Limited <sup>(11)</sup> |
|--------|---------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------|
| 1      | Latest audited Balance Sheet Date                                                     | 31-03-2019                                          | 31-03-2019                                                                                           | 31-03-2019                                                                                                       | 31-03-2019                                                   | 31-03-2019                                                                                                                                | 31-03-2019                                             |
| 2      | Date on which Associate or joint venture was associated or acquired                   | 23-09-2012                                          | 02-07-2003                                                                                           | 23-02-2006 <sup>(1)</sup>                                                                                        | 18-12-2013 <sup>(3)</sup>                                    | 11-08-2015                                                                                                                                | 11-08-2015                                             |
| 3      | Shares of Associate or Joint Ventures held by the company on the year end             |                                                     |                                                                                                      |                                                                                                                  |                                                              |                                                                                                                                           |                                                        |
|        | - Number of Equity Shares                                                             | 1,92,50,719                                         | 23,01,090                                                                                            | 22,500                                                                                                           | 18,70,30,931                                                 | 5,42,46,918 <sup>(5)</sup>                                                                                                                | 50,000                                                 |
|        | - Amount of Investment in Associates or Joint Venture (₹ in lakh)                     | 12,724                                              | 1,805                                                                                                | 2 <sup>(2)</sup>                                                                                                 | 3,107 <sup>(3)</sup>                                         | 33,770 <sup>(10)</sup>                                                                                                                    | 5                                                      |
|        | - Extent of Holding (%)                                                               | 30.63% <sup>(9)</sup>                               | 9.15% <sup>(8)</sup>                                                                                 | 45% <sup>(2)</sup>                                                                                               | 50% <sup>(4)</sup>                                           | 50% <sup>(10)</sup>                                                                                                                       | 50% <sup>(11)</sup>                                    |
| 4      | Description of how there is significant influence                                     | Shareholding exceeding 20% of paid up share capital | Influence in decision making                                                                         | Shareholding exceeding 20% of paid up share capital through Wholly Owned Subsidiary i.e DHFL Investments Limited | Influence based on Joint Venture Agreement                   | Shareholding exceeding 20% of paid up share capital together with Wholly Owned Subsidiary i.e DHFL Advisory & Investments Private Limited | Shareholding exceeding 20% of paid up share capital    |
| 5      | Reason why the associate or joint venture is not consolidated                         | Refer Note 6                                        | Refer Note 6                                                                                         | Refer Note 7                                                                                                     | Refer Note 7                                                 | Refer Note 6                                                                                                                              | Refer Note 6                                           |
| 6      | Networth attributable to Shareholding as per latest audited Balance Sheet (₹ in Lakh) | 17,698                                              | 7,868                                                                                                | 4                                                                                                                | 49,495                                                       | 6,664                                                                                                                                     | 25.58                                                  |
| 7      | Profit / (Loss) for the year (₹ in lakh)                                              | 2,727                                               | 16,224                                                                                               | 2                                                                                                                | 6,706                                                        | (1,075)                                                                                                                                   | 37                                                     |
|        | i. Considered in Consolidation (₹ in lakh)                                            | 835                                                 | 1,487                                                                                                | -                                                                                                                | -                                                            | (538)                                                                                                                                     | 18                                                     |
|        | ii. Not Considered in Consolidation (₹ in lakh)                                       | 1,892                                               | 14,737                                                                                               | 2                                                                                                                | 6,706                                                        | (537)                                                                                                                                     | 19                                                     |

### Notes:

- (1) DHFL Ventures Trustee Company Private Limited became Associate Company of the Company on February 23, 2006 due to acquisition of shares. Further, on March 1, 2017 the said shares were sold by the Company to its wholly owned subsidiary company i.e. DHFL Investments Limited ("DIL").
- (2) During the Financial Year 2016-17, the Company sold its investments held in DHFL Ventures Trustee Company Private Ltd to its wholly owned subsidiary company i.e DHFL Investments Limited ("DIL"). Therefore DHFL Ventures Trustee Company Private Limited is an Associate Company through DIL.
- (3) DHFL Pramerica Life Insurance Company Limited ("DPLICL") became Joint Venture of the Company on December 18, 2013 due to acquisition of shares. Further, on March 31, 2017 the said shares were sold by the Company to its wholly owned subsidiary company i.e. DHFL Investments Limited ("DIL"). DHFL Pramerica Life Insurance Company Limited is joint venture of the Company through DIL. As on March 31, 2019, the DPLICL continues to be a joint venture of the Company by way of its indirect holding DIL.
- (4) The wholly owned subsidiary of the Company i.e. DHFL Investments Limited holds 50% shareholding of DHFL Pramerica Life Insurance Company Limited.
- (5) Out of the total shareholding in DHFL Pramerica Asset Managers Private Limited, 17.12% is held by the Company directly and remaining 32.88% is held by the Company through its Wholly owned subsidiary DHFL Advisory & Investments Private Limited.
- (6) Accounts have been consolidated therefore reporting under this clause i.e. clause 5 is "Not Applicable".
- (7) Refer point number 3 of Part A above and note number 2.2 of notes to the consolidated financial statements for the financial year ended March 31, 2019.
- (8) On June 10, 2019, the Company sold its entire stake of 23,01,090 (9.15%) equity shares in Aadhar Housing Finance Limited ("Aadhar Housing") to BCP Topco VII Pte. Ltd, which is controlled by private equity funds managed by Blackstone. Consequently, Aadhar Housing has ceased to be an associate company of the Company.
- (9) On July 30, 2019, the Company sold its entire stake of 1,92,50,719 (30.63%) equity shares in Avanse Financial Services Limited ("Avanse") to Olive Vine Investment Ltd., an affiliate of Warburg Pincus Group. Consequently, Avanse has ceased to be an associate company of the Company.
- (10) On July 31, 2019, the Company has divested its stake of 5,42,46,918 equity shares in DHFL Pramerica Asset Managers Private Limited ("DPAMPL") (17.12% stake held directly and 32.88% stake held through the Company's wholly-owned subsidiary, DHFL Advisory & Investments Private Limited) to PGLH of Delaware Inc. Consequently, DPAMPL has ceased to be a joint venture company of the Company.
- (11) On July 31, 2019, the Company has divested its stake of 50,000 (50.00%) equity shares in DHFL Pramerica Trustees Private Limited ("DPTPL") to PGLH of Delaware Inc. Consequently, DPTPL has ceased to be a joint venture company of the Company.

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN – 00028528)

**Dheeraj Wadhawan**  
(DIN – 00096026)

**Sunjoy Joshi**  
(DIN – 00449318)

**Jignesh Mehta**  
Partner  
ICAI MIN: 102749

**Alok Kumar Misra**  
(DIN – 00163959)

**Dr. Deepali Pant Joshi**  
(DIN – 07139051)

**Srinath Sridharan**  
(DIN – 03359570)

Place: Mumbai  
Date : August 6, 2019

# Annexure - 3

## to the Board's Report

### The statement of disclosure of Remuneration under sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

| Sr. No. | Requirements                                                                                                                                                                                                                                                                                                                                        | Disclosure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| I       | The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2018-19.                                                                                                                                                                                                                          | <b>Executive Directors</b><br>Mr. Kapil Wadhawan - Chairman & Managing Director : 51.99x<br>Mr. Harshil Mehta <sup>1</sup> - Joint Managing Director & CEO: 121.05x<br><b>Non-Executive Directors</b><br>Mr. Dheeraj Wadhawan : 0.89x<br>Mr. G. P. Kohli <sup>2</sup> : 2.20x<br>Mr. Vijay Kumar Chopra <sup>2</sup> : 1.34x<br>Mr. Mannil Venugopalan <sup>2</sup> : 1.29x<br>Ms. Vijaya Sampath <sup>2</sup> : 0.42x<br>Mr. Srinath Sridharan <sup>3</sup> : 0.13x<br>Mr. Alok Kumar Misra <sup>3</sup> : Nil<br>Mr. Sunjoy Joshi <sup>3</sup> : Nil                               |
| II      | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer and Company Secretary in the financial year.                                                                                                                                                                                             | <b>Executive Directors</b><br>Mr. Kapil Wadhawan - Chairman & Managing Director : -19.48%<br>Mr. Harshil Mehta <sup>1</sup> - Joint Managing Director & CEO : 89.46%<br><b>Non-Executive Directors</b><br>Mr. Dheeraj Wadhawan : -66.13%<br>Mr. Guru Prasad Kohli <sup>2</sup> : -36.70%<br>Mr. Vijay Kumar Chopra <sup>2</sup> : -50.77%<br>Mr. Mannil Venugopalan <sup>2</sup> : -43.72%<br>Mrs. Vijaya Sampath <sup>2</sup> : -79.45%<br><b>Key Managerial Personnel other than Directors</b><br>Mr. Santosh Sharma <sup>5</sup> : 96.01%<br>Ms. Niti Arya <sup>5</sup> : 312.32% |
| III     | The percentage increase in the median remuneration of employees in the financial year.                                                                                                                                                                                                                                                              | 12.25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| IV      | The number of permanent employees on the rolls of the Company.                                                                                                                                                                                                                                                                                      | 3,320                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| V       | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration. | The average percentage increase made in the salaries of employees other than the Key Managerial Personnel was 10.20% while the average percentile increase in the salaries of Key Managerial Personnel was 64.30%.<br>The increase in the remuneration is in line with the Company's Performance appraisal policy.                                                                                                                                                                                                                                                                   |
| VI      | Affirmation that the remuneration is as per the Remuneration Policy of the Company.                                                                                                                                                                                                                                                                 | It is hereby affirmed that the remuneration is as per the Nomination (including Board's Diversity), Remuneration and Evaluation Policy of the Company.                                                                                                                                                                                                                                                                                                                                                                                                                               |

#### Notes:

1. Mr. Harshil Mehta resigned from the position of Joint Managing Director & CEO w.e.f. February 13, 2019.
2. Ms. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively.
3. Mr. Sunjoy Joshi and Mr. Alok Kumar Misra were appointed with effect from March 26, 2019 as Additional Directors, in the category of Non-Executive, Independent Directors of the Company. Further, Mr. Srinath Sridharan was appointed with effect from March 26, 2019 as Additional Director, in the category of Non-Executive Director of the Company.
4. For the Financial Year 2018-19, no commission is payable/paid to the Non-Executive Directors.
5. Mr. Santosh Sharma, the erstwhile Chief Financial Officer and Ms. Niti Arya, the erstwhile Company Secretary resigned from their respective positions w.e.f. the close of working hours of March 15, 2019.

For and on behalf of the Board

Place: Mumbai  
Date: August 26, 2019

**Kapil Wadhawan**  
Chairman & Managing Director  
DIN: 00028528



# Annexure - 4

## to the Board's Report

### Disclosures in the Board's Report pursuant to the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended

- A. Relevant Disclosures in terms of the 'Guidance Note on accounting for employee share-based payments' issued by Institute of Chartered Accountants of India (ICAI) has been made in notes to accounts of the financial statements for the Financial Year 2018-19.
- B. Diluted EPS on issue of shares pursuant to the various Schemes/Plan:

|                                                                                                                                                  |                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Diluted earnings per share pursuant to the issue of share on exercise of options calculated in accordance with Ind AS - 33, "Earnings Per Share" | Diluted earnings per share of the Company calculated after considering the effect of potential equity shares arising on account of exercise of options/ESARs is ₹ -33.02 |
|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### A. The details of employee stock options as on March 31, 2019 under the DHFL Employee Stock Option Scheme 2008, DHFL Employee Stock Option Scheme 2009 (Plan II) and DHFL Employee Stock Option Scheme 2009 (Plan III) are given below:

| Sl. No. | Particulars                       | ESOP Scheme 2008 (*)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ESOP Scheme 2009 (PLAN II) (*)                                                                                                                                                                                                                                  | ESOP Scheme 2009 (PLAN III) (*)                                                                                                                                                                                                                                   |
|---------|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Date of Shareholder's approval    | July 23, 2007                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | July 23, 2007                                                                                                                                                                                                                                                   | July 23, 2007                                                                                                                                                                                                                                                     |
| 2       | Total Number of Options approved  | Remuneration and Compensation Committee at its meeting held on May 30, 2008 approved a grant of 14,22,590 options (pre-bonus) to the eligible employees of the Company.                                                                                                                                                                                                                                                                                                                                                                                              | Remuneration and Compensation Committee at its meeting held on November 25, 2009 approved a grant of 12,75,000 options (pre-bonus) to the eligible employees of the Company.                                                                                    | Remuneration and Compensation Committee at its meeting held on October 22, 2010 approved a grant of 12,34,670 options (pre-bonus) to the eligible employees of the Company.                                                                                       |
| 3       | Vesting requirement               | Options granted under ESOP Scheme 2008 vested in not less than one year and not more than five years from the date of grant of such Options in the ratio of 20:20:20:40.<br><br>Vesting of Options was a function of continued employment with the Company.                                                                                                                                                                                                                                                                                                          | Options granted under ESOP Scheme 2009 (Plan II) vested in not less than one year and not more than four years from the date of grant of such Options in the ratio 30:30:40.<br><br>Vesting of Options was a function of continued employment with the Company. | Options Granted under ESOP Scheme 2009 (Plan III) vested in not less than 18 months and not more than four years from the date of grant of such Options in the ratio 30:30:40.<br><br>Vesting of Options was a function of continued employment with the Company. |
| 4       | Exercise Price or Pricing Formula | The exercise price was decided by the Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) to be the closing market price of the equity shares preceding the date of grant of options on the Stock Exchange having higher trading volume on which the shares of the Company are listed.<br><br>The grant price was re-priced as on March 31, 2009 with the approval of the Members of the Company and the exercise price was ₹ 53.65 per option. Consequent to the Bonus issue, the exercise price was ₹ 26.83 per option. | The exercise price was decided by Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) as ₹ 141/- per option.<br><br>Consequent to the Bonus issue, the exercise price was ₹ 70.50 per option.                        | The exercise price was decided by Nomination & Remuneration Committee (earlier known as Remuneration and Compensation Committee) as ₹ 141/- per option.<br><br>Consequent to the Bonus issue, the exercise price was ₹ 70.50 per option.                          |

| Sl. No. | Particulars                     | ESOP Scheme 2008 (*)                                     | ESOP Scheme 2009 (PLAN II) (@)                            | ESOP Scheme 2009 (PLAN III) (#)                           |
|---------|---------------------------------|----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|
| 5       | Maximum term of Options granted | Expire at the end of five years from the date of vesting | Expire at the end of three years from the date of vesting | Expire at the end of three years from the date of vesting |
| 6       | Source of shares                | Primary issuance                                         | Primary issuance                                          | Primary issuance                                          |
| 7       | Variation in terms of ESOP      | No variations, except as mentioned at point 4 above      | N.A.                                                      | N.A.                                                      |
| 8       | Method used to account for ESOP | Fair value Method                                        | Fair value Method                                         | Fair value Method                                         |

The movement of options during the year are as follows:

| Sl. No. | Particulars                                                 | ESOP Scheme 2008 (*) | ESOP Scheme 2009 (PLAN II) (@) | ESOP Scheme 2009 (PLAN III) (#) |
|---------|-------------------------------------------------------------|----------------------|--------------------------------|---------------------------------|
| 1       | Number of options outstanding at the beginning of the year  | 30,380               | N.A.                           | N.A.                            |
| 2       | Number of options granted during the year                   | -                    | N.A.                           | N.A.                            |
| 3       | Number of options issued due to Bonus during the year       | -                    | N.A.                           | N.A.                            |
| 4       | Number of options forfeited / lapsed during the year        | 14,940               | N.A.                           | N.A.                            |
| 5       | Number of options Vested during the year                    | -                    | N.A.                           | N.A.                            |
| 6       | Number of options Exercised during the year                 | 15,440               | N.A.                           | N.A.                            |
| 7       | Number of shares arising as a result of exercise of options | 15,440               | N.A.                           | N.A.                            |
| 8       | Money realized by exercise of options (₹ in Lakh)           | 4.14                 | N.A.                           | N.A.                            |
| 9       | Loan Repaid to Trust                                        | NA                   | N.A.                           | N.A.                            |
| 10      | Number of options outstanding at the end of the year        | Nil                  | N.A.                           | N.A.                            |
| 11      | Number of options exercisable at the end of the year        | Nil                  | N.A.                           | N.A.                            |

(\*) DHFL Employee Stock Option Scheme 2008 became effective from June 1, 2008 and as per the terms of the Scheme it has become inoperative with effect from June 1, 2018.

(@) DHFL Employee Stock Option Scheme 2009- Plan – II became effective from November 25, 2009 and as per the terms of the Scheme it has become inoperative with effect from November 25, 2015.

(#) DHFL Employee Stock Option Scheme 2009- Plan – III became effective from October 22, 2010 and as per the terms of the said scheme, all the options granted thereunder have been exercised and shares have been allotted to the eligible employees and thus, the scheme has completed w.e.f. May 12, 2017.

#### Employee-wise details of Options granted to:

(i) Key managerial personnel

| Name of Employee | Designation | No. of Options granted during the year | Exercise Price (₹) |
|------------------|-------------|----------------------------------------|--------------------|
| NA               | NA          | NA                                     | NA                 |

(ii) Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year

| Name of Employee | Designation | No. of Options granted during the year | Exercise Price (₹) |
|------------------|-------------|----------------------------------------|--------------------|
| NA               | NA          | NA                                     | NA                 |

(iii) Identified employees who were granted Options, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

| Name of Employee | Designation | Exercise Price (₹) | Exercise Price (₹) |
|------------------|-------------|--------------------|--------------------|
| NA               | NA          | NA                 | NA                 |

**Diluted Earnings Per Share pursuant to issue of shares on exercise of options/SAR calculated in accordance with Accounting Standard Ind AS - 33**

₹ -33.02

**Method used for Accounting of ESOP's :** Intrinsic Value Method

The impact on the profits and EPS of the fair value method is given in the table below -

|                                         | ₹  |
|-----------------------------------------|----|
| Profit as reported (₹ in Lakh)          | NA |
| Add - Intrinsic Value Cost              | NA |
| Less - Fair Value Cost                  | NA |
| Profit as adjusted                      |    |
| Earning per share (Basic) as reported   | NA |
| Earning per share (Basic) adjusted      | NA |
| Earning per share (Diluted) as reported | NA |
| Earning per share (Diluted) adjusted    | NA |

**Weighted average exercise price of ESOPs whose**

|                                                 |    |
|-------------------------------------------------|----|
| (a) Exercise price equals market price          | NA |
| (b) Exercise price is greater than market price | NA |
| (c) Exercise price is less than market price    | NA |

**Weighted average fair value of ESOPs whose**

|                                                 |    |
|-------------------------------------------------|----|
| (a) Exercise price equals market price          | NA |
| (b) Exercise price is greater than market price | NA |
| (c) Exercise price is less than market price    | NA |

**Method and Assumptions used to estimate the fair value of options granted during the year:**

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model on a weighted average basis are as follows:

| Sl. No. | Particulars                                                                 |                                                              |
|---------|-----------------------------------------------------------------------------|--------------------------------------------------------------|
| 1       | Risk Free Interest Rate                                                     | No options have been granted by the Company during the year. |
| 2       | Expected Life                                                               |                                                              |
| 3       | Expected Volatility                                                         |                                                              |
| 4       | Dividend Yield                                                              |                                                              |
| 5       | Price of the underlying share in market at the time of the option grant (₹) |                                                              |

**A. The details of Employee Stock Appreciation Rights as on March 31, 2019 pursuant to DHFL Employee Stock Appreciation Rights Plan 2015 are given below:**

| Particulars                       | ESAR Plan 2015<br>(Grant I)                                                                                                                                                                                                                                                                                                                                                                                                                                                | ESAR Plan 2015<br>(Grant II)                                                                                                                                                                                                                                                             | ESAR Plan 2015<br>(Grant III)                                                                                                                                                                                                                                                             | ESAR Plan 2015<br>(Grant IV)                                                                                                                                                                                                                                                                                         | ESAR Plan 2015<br>(Grant V)                                                                                                                                                                                                                                                                                                              | ESAR Plan 2015<br>(Grant VI)                                                                                                                                                                                                                                                                                                          | ESAR Plan 2015<br>(Grant VII)*                                                                                                                                                                                                                                                           | ESAR Plan 2015<br>(Grant VIII)*                                                                                                                                                                                                                                                                  |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 Date of Shareholder(s) Approval | February 23, 2015                                                                                                                                                                                                                                                                                                                                                                                                                                                          | February 23, 2015                                                                                                                                                                                                                                                                        | February 23, 2015                                                                                                                                                                                                                                                                         | February 23, 2015                                                                                                                                                                                                                                                                                                    | February 23, 2015                                                                                                                                                                                                                                                                                                                        | February 23, 2015                                                                                                                                                                                                                                                                                                                     | February 23, 2015 and March 3, 2018                                                                                                                                                                                                                                                      | February 23, 2015 and March 3, 2018                                                                                                                                                                                                                                                              |
| 2 Total Number of ESARs approved  | The Members of the Company had approved 5,146,023 ESARs. During the financial year 2015-16, Company had issued Bonus Equity Shares in the ratio of 1:1. Consequent to the bonus issue total number of ESARs also increased in the same ratio to 1,02,92,046 ESARs. The Members of the Company vide the special resolution passed on March 3, 2018 through Postal ballot, increased the number of ESARs that can be granted to the eligible employees to 2,67,82,046 ESARs. |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                  |
| 3. Vesting requirement            | ESARs granted under Grant I would Vest after One (1) year from the date of grant of such ESARs over a period of 5 years in the ratio 20:20:20:20                                                                                                                                                                                                                                                                                                                           | ESARs granted under Grant II would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 10:20:30:40                                                                                                                                        | ESARs granted under Grant III would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 20:30:30:30 (During the Financial Year 2017-18, the vesting schedule for Grant III was changed from 10:20:30:40 to 20:30:20:30.)                   | ESARs granted under Grant IV would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 20:30:20:30 (During the Financial Year 2017-18, the vesting schedule for Grant IV was changed from 10:20:30:40 to 20:30:20:30.)                                                | ESARs granted under Grant V would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 20:30:20:30 (During the Financial Year 2017-18, the vesting schedule for Grant V was changed from 10:20:30:40 to 20:30:20:30.)                                                                      | ESARs granted under Grant VI would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 25:25:25:25                                                                                                                                                                                     | ESARs granted under Grant VII would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 25:25:25:25                                                                                                                                       | ESARs granted under Grant VIII would Vest after One (1) year from the date of grant of such ESARs over a period of 4 years in the ratio 25:25:25:25                                                                                                                                              |
| 4 ESAR Price or Pricing Formula   | ESAR price: ₹ 380.00 (Rupees Three Hundred and Eighty Only) per ESAR, being calculated after a discount of 20% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on March 20, 2015 by the Nomination & Remuneration Committee. Consequent to the Bonus issue the exercise price is ₹ 190/- per ESAR.                                                                                      | ESAR price: ₹ 230.80 (Rupees Two Hundred Thirty and Eighty Paise only) per ESAR's being closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on November 16, 2016 by the Nomination & Remuneration Committee. | ESAR price: ₹ 434.90 (Rupees Four Hundred Thirty Four and Ninety Paise only) per ESARs being closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on July 12, 2017 by the Nomination & Remuneration Committee. | ESAR price: ₹ 300.08 (Rupees Three Hundred and Eight Paise only) per ESARs, being calculated after a discount of 31% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on July 12, 2017 by the Nomination & Remuneration Committee. | ESAR price: ₹ 434.90 (Rupees Four Hundred and Thirty Four and Ninety Paise only) per ESAR being calculated after a discount of 18.25% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on October 13, 2017 by the Nomination & Remuneration Committee. | ESAR price: ₹ 434.02 (Rupees Four Hundred and Thirty Four and Two Paise only) per ESAR being calculated after a discount of 29.14% to closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on January 19, 2018 by the Nomination & Remuneration Committee. | ESAR price: ₹ 520.20 (Rupees Five Hundred Twenty and Twenty Paise only) per ESAR being the closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on March 21, 2018 by the Nomination & Remuneration Committee. | ESAR price: ₹ 643.65 (Rupees Six Hundred Forty Three and Paise Sixty Five Only) per ESAR, being the closing market price on the stock exchange having higher trading volume on the day immediately preceding the date of grant i.e. on June 26, 2018 by the Nomination & Remuneration Committee. |
| 5 Maximum term of ESARs granted   | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                                                                                                                                                                                                  | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                 | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                                            | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                                                                | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                                                             | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                | To be exercised within a maximum period of 3 years from the date of vesting of such ESARs                                                                                                                                                                                                        |

| Particulars                  | ESAR Plan 2015 (Grant I)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | ESAR Plan 2015 (Grant II)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ESAR Plan 2015 (Grant III)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | ESAR Plan 2015 (Grant IV)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ESAR Plan 2015 (Grant V)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | ESAR Plan 2015 (Grant VI)                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | ESAR Plan 2015 (Grant VII)*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | ESAR Plan 2015 (Grant VIII)*                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 6 Method of Settlement       | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Equity Shares of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 7 Choice of Settlement       | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                               | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                              | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                               | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                             | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                            | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                           | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                                                 | Settlement is compulsory in the Equity Shares of the Company or as may be decided by the Committee of the Board of Directors                                                                                                                                                                                                                                                                                                                                                                                               |
| 8 Source of shares           | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Primary issuance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 9 Variation in terms of ESOP | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 10 ESAR's granted            | The Nomination & Remuneration Committee granted 15, 50, 100 ESARs under Grant I during the financial year 2015-16 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) | The Nomination & Remuneration Committee granted 2,081,545 ESARs under Grant II during the financial year 2016-17 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) | The Nomination & Remuneration Committee granted 32,47,100 ESARs under Grant III during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) | The Nomination & Remuneration Committee granted 5,50,000 ESARs under Grant IV during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) | The Nomination & Remuneration Committee granted 1,50,800 ESARs under Grant V during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) | The Nomination & Remuneration Committee granted 71,900 ESARs under Grant VI during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) | The Nomination & Remuneration Committee granted 1,17,35,600 ESARs under Grant VII during the financial year 2017-18 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 and as amended. ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) | The Nomination & Remuneration Committee granted 2,40,000 ESARs under Grant VIII during the financial year 2018-19 to the eligible employees of the Company, conferring upon them a right to receive equity shares equivalent to the Appreciation in the value of the shares of the Company as per the terms of DHFL ESAR Plan 2015 and as amended. ("Appreciation" means the excess of Market Price of the equity share of the Company on the date of Exercise of Employee Stock Appreciation Rights over the ESAR Price.) |

\* In view of the interest expressed and requests given by all the ESAR Grantees covered under the aforesaid Grant – VII and Grant – VIII of the DHFL ESAR Plan 2015 to cancel and discontinue with the said Grants, the Nomination & Remuneration Committee and the Board of Directors of the Company at their respective Meetings held on March 29, 2019, approved cancellation of said Grant VII and Grant VIII of ESARs issued under the DHFL ESAR Plan 2015.



The movement of ESARs during the year are as follows:

| Sl. No. | Particulars ESAR                                                  | ESAR Plan 2015 (Grant – I) | ESAR Plan 2015 (Grant – II) | ESAR Plan 2015 (Grant – III) | ESAR Plan 2015 (Grant – IV) | ESAR Plan 2015 (Grant – V) | ESAR Plan 2015 (Grant – VI) | ESAR Plan 2015(*) (Grant – VII) | ESAR Plan 2015(*) (Grant – VIII) |
|---------|-------------------------------------------------------------------|----------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|-----------------------------|---------------------------------|----------------------------------|
| 1       | Number of ESARs outstanding at the beginning of the year          | 11,98,000                  | 14,77,428                   | 28,48,600                    | 5,50,000                    | 1,50,800                   | 71,900                      | 1,17,35,600                     | 0                                |
| 2       | Number of ESARs granted during the year                           | 0                          | 0                           | 0                            | 0                           | 0                          | 0                           | 0                               | 2,40,000                         |
| 3       | Number of ESARs issued due to Bonus during the year               | 0                          | 0                           | 0                            | 0                           | 0                          | 0                           | 0                               | 0                                |
| 4       | Number of forfeited/ cancelled / lapsed during the year           | 1,83,280                   | 2,42,297                    | 3,93,280                     | 0                           | 0                          | 0                           | 1,17,35,600*                    | 2,40,000*                        |
| 5       | Number of ESARs vested during the year                            | 7,840                      | 13,599                      | 5,78,540                     | 0                           | 0                          | 0                           | 0                               | 0                                |
| 6       | Number of ESARs exercised / settled during the year               | 1,75,560                   | 22,411                      | 44,240                       | 0                           | 0                          | 0                           | 0                               | 0                                |
| 7       | Total number of shares arising as a result of exercise of options | 1,18,749                   | 15,979                      | 14,009                       | 0                           | 0                          | 0                           | 0                               | 0                                |
| 8       | Money realized by exercise of options (in ₹)                      | 11,87,490                  | 1,59,790                    | 1,40,090                     | 0                           | 0                          | 0                           | 0                               | 0                                |
| 9       | Number of ESARs outstanding at the end of the year                | 8,39,160                   | 12,12,720                   | 24,11,080                    | 5,50,000                    | 1,50,800                   | 71,900                      | 0                               | 0                                |
| 10      | Number of ESARs exercisable at the end of the year                | 7,840                      | 13,599                      | 5,78,540                     | 0                           | 0                          | 0                           | 0                               | 0                                |

(\*) In view of the interest expressed and requests given by all the ESAR Grantees covered under the aforesaid Grant – VII and Grant – VIII of the DHFL ESAR Plan 2015 to cancel and discontinue with the said Grants, the Nomination & Remuneration Committee and the Board of Directors of the Company at their respective Meetings held on March 29, 2019, approved cancellation of said Grant VII and Grant VIII of ESARs issued under the DHFL ESAR Plan 2015.

## B. Employee-wise details of ESAR's granted (during the year) to:

(i) Key Managerial Personnel

| Name | Designation | No. of ESAR's granted | Weighted Avg. Grant Price (₹) |
|------|-------------|-----------------------|-------------------------------|
| N.A. | N.A.        | N.A.                  | N.A.                          |

(ii) Employees who were granted, during any one year, ESAR's amounting to 5% or more of the ESAR's granted during the year

| Name                         | Designation        | No. of ESAR's granted | Weighted Avg. Grant Price (₹) |
|------------------------------|--------------------|-----------------------|-------------------------------|
| Mr. Shrinivas Ashok Kulkarni | Sr. Vice President | 40,000                | N.A.                          |
| Mr. Suresh Pohuja            | Head Credit        | 1,00,000              | N.A.                          |
| Ms. Usha Dutta               | Head Credit        | 1,00,000              | N.A.                          |

(iii) Identified employees who were granted ESAR's, during any one year, equal or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant

| Name | Designation | No. of ESAR's granted |
|------|-------------|-----------------------|
| N.A. | N.A.        | N.A.                  |

**C. Diluted Earnings Per Share pursuant to issue of shares on exercise of options/ESARs calculated in accordance with Accounting Standard (Ind AS - 33)** ₹ -33.02

**D. Method used for Accounting of ESAR's : Intrinsic Value Method**

The impact on the profits and EPS of the fair value method is given in the table below

|                                         | ₹    |
|-----------------------------------------|------|
| Profit as reported (₹ in lakh)          | N.A. |
| Add - Intrinsic Value Cost (net of tax) | N.A. |
| Less - Fair Value Cost                  | N.A. |
| Profit as adjusted                      |      |
| Earning per share (Basic) as reported   | N.A. |
| Earning per share (Basic) adjusted      | N.A. |
| Earning per share (Diluted) as reported | N.A. |
| Earning per share (Diluted) adjusted    | N.A. |

**E. Weighted average exercise price of ESARs whose**

|                                                 |      |
|-------------------------------------------------|------|
| (a) Exercise price equals market price          | N.A. |
| (b) Exercise price is greater than market price | N.A. |
| (c) Exercise price is less than market price    | N.A. |

**Weighted average fair value of ESARs whose**

|                                                 |      |
|-------------------------------------------------|------|
| (a) Exercise price equals market price          | N.A. |
| (b) Exercise price is greater than market price | N.A. |
| (c) Exercise price is less than market price    | N.A. |

**F. Method and Assumptions used to estimate the fair value of ESARs granted during the year:**

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model on a weighted average basis are as follows:

| Date of grant                                                              | 31.03.2019 |
|----------------------------------------------------------------------------|------------|
| 1. Risk Free Interest Rate                                                 | 7.57%      |
| 2. Expected Life (years)                                                   | 2.95       |
| 3. Expected Volatility                                                     | 37.19%     |
| 4. Dividend Yield                                                          | 1.32%      |
| 5. Price of the underlying share in market at the time of the option grant | 643.65     |

**1. Other details**

- 1) Weighted Average Market Price on the date of Exercise is N.A.
- 2) Remaining Contractual life for ESARs granted and outstanding as on March 31, 2019

| Particulars ESAR                                                                 | ESAR Plan 2015 (Grant - I) | ESAR Plan 2015 (Grant - II) | ESAR Plan 2015 (Grant - III) | ESAR Plan 2015 (Grant - IV) | ESAR Plan 2015 (Grant - V) | ESAR Plan 2015 (Grant - VI) | ESAR Plan 2015 (Grant - VII) | ESAR Plan 2015 (Grant - VIII) |
|----------------------------------------------------------------------------------|----------------------------|-----------------------------|------------------------------|-----------------------------|----------------------------|-----------------------------|------------------------------|-------------------------------|
| Remaining Contractual life for unvested ESARs outstanding at the end of the year | 2.88                       | 3.71                        | 3.88                         | 3.88                        | 4.15                       | 4.42                        | -                            | -                             |
| Remaining Contractual life for ESARs exercisable at the end of the year          | 0.03                       | 0.02                        | 2.21                         | 2.21                        | -                          | -                           | -                            | -                             |

for and on behalf of the Board

**Kapil Wadhawan**

Chairman & Managing Director  
(DIN-00028528)

Place: Mumbai  
Date: August 6, 2019

# Annexure - 5

## to the Board's Report

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR FINANCIAL YEAR 2018-19

#### 1. A brief outline of the Company's CSR Policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR Policy and Programmes/ Projects.

The Company's Corporate Social Responsibility (CSR) Policy was initially formulated in October 2012, and last revised and approved on November 21, 2018 by the Company's Board of Directors. The Policy aligns with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013 and provides a framework of guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. The Company's motto of Changing Lives is extended to its Corporate Social Responsibility philosophy. The Company is committed to delivering sustainable solutions to equip and encourage equal opportunity, maximise human development and leverage the aspirations of youth, women and vulnerable populations.

The Company is determined to undertake CSR activities strategically, systematically and more thoughtfully and encourage community development as against institutional building. The Company believes in delivering impactful solutions in collaboration with the community, Government, like-minded corporate entities and social purpose organisations.

The flagship programmes focus on Early Childhood Care and Education (ECCE), Economic empowerment through financial literacy and inclusive growth, Skills Development for sustainable livelihoods and Rural Development with focus on drought mitigation. Through these programmes, the Company seeks to bring forth sustainable changes in communities across diverse geographies.

The Company's CSR Foundation – DHFL Changing Lives Foundation, a wholly-owned subsidiary of the Company, incorporated in December 2017, has furthered the Company's CSR Vision and facilitated implementation of high impact initiatives through multi-stakeholder partnership; covering government and non-government organisations. The Foundation has taken the mantle of implementing "Project Sneh" – flagship initiative under Early Childhood Care and Education.

The Company's initiatives under CSR are detailed hereunder:

#### i. Early Childhood Care and Education (ECCE)

ECCE covers programmes for children from prenatal to six years of age; and caters to their needs in all domains of development i.e. physical, motor, language, cognitive, socio-emotional, and creative and aesthetic appreciation, and ensures synergy with health and nutrition. This programme is delivered through Anganwadi centres (courtyard centres), run as part of the Integrated Child Development Services (ICDS) by the Ministry of Women and Child Development, Government of India.

The Company has implemented this programme in partnership with the Department of Women and Child Development (WCD) and District Administration in Palghar District of Maharashtra, Bokaro District of Jharkhand, Khargone and Burhanpur District of Madhya Pradesh.

The programme covers 1895+ Anganwadis in Palghar, Vasai, Dahanu and Talasari blocks of Palghar District, 465+ Anganwadis in Jaridih, Kasmar and Petarwar blocks of Bokaro District and 1183+ Anganwadis in Bhagwanpura, Bhikangaon and Zarniya blocks of Khargone and Nepanagar, Shahpura blocks of Burhanpur District. The programme directly impacts 3543+ anganwadis, its workforce and over 1,60,000 children.

#### The ECCE programme adopts four pronged approach to bring about holistic development of child and they are as follows:

- **Pre-School Education:** Build the capacity of Child Development Project Officers (CDPO), ICDS Supervisors, Anganwadi Workers and Helpers to deliver effective pre-school curriculum in anganwadi centres.
- **Health & Nutrition:** Promote preventive and health seeking behavior among pregnant women, lactating mothers and adolescent girls and boys in the community, strengthening community monitoring systems and empowering frontline workers to deliver preventive healthcare services.
- **Model Anganwadis:** Construct child centric anganwadis with locally available implements and using innovative design models under 'Snehangans'.

- **Stakeholder Empowerment:** Create financial safety net for frontline workers through formation of Self Help Groups and facilitating forward and backward linkage.

The programme is implemented by DHFL Changing Lives Foundation.

### ii. Economic Empowerment through financial literacy & inclusive growth

The Company has conceptualised and implemented a comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable', also aiding transition of informal settlements to formal housing, promoting Pradhan Mantri Awas Yojana.

This programme focuses on building community capacity through help centers & volunteers and facilitating skill development, livelihood linkages & linkages to various Government of India (GOI) welfare schemes.

The programme is implemented in 4 urban slum communities and reaches 40,000+ households.

To further generate awareness on basics of finance and government welfare schemes, the Company has designed a radio programme with All India Radio (AIR) for 9 stations, under 'Sharmaji ke Sawal. Vinodji ke Jawab.'

The Company has supported research and creation of a digital knowledge base & tool of the State and Central government welfare schemes, across 10 States. The programme additionally trains DHFL Haqdarshaks or social entrepreneurs, under 'Sharmaji ke Sawal. Vinodji ke Jawab.' The total coverage of this knowledge-base is across 20 States with other Haqdarshak partners.

### iii. Skills Development for sustainable livelihoods

The Company delivers skill development programmes to youth from vulnerable populations, to empower them and create an ecosystem ensuring sustainable livelihoods. The programme is delivered through DHFL Skill Development Centres in Kolhapur and Chandrapur in Maharashtra.

This programme trained youth for the following job roles in Financial Year 2018-19:

- Business Correspondent (581)
- Loan Approval Officer (627)
- Microfinance Executive (578)
- Mason (328)
- Carpenter (312)

- Electrician (332)
- Plumber (305)
- Refrigeration & Air Conditioning (RAC) (337)

The Company has trained 3400+ youth in the above trades in Financial Year 2018-19.

The programme includes on-job trainings (OJTs) and ensures a minimum of 80% placement of the trained youth and post placement assistance for 6 months. The programme also creates linkages to government welfare schemes like Mudra loans for self-employment.

The programme has established a hub-n-spoke model with sub-centres and satellite centres to reach out to youth in interior locations. The programme has innovated with community-live projects to instill a feeling of giving back to the community.

### iv. Village Transformation with focus on drought mitigation

In response to the droughts in Aurangabad, Maharashtra, the Company started this holistic programme for water conservation and prevention of soil erosion in 2016. The programme has evolved as a comprehensive village transformation mission, supporting initiatives in multi cropping, village infrastructure development and environment issues.

The programme aims to address short term and long term measures to mitigate the causes and effects of drought, thus alleviating poverty and implementing a comprehensive rural development programme. The Company has implemented the programme in five villages namely Babhulgaon, Chincholi, Daregaon Dari, Nandra and Waghola in the Phulambri block of Aurangabad, Maharashtra.

The Company has introduced a series of interventions to make these five villages tobacco-free by engaging with school children, youth and community.

### v. Elder Care Programme

The Company, through its Foundation has supported an elder care training and livelihoods programme for young girls and boys from the underserved segment of the society.

The programme operates one centre in Mumbai, Maharashtra and is equipped to train 300 youth per year.

The CSR Policy of the Company has been outlined and uploaded on the Company's website and can be accessed at URL- <https://www.dhfl.com/docs/default-source/csr-docs/revised-csr-policy.pdf> The details of the Company's CSR Projects/Programmes are available at URL <https://www.dhfl.com/corporate-social-responsibility>

## 2. Composition of CSR Committee of the Board of Directors

The CSR Committee of Board was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 in view of the resignations of Mr. Harshil Mehta, Joint Managing Director & Chief Executive Officer, Mr. V. K. Chopra and Mr. G. P. Kohli, Independent Directors w.e.f. February 13, 2019, March 11, 2019 and March 29, 2019, respectively. The present composition of CSR Committee is as follows:

|                      |                                       |
|----------------------|---------------------------------------|
| Mr. Alok Kumar Misra | Chairman (Independent Director)       |
| Mr. Srinath Srinath  | Member (Non-Executive Director)       |
| Mr. Kapil Wadhawan   | Member (Chairman & Managing Director) |

The CSR Committee has also constituted a CSR Management Committee which works under the guidance of the CSR Committee of the Board in implementing approved programmes. The Chairman & Managing Director oversees the working of this management committee.

## 3. Average net profits of the Company for last 3 financial years is as detailed hereunder:

| Financial Year | Net Profits (₹ crore)<br>(As per Section 135 of the<br>Companies Act, 2013) |
|----------------|-----------------------------------------------------------------------------|
| FY 2015-16     | 1,101.45                                                                    |
| FY 2016-17*    | 1,343.52                                                                    |
| FY 2017-18*    | 1,543.77                                                                    |

\* Net Profit as per Ind AS adopted by the Company.

The average net profit of the Company for the past 3 years was ₹ 1,329.58 crore.

## 4. Prescribed CSR expenditure (2% of amount as in item no. 3 above)

The prescribed CSR expenditure @ 2% of the amount for FY 2018-19 was ₹ 26.59 crore.

## 5. Details of CSR spent during the financial year.

- Total Amount to be spent for the financial year: The prescribed CSR expenditure as per provisions of the Companies Act, 2013 for financial year 2018-19 was ₹ 26.59 crore.
- Amount unspent: The Company in the financial year 2018-19 has spent an amount of ₹ 27.19 crore on its flagship/identified programmes as against ₹ 26.59 crore which was required to be spent as per the provisions of the Companies Act, 2013. The total amount spent also includes ₹ 0.63 crore towards administrative expenses which is well within the limits as prescribed under the Companies Act, 2013.



c. Manner in which the amount spent during the financial year is detailed below:

| Sr No | CSR project or activity identified along with the details therein                                                                                                                                                                                                                   | Sector in which the Project is covered | Projects or Programmes Local Area or Others | Specify the State and District where projects or programmes were undertaken                   | Amount outlay (budget) project or programmes wise (₹) | Amount spent on the projects or programmes in FY2018-19 (₹) | Cumulative expenditure upto the reporting period ending March 31, 2019 (₹) | Amount spent: Direct or through implementing agency(ies)                                        |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| 1     | <b>Early Childhood Care and Education (ECCE)</b><br>A system strengthening programme to build the capacity of frontline workers to deliver effective services for children, pregnant mothers, lactating mothers and adolescent girls in the community.                              | Early Childhood Care and Education     | Local Area                                  | Maharashtra – Palghar<br>Jharkhand – Bokaro<br>Madhya Pradesh - Khargone and Burhanpur        | 18.25 crore                                           | 16.53 crore                                                 | 28.43 crore                                                                | Implementation Partner: DHFL Changing Lives Foundation                                          |
| 2     | <b>Financial Literacy and Inclusive Growth</b><br>A comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable', also aiding transition of informal settlements to formal housing, promoting Pradhan Mantri Awas Yojana.     | Slum Development                       | Local Area                                  | Rajasthan - Jaipur<br>Uttar Pradesh – Varanasi<br>Jharkhand – Ranchi<br>Chhattisgarh – Raipur | 2.42 crore                                            | 2.42 crore                                                  | 4.64 crore                                                                 | Implementation Partner: Saath Livelihood, Samerth Charitable Trust, Haqdarshak, FM Production   |
| 3     | <b>Skills Development</b><br>The programme trains and empower youth from under resourced communities across diverse job roles in BFSI and Construction                                                                                                                              | Skills Development                     | Local Area                                  | Maharashtra- Kolhapur and Chandrapur                                                          | 4 crore                                               | 3.4 crore                                                   | 11.94 crore                                                                | Implementation Partner: SEED CSR, Teamlease Skills University and Deeds Charitable Trust        |
| 4     | <b>Village Transformation through drought mitigation</b><br>This programme is a holistic intervention towards alleviating poverty and implementing a comprehensive rural development programme with emphasis on watershed structure, tobacco de-addiction and community development | Rural Development                      | Local Area                                  | Maharashtra - Aurangabad<br>Tamil Nadu - Madurai                                              | 2.50 crore                                            | 1.23 crore                                                  | 5.54 crore                                                                 | Implementation Partner: Dilasa Janvikas Pratishtan, Salaam Mumbai Foundation and Magasool Trust |

| Sr No | CSR project or activity identified along with the details therein                                                                                                                                                                                                                                                             | Sector in which the Project is covered | Projects or Programmes | Amount outlay (budget) project or programmes wise (₹)                                          | Amount spent on the projects or programmes in FY2018-19 (₹) | Cumulative expenditure upto the reporting period ending March 31, 2019 (₹) | Amount spent: Direct or through implementing agency(ies)     |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------|------------------------------------------------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------|
|       |                                                                                                                                                                                                                                                                                                                               |                                        | Local Area or Others   | Specify the State and District where projects or programmes were undertaken                    |                                                             |                                                                            |                                                              |
| 5     | <b>R K Wadhawan- Sasakawa India Leporosity Foundation</b><br>Support to Nursing Scholars from leprosy affected communities across India between 2017 and 2024, to get into mainstream jobs and overcome stigma related to leprosy.                                                                                            | Education                              | Local Area             | Uttar Pradesh, Madhya Pradesh, West Bengal, Chattisgarh, Delhi, Bihar, Maharashtra, Tamil Nadu | 0.44 crore                                                  | 0.37 crore                                                                 | Implementation Partner: Sasakawa India Leporosity Foundation |
| 6     | <b>Akshay Patra Foundation</b><br>The mission of this program is to ensure that every child attends school and is provided with tasty, nutritious, wholesome mid-day meal.<br>The Company intends to continue support and cover 20,000+ students across 266 schools in Guwahati – Assam.                                      | Education                              | Local Area             | Assam – Guwahati                                                                               | 1.90 crore                                                  | 1.90 crore                                                                 | Implementation Partner: Akshay Patra Foundation              |
| 7     | <b>AIM for Seva</b><br>This programs aims to implement the concept of Students Home, a free home facility in the vicinity of an existing school, free students' home, free shelter, food, clothing and access to school and additionally to provide a value education, life skills, IT skills and extracurricular activities. | Education                              | Local Area             | Nandayal in Andhra Pradesh and Anaikatti-Coimbatore in Tamil Nadu                              | 0.43 crore                                                  | 0.08 crore                                                                 | Implementation Partner: AIM for Seva                         |
| 8     | <b>Yusuf Meherally Centre</b><br>This program seeks to enable quality education among Tribal Children through improved infrastructure and funding operating expenses for teaching and support staff to sustain the program.                                                                                                   | Education                              | Local Area             | Maharashtra - Raigad                                                                           | 0.16 crore                                                  | 0.16 crore                                                                 | Implementation Partner: Yusuf Meherally Centre               |

| Sr No     | CSR project or activity identified along with the details therein                                                                                                                                                                                                                                                                                                                            | Sector in which the Project is covered        | Projects or Programmes    | Amount outlay (budget) project or programmes wise (₹) | Amount spent on the projects or programmes in FY2018-19 (₹) | Cumulative expenditure upto the reporting period ending March 31, 2019 (₹) | Amount spent: Direct or through implementing agency(ies)                                                                 |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|---------------------------|-------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|
| <b>9</b>  | <b>Educational Small Programmes</b><br>Apart from the flagship programmes and other CSR programmes, the Company's CSR extended Small Support to select niche programmes under education, Art based therapy                                                                                                                                                                                   | Education                                     | Local Area<br>Pan India   | 0.33 crore                                            | 0.33 crore                                                  | 1.86 crore                                                                 | Implementation Partner:<br>Ace Select CSR Classrooms, WCCL, Light of Life Trust, BMC Schools                             |
| <b>10</b> | <b>Other CSR Small Programmes</b><br>Support select small programmes as a support to art & culture conservation and talent support, environment conservation and health & medicine                                                                                                                                                                                                           | Art & Music Support, Environment conservation | Local Area<br>Pan India   | 0.21 crore                                            | 0.14 crore                                                  | 1.44 crore                                                                 | Fine Arts Society, M N Construction, Satyawati Spiritual Foundation, Aine Mahendru, National Society for Blind, Medisidh |
| <b>11</b> | <b>Olympic Gold Quest</b><br>Encouraged talent in individual sports to represent India & win Gold at the Olympics & other International Tournaments<br>Support would be provided to the mission for a period of four years till the Tokyo Olympics 2020.<br>Created a pool of sports talent & coaches who would further deliver trainings to 25 national level athletes/sportsmen pan-India. | Sports                                        | Local area<br>Pan India   | 0.50 crore                                            | -                                                           | 0.50 crore                                                                 | Implementation Partner: Olympic Gold Quest                                                                               |
| <b>12</b> | <b>R K Wadhawan - TISS Fellowship for Social Sciences</b><br>Fellowship for social science students from marginalized communities through the R K Wadhawan Education Trust.                                                                                                                                                                                                                  | Education                                     | Local area<br>Maharashtra | 0.25 crore                                            | -                                                           | -                                                                          | Tata Institute of Social Sciences                                                                                        |
| <b>13</b> | <b>R K Wadhawan Sports Scholarship</b><br>To support youth and children to train and represent at state level and above.                                                                                                                                                                                                                                                                     | Sports                                        | Local area<br>Pan India   | 0.20 crore                                            | -                                                           | -                                                                          | Direct                                                                                                                   |

| Sr No                                                          | CSR project or activity identified along with the details therein                                                                                                                                                                             | Sector in which the Project is covered | Projects or Programmes<br>Local Area or Others | Specify the State and District where projects or programmes were undertaken                                                                                                                                                            | Amount outlay (budget) project or programmes wise (₹) | Amount spent on the projects or programmes in FY2018-19 (₹) | Cumulative expenditure upto the reporting period ending March 31, 2019 (₹) | Amount spent: Direct or through implementing agency(ies)                                           |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 14                                                             | <b>CSR management expenses</b><br>- M/s Samhita - Project Management Unit for our CSR projects.<br>- Other support for legal services for registration of the DHFL Changing Lives Foundation from specialist.<br>- Administrative & overheads | CSR Overheads                          |                                                | Fees payable based on approved cost structure for activities viz Programme identification, project evaluation, dedicated resources committed for site work and monitoring and evaluation reports, creative and printing of CSR Reports | 0.63 crore                                            | 0.63 crore                                                  | 2.05 crore                                                                 | Samhita Social Ventures, B. Suhandani, Rite Knowledge, Parksons Graphics, Anupam Stationery, etc., |
| <b>Total spent and commitments as at the end of March 2019</b> |                                                                                                                                                                                                                                               |                                        |                                                |                                                                                                                                                                                                                                        | <b>32.22 crore</b>                                    | <b>27.19 crore</b>                                          | <b>65.35 crore</b>                                                         |                                                                                                    |

**6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board's report:**

The Company was able to spend more than the required prescribed amount of the CSR expenditure during the financial year 2018-19. The Company has spent ₹ 27.19 crore under its CSR as against the prescribed CSR budget of ₹ 26.59 crore in financial year 2018-19. The Company's CSR programmes have scaled and deepened impact over the past three to four years. The Company remains committed to its CSR vision and philosophy, and will continue its investment to further deepen programme impact and scale to newer geographies. The total amount spent also includes ₹ 0.63 crore towards administrative expenses which is well within the limits as prescribed under the Companies Act, 2013.

**7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company.**

The CSR Committee confirms that the CSR Policy as approved by the Board has been duly implemented and that the CSR Committee monitors the implementation of various projects and activities and the same is in compliance with the CSR Objectives and policy of the Company.

**Alok Kumar Misra**  
(Independent Director)  
Chairman of CSR Committee  
DIN: 00163959

**Srinath Sridharan**  
(Non-Executive Director)  
Member of CSR Committee  
DIN: 03359570

**Kapil Wadhawan**  
(Chairman & Managing Director)  
Member of CSR Committee  
DIN:00028528

Place: Mumbai  
Date: July 22, 2019



# Annexure - 6

## to the Board's Report

### RELATED PARTY TRANSACTION POLICY

#### 1. Preamble

In terms of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment(s)/modification(s) thereof), ("SEBI Listing Regulations") and Section 188 of the Companies Act, 2013 read with rules made thereunder (including any amendment(s)/ modification(s) thereof), the Board of Directors (the "Board") of Dewan Housing Finance Corporation Limited (the "Company" or "DHFL"), have basis the recommendations of the Audit Committee Members framed and adopted the Related Party Transaction Policy ["Policy" or "this Policy"] with effect from October 1, 2014, which defines and lays down the procedures with regard to Related Party Transactions. This policy aims to regulate transactions between the Company and its Related Parties, based on the laws and regulations applicable to the Company.

#### 2. Objective

The objective of this Policy is to regulate transactions with related parties and ensure transparency between them. It sets out the materiality thresholds for related party transactions and the manner of dealing with such transactions in accordance with the provisions of Companies Act, 2013 and SEBI Listing Regulations.

#### 3. Definitions

**"Act"** means the Companies Act, 2013 and rules made thereunder and includes any amendment(s)/ modification(s) thereof.

**"Arms' Length Transaction"** means transaction between two related or affiliated parties that is conducted as if they were unrelated, so that there is no question of conflict of interest.

**"Audit Committee/Committee"** means Committee of Board of Directors of the Company constituted as per the provisions of SEBI Listing Regulations and Companies Act, 2013.

**"Key Managerial Personnel"** means any person as defined in Section 2(51) of the Companies Act, 2013.

**"Policy"** means Related Party Transaction Policy.

**"Material Related Party Transaction(s)"** means transaction/transactions with the related party to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company, as per the last audited financial statements of the Company.

Further, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds two percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the Company."

**"Related Party"** shall mean Related Party as defined under SEBI Listing Regulations.

**"SEBI Listing Regulations"** shall mean SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 or any further statutory modification(s)/ amendment(s) thereof.

**"Related Party Transaction"** shall mean to include:

- a. Transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract;
- b. contracts or arrangements entered into with related party for:
  - i. Sale, purchase or supply of any goods or materials;
  - ii. Selling or otherwise disposing of, or buying, property of any kind;
  - iii. Leasing of property of any kind;
  - iv. Availing or rendering of any services;
  - v. Appointment of any agent for purchase or sale of goods, materials, services or property;
  - vi. Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate Company; and
  - vii. Underwriting the subscription of any securities or derivatives thereof, of the Company.

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, SEBI Listing Regulations or any other applicable law or regulation(s).

#### 4. Terms of the Policy

- 4.1 All the Related Party Transactions proposed to be entered by the Company shall require prior approval of the Audit Committee including the transactions to be entered in the ordinary course of business. The Audit Committee shall

recommend the Related Party Transaction(s) for the approval of Board of Directors/ Shareholders as per the terms of this policy and the applicable provisions/ regulations of Companies Act, 2013 and SEBI Listing Regulations respectively or any amendment(s) / modification(s) thereto.

4.2 The Related Party Transactions entered into in the ordinary course of business and transacted at arms' length shall not require approval of the Board of Directors. However, all related party transactions to be entered by the Company shall require prior approval of the Audit Committee.

4.3 All the Material Related Party Transaction and Related Party Transactions as defined under Section 188 (1), exceeding the threshold limits prescribed under rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014, as detailed under Clause 4.4. below, shall require prior approval of the Audit Committee, Board of Directors and Shareholders of the Company by way of a resolution.

4.4 Transactions as prescribed under Rule 15(3) of the Companies (Meeting of Board and its Powers ) Rules, 2014, includes the transactions/ contracts/ arrangements as follows :

- a. Contracts or arrangements with respect to clauses (a) to (e) of Section 188 (1) of Companies Act, 2013 with criteria as mentioned below:
  - i. Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
  - ii. Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to ten percent or more of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188 of Companies Act, 2013;
  - iii. Leasing of property of any kind amounting to ten percent or more of the net worth of the company or ten percent or more of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of section 188 of Companies Act, 2013;
  - iv. Availing or rendering of any services, directly or through appointment of agent, amounting to ten percent or more of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e)

respectively of sub-section (1) of Section 188 of Companies Act, 2013.

These limits shall however, apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- b. Contracts or arrangements with respect to Clause (f) of Section 188 (1) wherein a related party's appointment to any office or place of profit in the Company, its subsidiary company or associate company is at a monthly remuneration exceeding two and a half lakh rupees.
- c. Contracts or arrangements with respect to Clause (g) of Section 188 (1) wherein such related party receives a remuneration for underwriting the subscription of any securities or derivatives thereof, of the Company exceeding one percent of the net worth.
- d. Subject to the provisions of SEBI Listing Regulations and the Companies Act, 2013, any Related Party Transaction(s) to be entered into with an individual Related Party, taken together with previous related party transaction(s) with such individual Related Party, in a financial year, exceeding the threshold limit of ten per cent of annual consolidated turnover of the Company as per the last audited financial statements, shall require approval of both the Audit Committee and Board of Directors.

## **5. Procedures**

### **a. Review and approval of Related Party Transactions by Audit Committee Members**

- Audit Committee shall review all the potential/ proposed Related Party Transactions, to ensure that no conflict of interest exists and evaluate it from the perspective of Arms' Length Pricing.
- Any member of the Audit Committee who has an interest in the transaction under discussion shall not vote to approve the Related Party Transaction, but may, if so requested by the Chairperson of the Committee, participate in some or all of the Committee's discussions of the Related Party Transaction.
- Audit Committee shall have all the rights to call for information/documents in order to understand the scope of the proposed related party transactions and devise an effective control system for the verification of supporting documents.
- The Audit Committee shall be provided with the following relevant information and details pertaining to each proposed related party transactions/ contracts –

- i. The name of the related party and nature of relationship;
  - ii. The nature, duration of the transaction / contract or arrangement and particulars of the transaction/ contract or arrangement;
  - iii. The material terms of the transaction/contract or arrangement including the value and / or the maximum amount for which the same is proposed to be entered into ;
  - iv. Any advance paid or received for the transaction / contract or arrangement, if any;
  - v. The manner of determining the pricing and other commercial terms, both included as part of transaction / contract and not considered as part of the same;
  - vi. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered.
  - vii. The rationale for not considering the relevant factors; and
  - viii. Any other information relevant or important for the Audit/ Board to take a decision on the proposed transaction.
- The Audit Committee shall while reviewing the Related Party Transaction, consider all the relevant information/ facts submitted to it, including but not limited to the (a) Commercial or business reasonableness of the terms of the subject transaction so as to analyse that transaction is on an arms' length basis, benchmarking the same with the information and /or drawing reference to the information that may have a bearing on the arms' length analysis. eg: industry trends, certificate from an independent auditor, valuation reports, third party comparables, publications or quotations. etc. (b) availability and / or the opportunity cost of the alternate transactions (c) materiality and interest (direct/ indirect) of the related party in the subject transaction, (d) actual or apparent conflict of interest of the Related Party, (e) If the Related party is an Independent Director then the Audit Committee shall also consider the impact of the said Related Party Transaction on the Director's independence.
  - Upon completion of its review of the transaction, the Audit Committee may decide to approve with or without amendment / modification the proposed related party transaction. In case of a related party transaction, other than transactions referred to in section 188 of the Act, and where Audit Committee does not approve the transaction, it shall make its recommendation to the Board.
  - The Audit Committee, if considers it appropriate, can also propose modification/s in the approved related party transaction subsequently.
  - Approval of Audit Committee is not required when the transaction is other than a transaction referred in Section 188 of the Act and between the Company and its wholly owned subsidiary(ies) company, whose accounts are consolidated with the Company and placed before the shareholders at the general meeting of the Company, for approval.
- b. Omnibus Approval of Related Party Transactions**
- The Audit Committee may grant omnibus approval, pertaining to the transactions in the ordinary course of business, transactions for support service/ sharing of services with Associates Companies, Sub Lease of Office Premises or Office Sharing arrangement with Associate Companies or any other transactions or arrangements as it may deem appropriate, being proposed to be entered into on arms' length basis, subject to the following conditions.
- i. The Audit Committee shall grant omnibus approval in line with this policy and such approval shall be applicable in respect of transactions which are repetitive in nature.
  - ii. The Audit Committee shall satisfy itself in respect of the need for such omnibus approval and that such approval is in the interest of the company;
  - iii. Such omnibus approval shall specify (i) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into, (ii) the indicative base price / current contracted price and the formula for variation in the price if any and (iii) such other conditions or criteria's, as the Audit Committee may deem fit; However, where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding ₹1 crore per transaction.
  - iv. Audit Committee shall review, on a quarterly basis, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approval given.
  - v. Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.
- c. Review and approval of Related Party Transactions by Board of Directors**
- In case the Audit Committee determines that the Related Party Transaction requires the approval of the Board of Directors or Shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party

Transaction to the Board of Directors for its approval alongwith all the relevant information/ documents pertaining to the same.

- The Board shall review the Related Party Transaction and recommendations of the Audit Committee, if any, and shall have the authority to call for such additional information as it may deem appropriate and may approve with or without modification(s) or reject the proposed related party transaction as per the terms of this policy and other applicable regulatory provisions.
- In case, the Board determines that the Related Party Transaction requires approval of the shareholders as per the terms of this policy and applicable regulatory provisions then it shall refer the said Related Party Transaction to the shareholders for its approval alongwith all the relevant information/ documents pertaining to the same, as per the appropriate regulatory provisions.

- d. All Material related party transaction(s) or related party transaction(s) other than a transactions referred in section 188 of the Act to be entered into between the Company and its wholly owned subsidiary(ies), whose accounts are consolidated with the Company and placed before the Shareholders at the general meeting for approval, shall not require approval of the shareholders.
- e. Approval of the Audit Committee /Board of Directors shall be required incase of any subsequent amendment/modification/ renewal, in the terms of the earlier approved Related Party Transaction, as the case may be.

## **6. Disclosures**

- Every Director of a Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement entered into or to be entered into—
  - (a) With a body corporate in which such director or such director in association with any other director, holds more than two per cent shareholding of that body corporate, or is a promoter, manager, Chief Executive Officer of that body corporate; or
  - (b) With a firm or other entity in which, such director is a partner, owner or member, as the case may be,

shall disclose the nature of his concern or interest at the meeting of the Board in which the contract or arrangement is discussed and shall not participate in such meeting:

Provided that where any director who is not so concerned or interested at the time of entering into such contract or arrangement, he shall, if he

becomes concerned or interested after the contract or arrangement is entered into, disclose his concern or interest forthwith when he becomes concerned or interested or at the first meeting of the Board held after he becomes so concerned or interested.

- Each Director, Key Managerial Personnel shall be required to disclose to the Audit Committee any potential Related Party Transaction(s) proposed to be entered into by them or their relatives.
- The Related Party Transaction entered into with the related party/ies shall be disclosed in the Director's Report / Annual Report as per the disclosure requirement(s) of the Companies Act, 2013 and SEBI Listing Regulations.

Material Transactions exceeding the threshold limits as prescribed under Rule 15 sub rule(3) of Companies (Meetings of Board and its Powers) Second Amendment Rules, 2014 shall be disclosed under "Details of material contracts or arrangements or transactions at arms' length" in Form no. AOC-2 as a part of the Directors Report, as prescribed under Companies Act, 2013.

- The particulars of all the Related Party Transaction entered into with the approval of the Audit Committee / Board of Directors / Shareholders shall be entered into the Register of Contracts or Arrangements in which Directors are interested, maintained by the Company as per the provisions of the Companies Act, 2013 and rules framed thereunder.
- All entities falling under the definition of related parties shall not vote to approve the transaction at the Board Meeting or at Annual General Meeting irrespective of whether the entity is a party to the particular transaction/ contract / arrangement or not.
- This Policy shall be uploaded on the website of the Company and a web link thereto shall be provided in the Annual Report.
- Quarterly/periodical updates shall be provided to the Audit Committee members on the related party transactions entered by the Company.
- Details of all Material Related Party transactions with its related parties shall be disclosed in the quarterly compliance report on corporate governance as per the provisions of SEBI Listing Regulations.
- The Company shall submit disclosure of Related Party Transactions on a consolidated basis in the format specified in the relevant accounting standards for annual results to the stock exchanges within 30 days from the date of its publication of its standalone and consolidated financial results for the half year.

## 7. Ratification

Subject to compliance with the provisions of SEBI Listing Regulations, any related party transaction entered into by a director or officer of the Company amounting not exceeding one crore rupees without approval of the Audit Committee and not ratified by the Audit Committee within 3 months from the date of transaction(s), then such transaction(s) shall be voidable at the option of the Audit Committee and if the related party transaction entered into by a director or authorised by any other director, the director(s) concerned shall indemnify the Company against any loss incurred by it.

If any contract or arrangement is entered into by a director or any other employee of the Company, without obtaining the consent of the Board or approval by a resolution in the general meeting as per the provisions of Section 188 (1) of the Companies Act, 2013 and if it is not ratified by the Board and/or by the shareholders at a meeting, as the case may be, within three months from the date on which such contract or arrangement was entered into, such contract or

arrangement shall be voidable at the option of the Board or, as the case may be of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

## 8. Amendments

- The Audit Committee shall periodically review, propose modifications/ amendments, if deemed necessary, to this policy which shall be subject to the approval of the Board of Directors.
- The Board of Directors shall review the Policy at least once in three years and if deemed necessary, propose modifications/amendments therein.
- In the event of any conflict between the provisions of this Policy, Act or SEBI Listing Regulations or any other statutory enactments/rules/laws, the provisions of such Act/Regulations or any other statutory enactments/rules/laws would prevail over this Policy.



## Annexure - 7

### to the Board's Report

Date: July 22, 2019

To,  
The Members,  
DEWAN HOUSING FINANCE CORPORATION LIMITED  
Mumbai

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.

5. The compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

***We were unable to verify the correctness and appropriateness or otherwise of the allegations on the Company by COBRAPOST News Portal, as the records pertaining to the same form part of the business / financial records of the Company which were subject matters of audit / verification by Joint Statutory Auditors / other designated professionals. Further, in this matter, we have referred to and relied upon the Report dated March 5, 2019, of the Independent Firm of Chartered Accountants viz. M/s. T. P. Ostwal & Associates LLP, Mumbai, Report of the Joint Auditors dated July 22, 2019 and the Management Representation.***

**FOR JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES  
Unique Code: S1995MH013400

**JAYSHREE S. JOSHI**  
F.C.S. 1451; C.P. 487

### FORM NO. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,  
The Members,  
DEWAN HOUSING FINANCE CORPORATION LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **DEWAN HOUSING FINANCE CORPORATION LIMITED** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts /statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other secretarial records maintained by the Company and also the information and

explanations provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter ***subject to the qualifications and observations contained in Annexures – I & II hereto respectively:***

- (A) We have examined the books, papers, minutes books, forms and returns filed and other secretarial records maintained by **DEWAN HOUSING FINANCE CORPORATION LIMITED** ("the Company") for the financial year ended on March 31, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) & the Rules made there under to the extent applicable; and circulars, notifications, clarifications, Removal of Difficulties Orders or such other relevant statutory material issued by the Ministry of Corporate Affairs from time to time;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, RBI Master Circulars issued from time to time and Operational Guidelines issued by FIMMDA (Fixed Income Money Market and Derivatives Association of India) effective from June 30, 2001 (as amended from time to time) w.r.t. Issue of Commercial Papers;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
  - (c) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits), Regulations, 2014, as amended;
  - (d) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client as amended; and
  - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
6. Based on the nature of business activities of the Company, the following specific Acts / Laws / Rules / Regulations are applicable to the Company:
  - (a) The National Housing Bank Act, 1987, and all the Rules, Regulations, Circulars, Directions and Guidelines prescribed / issued thereunder and The Housing Finance Companies (NHB) Directions, 2010 and Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014 for Housing Finance Companies.
  - (b) Credit Information Companies (Regulation) Act, 2005 and Rules.
  - (c) The Prevention of Money-Laundering Act, 2002 and the Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
  - (d) The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
  - (e) Guidelines with respect to SEBI KYC registration agency (KRA) Regulations, 2011.
  - (f) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003.
  - (g) Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended and SEBI circular dated September 13, 2012 as regards the registration with Association of Mutual Funds in India, to the extent applicable.
  - (h) With respect to the Company's business activity of acting as Corporate Agent for sale of Life and General Insurance products, the following Acts / laws / Rules / Regulations, to the extent applicable:
    - i. The Insurance Act, 1938, and Rules framed thereunder, the Insurance Regulatory and Development Authority of India Act, 1999, and the regulations, guidelines, notifications, circulars and directives issued thereunder and in force, to the extent applicable to Corporate Agents.
    - ii. IRDAI (Registration of Corporate Agents) Regulations, 2015, and guidelines for the purpose.
    - iii. Anti Money Laundering (AML) Guidelines. (30/IRDA/AML/CIR/AUG-09).
    - iv. The Insurance Regulatory and Development Authority of India (IRDA) Guidelines on 'Indian owned and controlled' (Control Guidelines) applicable from October 19, 2015, to the extent applicable.
    - v. Insurance Regulatory and Development Authority of India Act, 1999 and Insurance Laws (Amendment) Act, 2015.

- (i) Labour Laws to the extent applicable based on the nature of activities of the Company.

With respect to the compliance of provisions of Listing of Rupee Denominated Medium Term Notes Programme (Masala Bonds) on London Stock Exchange, we have completely relied upon the representation made by the Company Management.

- (B) We have also examined compliance with the applicable clauses of the Secretarial Standards for Board Meetings (SS-1) and for General Meetings (SS-2) as applicable from time to time.

It may please be noted that the compliance of applicable financial laws including Direct and Indirect Tax Laws; maintenance of Financial Records and Books of Accounts etc. including compliance of applicable Accounting Standards by the Company has not been reviewed by us for the purpose of this Audit since the same has been subject matter of audit / review by the Joint Statutory Auditors and / or other designated professionals. Further, we have also relied upon the certificates / reports/ legal opinions, as the case may be, issued by the Joint Statutory Auditors and / or other designated professionals, wherever applicable.

**We have not verified the correctness and appropriateness or otherwise of the allegations on the Company by COBRAPOST News Portal. Further, in this matter, we have referred and relied upon the Report of the Special Auditors i.e. M/s. T. P. Ostwal & Associates LLP, Chartered Accountants, Mumbai, appointed for this specific purpose by the Company, the report of the Joint Statutory Auditors of the Company and the representation made by the Company Management.**

During the year under audit, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above **except / other than the qualifications and observations contained in Annexures – I & II hereto respectively.**

During the year under audit, the provisions of the following Regulations (as enumerated in the prescribed format of Form MR - 3) were not applicable to the Company:

- (i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (ii) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
- (iii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009

#### We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the relevant Act **except that the resignation of Independent Directors caused imbalance in constitution of the Board of Directors**

**and Committees thereof AND deficiency in complying with the provisions of Regulation 17(1) (a) and (c) of SEBI (LODR) Regulations, 2015, for a short period in the last month of the year under Audit.**

**W.r.t. filling of vacancy occurred due to resignation of Independent Directors, Section 149 of the Act read with Rule 3 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Regulation 25 (6) of SEBI (LODR) Regulations, 2015 provides for a period of 3 months from the date of such vacancy. It is noticed from the records of the Company that the same was regularized within the statutory permitted time period as referred herein above though after the year under audit.**

**There was no CS and CFO (KMP) during the 16 days' period from March 16, 2019 to March 31, 2019. However, Section 203 (4) of the Companies Act, 2013 provides for a period of 6 months to fill such vacancy.**

Adequate notice had been given to all Directors to schedule the Board & Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and in cases where shorter notice was given for Board Meeting(s), at least one Independent Director was present at such meeting(s) and that the system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

As per the Minutes of the Meetings recorded and signed by the Chairman, the decisions of the Board as well as the Committees thereof were unanimous as no dissenting views have been recorded.

#### We further report that

Based on the review of the compliance reports and the certificates of the Chairman & Managing Director, Joint Managing Director & CEO and Company Secretary & Compliance Officer and taken on record by the Board of Directors of the Company, in our opinion, there are adequate systems and processes in place in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines referred to herein above **subject to the Qualifications and Observations given in enclosed Annexures – I & II respectively** which form integral part hereof.

**We further report that** during the year under audit the Company had specific events / actions as detailed in **Annexure - III** to this Report having impact on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to hereinabove.

**For JAYSHREE DAGLI & ASSOCIATES**  
COMPANY SECRETARIES  
Unique Code: S1995MH013400

Place : Mumbai  
Date : July 22, 2019

**JAYSHREE S. JOSHI**  
F.C.S. 1451; C.P. 487

# Annexure - I

## QUALIFICATIONS

### 1. RPT COMPLIANCE:

- a. Pursuant to Regulation 23 of SEBI (LODR) Regulations, 2015, all Related Party Transactions should have prior approval of the Audit Committee. However, temporary loan of ₹ 30 crore sanctioned and disbursed on March 15, 2019 to Wadhawan Global Capital Limited, a related party, had post facto approval of the Audit Committee (on May 3, 2019 being after the year under Audit).
- b. Pursuant to Regulation 23 of SEBI (LODR) Regulations, 2015, all Related Party Transactions should have prior approval of the Audit Committee. However, Property Term Loan of ₹ 27,97,64,893/- sanctioned on March 27, 2018 and disbursed on March 28, 2018 to Wadhawan Holdings Private Limited, a related party, had post facto approval of the Audit Committee (on July 13, 2019 being after the year under Audit).
- c. Mr. G.P Kohli, an Independent Director and a member of the Audit Committee, resigned as Director w.e.f. March 29, 2019. An Agenda of approval of a Related Party Transaction was proposed to be considered at the Meeting of Audit Committee scheduled on March 29, 2019 where there was no valid quorum as per Regulation 18 (2) (b) of SEBI (LODR) Regulations, 2015. Hence, there was no valid meeting of the Audit Committee.

However, immediately after the conclusion of the said Meeting of the Audit Committee, the Board at its Meeting approved the said Related Party Transaction.

### 2. ECB COMPLIANCE:

In most of the cases, the Company has filed ECB2 (Return) with AD on or after the cut-off (last provided) date for submission of report to the RBI through AD.

### MISC.COMPLIANCE:

3. At the ALCO Meetings held on February 26, 2019 and March 28, 2019, neither the CEO nor CFO was present though required to be chaired by either CEO or CFO pursuant to the ALM Policy of the Company. The Joint Managing Director and CEO had resigned w.e.f. February 13, 2019 and Chief Financial Officer (CFO) had resigned w.e.f. March 16, 2019. The said two meetings held on February 26, 2019 and February 28, 2019, were therefore chaired by Mr. S. Govindan, one of the other members of the Committee and therefore, could not be considered as validly held meetings.

4. NHB had vide its letter dated June 29, 2019 issued a show cause notice stating deficiency in compliance with the provisions of Para 27(2) of the HFC (NHB) Directions, 2010 in respect of the re-schedulement of 12 Slum Redevelopment Project Loans and 1 Non-Housing Loan without seeking approval of the NHB.

Subsequently, vide its Penalty Notice No. NHB[ND] / HFC/ DRS / Sup / 7879 / 2018 dated August 9, 2018, NHB imposed a penalty of ₹ 65,000/- plus taxes for the said deficiency and the same was then paid by the Company.

5. The Company, its all directors and KMP were served upon a complaint from a person claiming to be a shareholder who had also filed case/petition before Chief Metropolitan Magistrate, Patiala Court and Writ Petition before the Supreme Court. However, a letter for withdrawal of the petition was filed by the Petitioner on March 12, 2019. Since, the petition was not registered and was at diary stage the same was permitted to be withdrawn on April 22, 2019

The above complaint was followed by Cobra Post News Portal on account of which, the Company had received inquiry notices from various authorities including inter alia Stock Exchanges, SEBI, NHB, MCA etc. seeking clarification on allegations made on the Company and its Directors / Promoters vide said News Portal.

The management of the Company had appointed Independent Firm of Chartered Accountants viz. M/s. T. P. Ostwal and Associates LLP to investigate into the correctness of the allegations made by Cobra Post News Portal. They had given their Report dated March 5, 2019. Action Taken Report of the Management on various aspects highlighted by M/s. T. P. Ostwal and Associates LLP were presented to Audit Committee, Board of Directors and Joint Statutory Auditors. The Joint Statutory Auditors had provided to the Audit Committee their suggestions on the scope and coverage as well as additional areas that needed to be covered to ensure comprehensiveness of the coverage of the investigation and observations on the findings by Independent Firm of Chartered Accountants. However, till the date of this report we are not aware of any such action taken by the Company in response thereto.

On account of Cobra Post News Portal, the Company, its Promoter Directors and KMPs were issued summons from the ROC (MCA), vide letter no. ROC-M/Inqs.206/DDPL/48/02/2019/56 dated February 8, 2019, summoning personal presence with documents/ details as mentioned therein and representation was made in response thereto. Certain additional information / explanation / documents were then sought to be submitted to the ROC (MCA) which were provided subsequently.



*Following the above referred Summons, the MCA (through the Western Region Director) vide its letter No. ROC/Inq 206/DHFL/45/02/2019/25 dated February 5, 2019 ordered inspection pursuant to Section 206 of the Act. In continuation of the said Inspection by the MCA, various documents, clarifications, explanations with supporting documents were called by the RD(MCA) which the Company had furnished and is also in process of furnishing.*

*Inspection/Investigation is still being carried on by certain parties including Lenders to ascertain genuineness of the allegations made against the Company. In view thereof, we are not in the position to comment on the correctness/ authenticity/ genuineness of the said allegations.*

6. *The Company was in receipt of Penalty Notice from NSE as well as BSE for delay up to July 3, 2019, in submission of Audited Financial Statements for the year ended March 31, 2019. Each of the two stock exchanges had levied penalty of ₹ 1,82,900 (including GST) and the same was paid by the Company on July 3, 2019. However, Financials were submitted on July 22, 2019, to both the Stock Exchanges in compliance with Regulation 33 of the SEBI (LODR) Regulations, 2015. Therefore, additional penalty of ₹ 1,29,800 (including GST) for further period of delay*

*i.e. July 3, 2019 to July 22, 2019 was levied by each of the said two stock exchanges and the same was paid by the Company on July 31, 2019.*

7. *The Company had sought exemption from NHB from dilution of 1% stake in DHFL Pramerica Life Insurance Company Ltd. (DPLI) vide its chain of communications. However, ultimately NHB vide its letter No. NHB (ND)/HFC/DRS/Sup./A-2459/2018 dated November 14, 2018 rejected the same and granted extension of 6 months to the Company to bring down the shareholding percentage to 50% in DPLI. However, though the said time period was over in May, 2019, the Company is still in process of complying with the same.*
8. *In some cases, the Company had delayed in transferring to Investor Education and Protection Fund (IEPF), the unclaimed amount of Public Deposits and / or Interest payable on the Public Deposits.*
9. *During the year under audit, the Company had paid excess remuneration to the Joint Managing Director & CEO i.e. remuneration beyond the permissible limits under Section 197 of the Companies Act, 2013, read with Schedule V to the Act without obtaining shareholders' approval.*

## Annexure - II

### OBSERVATIONS

1. The Company has in place Whistle Blower Policy. Pursuant to the same, during the year under audit, the Chairman of Audit Committee / Board / Company Secretary received 1 (one) complaint which was resolved.
2. The Company had received in aggregate 1,731 Investors' Complaints namely 29 Complaints w.r.t. Equity Shares, 1,674 w.r.t. Debentures and 28 w.r.t. Fixed Deposits, during the year under Audit and that all of those complaints were resolved within the time prescribed under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
3. During the year under audit, NHB had conducted inspection under PMAY CLSS (for EWS/LIG and MIG) from August 7, 2018 to August 8, 2018 w.r.t. the Financial Year 2017-18. The observations based on the Inspection were communicated to the Company by NHB vide its letter No. NHB / BRO / MRCPD / 2157 / 2018 dated August 30, 2018. As informed to us, the Company has submitted reply to the same and the required compliances were either complied with or were being complied with by the Company.
4. During January 2018, there was an Inspection carried out by the NHB for the financial year ended March 31, 2017. Their report thereon dated April 5, 2018 was received during the year under audit seeking clarifications / explanation

/ information / documents on certain compliance issues. However, from the records of the Company provided to us for examination / audit purpose, it is observed that the Company has provided the documents / information / clarification / explanation to the NHB and that the required compliance were either complied with or were being complied with by the Company.

During February & March 2019, there was also the Inspection carried out by the NHB for financial year ended March 31, 2018. Their observation letter dated July 3, 2019 was issued after the year under audit, seeking clarifications / explanation / information / documents on certain compliance issues. The Company is provided time of 21 days to reply to the same along with necessary and relevant clarification / explanation / information / documents on certain compliance issues raised by the NHB vide their said letter dated July 3, 2019. The Company has yet to provide its reply to the said letter. Pending response from the management of the Company, we are unable to comment if the observations / issues raised in the said letter of the NHB would have any impact inter alia on compliance w.r.t. RPT and other disclosures.

5. Insurance Regulatory and Development Authority of India (IRDAI) had conducted onsite inspection from March 1, 2017 to March 3, 2017. In connection therewith, IRDAI issued an



advisory letter vide letter No. IRDAI / Enforcement / 2017 / 154 / Adv dated October 4, 2019. From the records of the Company provided to us for examination / audit purpose, it is observed that the Company has provided with required documents / information/ clarification / explanation to the (IRDAI) indicating / conveying that the required compliances were duly complied with by the Company. Further, from the records of the Company provided to us for examination / audit purpose, it is observed that no show cause or penalty notice was issued by the IRDAI during the year under review.

6. The Company had received communications from the BSE and NSE on January 29, 2019 & January 30, 2019 with respect to Cobrapost News Portal seeking clarification for the same. The Company had submitted its reply with BSE and NSE denying the allegations made by Cobrapost.

Pursuant to the Allegations through press release by Cobrapost, the Audit Committee of the Company had, on January 31, 2019, appointed an independent Firm of Chartered Accountants viz. M/s. T. P. Ostwal & Associates LLP, Mumbai, to conduct an Independent review of allegations made against the Company. M/s. T. P. Ostwal & Associates LLP submitted their report on March 5, 2019. The Audit Committee Meeting held on the even date, perused the same. Executive Summary of the said Report was filed with Stock Exchanges on March 5, 2019.

As recommended by the Audit Committee, the Report of M/s. T. P. Ostwal & Associates LLP was forwarded to Joint Statutory Auditors of the Company for their perusal and suggestions thereon. The Joint Statutory Auditors had, vide their letter dated March 13, 2019, suggested further verifications / investigations to be made in the matter. However, we are not in the position to comment whether any such action was taken by the Company till the date of this Report.

7. The Company was in receipt of the following:
  - (a) a complaint filed before Court of Learned Chief Metropolitan Magistrate, Patiala House Court, New Delhi under Sections 403/405/415/420/467/471/474/506/507 and 34 of the Indian Penal Code, filed by a person claiming to be a shareholder against the Company, Directors, Key Managerial Personnel, M/s. Chaturvedi & Shah LLP, Chartered Accountants

(Jt. Statutory Auditors) and M/s. Bansal Bansal & Company, Chartered Accountants.

- (b) Writ Petition filed before the Hon'ble Supreme Court of India under Article 32 of the Constitution of India by a person claiming to be a shareholder against the Promoter Directors of the Company viz. Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan and some of the regulatory authorities as well as Union of India. However, a letter for withdrawal of the petition was filed by the Petitioner on March 12, 2019. Since, the petition was not registered and was at diary stage, the same was permitted to be withdrawn on April 22, 2019

The Company had obtained legal opinion from M/s. Bharucha & Partners, Advocates & Solicitors to ascertain whether the Company was required to disclose the aforesaid Complaint to the stock exchanges. On the basis of their opinion, it was concluded by the Company's Board of Directors that the aforesaid matters were not required to be disclosed to the stock exchanges as per the provisions of SEBI (LODR) Regulations, 2015.

8. The Board authorised The Chairman & Managing Director (CMD) with certain powers to sanction the loans. However, briefing/noting of such loans sanctioned by the CMD was not captured in minutes of the meetings of the Board or Finance Committee as the case may be.
9. It is observed that during the last quarter of the Year under Audit, there was constant and steep downgrading of the Company's credit rating by the Credit Rating Agencies.
10. It was observed that based on the approval of the Board of Directors of the Company, 1,19,75,600 (One Crore Nineteen Lakh Seventy Five Thousand Six Hundred only) ESAR granted under Grant VII and Grant VIII issued under the DHFL ESAR Plan 2015 to the eligible employees of the Company were cancelled w.e.f. March 20, 2019.
11. Company was required to spend ₹ 2,659 lakh on Corporate Social Responsibility (CSR) activity as per CSR Rules under the Companies Act 2013. However, during the year, Company has spent ₹ 2,719 lakh on Corporate Social Responsibility (CSR) activity.

# Annexure - III

**TABLE SHOWING SPECIFIC EVENTS AND ACTIONS OF  
DEWAN HOUSING FINANCE CORPORATION LIMITED FOR THE FINANCIAL YEAR 2018-19**

| Sr. No.               | Particulars of Events and Actions                                                                                                                                                                                                                                                                                                                                                                                         | Date of Board or Committee Resolution                                              | Date of General Meeting / Postal Ballot Resolution |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>Board Meetings</b> |                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                    |                                                    |
| 1                     | Approval to Annual Commission payable to CMD of the Company for FY 2017-18 of ₹1.50 crore.                                                                                                                                                                                                                                                                                                                                | 30/04/2018                                                                         | -                                                  |
| 2                     | Approval to Annual Performance Bonus payable to the Joint M.D. and CEO of the Company for the F.Y. 2017-18 of ₹ 1.25 crore.                                                                                                                                                                                                                                                                                               | 30/04/2018                                                                         | -                                                  |
| 3                     | Noting of Fire incident which took place at Mahaper storage facility of Stockholding DMS (SHCIL), the vendor for storage of the customer title deeds of the Company, resulted in damaging of few Loan Documents (including Title Deeds of the Borrowers of the Company) noted by the Board. It was also noted that SCHIL had undertaken to bear any additional legal costs arising out of customer demands / litigations. | 30/04/2018                                                                         | -                                                  |
| 4                     | Approval for fund raising by way of issue of following securities on private placement basis:                                                                                                                                                                                                                                                                                                                             | 27/06/2018                                                                         | AGM 27/06/2018                                     |
|                       | a. Non-Convertible Secured/Unsecured Redeemable Debentures [NCDs] upto an amount of ₹ 10,000 crore;                                                                                                                                                                                                                                                                                                                       |                                                                                    |                                                    |
|                       | b. Non-Convertible Subordinated Unsecured Debentures [NCDs] upto an amount of ₹ 1,000 crore; and                                                                                                                                                                                                                                                                                                                          |                                                                                    |                                                    |
|                       | c. Non-Convertible Perpetual Unsecured Debentures [NCDs] upto an amount of ₹ 1,000 crore.                                                                                                                                                                                                                                                                                                                                 |                                                                                    |                                                    |
| 5                     | Approval for revision in remuneration of Mr. Harshil Mehta (DIN: 03038428), Jt. MD & CEO of the Company for the FY 2018-19.                                                                                                                                                                                                                                                                                               | 27/06/2018                                                                         | -                                                  |
| 6                     | Approval for investment not exceeding ₹ 200 crores in Avanse Financial Services Limited.                                                                                                                                                                                                                                                                                                                                  | 13/08/2018                                                                         | -                                                  |
| 7                     | Approval for Buy-back of Commercial Papers.                                                                                                                                                                                                                                                                                                                                                                               | 13/08/2018                                                                         | -                                                  |
| 8                     | Approval for raising of funds by way of issuance of equity shares of the Company and/or other securities of the Company including by way of preferential issue or qualified institution placement, subject to approval of Members of the Company.                                                                                                                                                                         | 13/08/2018                                                                         | Postal Ballot; 15/09/2018                          |
| 9                     | Approval to incorporate a Wholly Owned Subsidiary with name "DHFL Holdings Limited" and to issue NOC for the use of trade name "DHFL".                                                                                                                                                                                                                                                                                    | Circular Resolution passed on 30/08/2018 Noted in Board Meeting held on 21/11/2018 | -                                                  |
| 10                    | Approval for sale of 50% equity stake i.e. 17.12% being held directly and 32.88% equity stake held through its wholly owned subsidiary i.e. DHFL Advisory & Investments Private Limited(DAIPL) in DHFL Pramerica Asset Managers Private Limited and 50% equity stake held in DHFL Pramerica Trustees Private Limited to Prudential Financial Inc., subject to receipt of Regulatory approvals.                            | 18/12/2018                                                                         | -                                                  |
| 11                    | Renewal of Registration as Corporate Agent under Insurance Regulatory and Development Authority of India under the IRDAI (Registration of Corporate Agents) Regulations, 2015.                                                                                                                                                                                                                                            | 18/12/2018                                                                         | -                                                  |
| 12                    | Approval for reappointment of Mr. G.P. Kohli, Mr. Vijay Chopra and Mr. Mannil Venugopalan as Independent Directors for the second term of 5 consecutive years.                                                                                                                                                                                                                                                            | 25/01/2019                                                                         | Postal Ballot; 06/03/2019                          |
| 13                    | Approval for keeping the Register and Index of Members and Debenture holders along with the copies of Annual Return as per the Companies Act, 2013, at a place other than the Registered office of the Company.                                                                                                                                                                                                           | 25/01/2019                                                                         | Postal Ballot; 06/03/2019                          |
| 14                    | Approval for revision in the sitting fees of the Board of Directors and Committees of the Board of Directors of the Company.                                                                                                                                                                                                                                                                                              | 25/01/2019                                                                         | -                                                  |

| Sr. No. | Particulars of Events and Actions                                                                                                                                                     | Date of Board or Committee Resolution                                                                   | Date of General Meeting / Postal Ballot Resolution |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|----------------------------------------------------|
| 15      | Approval for relocation of National Office and all departments functioning therein.                                                                                                   | 25/01/2019                                                                                              | -                                                  |
| 16      | Approval for sale of Corporate Strategic long-term investments held by the Company in various associate / subsidiary Company(ies) and constitution of Special Committee for the same. | 31/01/2019                                                                                              | -                                                  |
| 17      | Noting of Resignation of Mrs. Vijaya Sampath (DIN: 00641110), Independent Director from the Board of the Company.                                                                     | Circular Resolution passed on 12/02/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |
| 18      | Noting of Resignation of Mr. Harshil Mehta (DIN: 03038428), Whole Time Director (Designated as Joint M.D & CEO) from the Board of the Company.                                        | Circular Resolution passed on 13/02/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |
| 19      | Noting of Resignation of Mr. Vijay Kumar Chopra (DIN: 02103940), Independent Director from the Board of the Company.                                                                  | Circular Resolution passed on 11/03/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |
| 20      | Noting of Resignation of Ms. Niti Arya, Company Secretary and Compliance officer of the Company.                                                                                      | Circular Resolution passed on 16/03/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |
| 21      | Noting of Resignation of Mr. Santosh Sharma from the position of Chief Financial Officer of the Company and his re-designation as the Head-Corporate Strategy.                        | Circular Resolution passed on 16/03/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |
| 22      | Approval for appointment of Mr. Sunjoy Joshi (DIN: 00449318) as an Additional Director in the category of Independent Director of the Company.                                        | Circular Resolution passed on 26/03/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |
| 23      | Approval for appointment of Mr. Srinath Sridharan (DIN: 03359570) as an Additional Director in the category of Non-Executive Director of the Company.                                 | Circular Resolution passed on 26/03/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |
| 24      | Approval for appointment of Mr. Alok Kumar Misra (DIN: 00163959) as an Additional Director in the category of Independent Director of the Company.                                    | Circular Resolution passed on 26/03/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                  |

| <b>Sr. No.</b>         | <b>Particulars of Events and Actions</b>                                                                                                                                                                                                       | <b>Date of Board or Committee Resolution</b>                                                                                                    | <b>Date of General Meeting / Postal Ballot Resolution</b> |
|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|
| 25                     | Appointment of Mr. P.K. Kumar as the Principal Officer of the Company under NHB Regulations, 1987 and Financial Intelligence Unit (FIU) IND.                                                                                                   | 29/03/2019                                                                                                                                      | -                                                         |
| 26                     | Approval for cancellation of Grant VII and Grant VIII of Employee Stock Appreciation Rights issued under the Dewan Housing Finance Corporation Limited-Employee Stock Appreciation Rights Plan 2015, to the eligible employees of the Company. | 29/03/2019                                                                                                                                      | -                                                         |
| 27                     | Noting of Resignation of Mr. G.P. Kohli (DIN - 00230388), Independent Director from the Board of the Company.                                                                                                                                  | 29/03/2019                                                                                                                                      | -                                                         |
| 28                     | Noting of Resignation of Mr. Mannil Venugopalan (DIN -00255575), Independent Director from the Board of the Company.                                                                                                                           | 29/03/2019                                                                                                                                      | -                                                         |
| <b>Audit Committee</b> |                                                                                                                                                                                                                                                |                                                                                                                                                 |                                                           |
| 1                      | Approval for appointment of CFO in DA IPL and noting the terms of reference of CS, CFO and Internal Auditor of DA IPL.                                                                                                                         | 25/07/2018                                                                                                                                      | -                                                         |
| 2                      | Prior Approval for availing Group Health Insurance Policy for the employees of the Company from DHFL General Insurance Limited.                                                                                                                | Circular Resolution passed on 08/09/2018<br>Noted in 85 <sup>th</sup> ACM held on 21/09/2018                                                    | -                                                         |
| 3                      | Prior Approval for Modification to the terms of Trade Marks License Agreement with the DHFL General Insurance limited for the use of DHFL Trademark.                                                                                           | Circular Resolution passed on 28/09/2018<br>Noted in 86 <sup>th</sup> ACM held on 21/11/2018                                                    | -                                                         |
| 4                      | Prior Approval for sale of Investments of the Company amounting to ₹ 410.067 crore to Aadhar Housing Finance Limited.                                                                                                                          | Circular Resolution passed on 04/10/2018<br>Noted in 86 <sup>th</sup> ACM held on 21/11/2018                                                    | -                                                         |
| 5                      | Prior Approval for Sell down of Plot Loan Portfolio of the Company to Aadhar Housing Finance Limited.                                                                                                                                          | Circular Resolution passed on 01/11/2018<br>Noted in 86 <sup>th</sup> ACM held on 21/11/2018                                                    | -                                                         |
| 6                      | Prior Approval for purchase of securities amounting to ₹ 168 crore from Aadhar Housing Finance Limited.                                                                                                                                        | Circular Resolution passed on 28/12/2018<br>Noted in 87 <sup>th</sup> ACM held on 31/01/2019                                                    | -                                                         |
| 7                      | Appointment of M/s. T.P. Ostwal & Associates LLP, Chartered Accountants, Mumbai, independent professionals to conduct an independent review of allegations made against the company by COBRAPOST.                                              | 31/01/2019<br>Ratification by Board:<br>Circular Resolution passed on 22/02/2019<br>Noted in 203 <sup>rd</sup> Board Meeting held on 29/03/2019 | -                                                         |

| Sr. No.                          | Particulars of Events and Actions                                                                                                                                                                                            | Date of Board or Committee Resolution                                                         | Date of General Meeting / Postal Ballot Resolution |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------|
| <b>Finance Committee Meeting</b> |                                                                                                                                                                                                                              |                                                                                               |                                                    |
| 1                                | Allotment of 10,000 Unsecured Redeemable rated Listed NCD in nature of Subordinated Debt on Private placement basis                                                                                                          | Circular Resolution passed on 12/04/2018<br>Noted in 355 <sup>th</sup> FCM held on 18/04/2018 | -                                                  |
| 2                                | Allotment of secured Rupee denominated bonds Overseas settled in USD for an amount not exceeding USD 2 billion (equivalent in INR).                                                                                          | 18/04/2018                                                                                    | -                                                  |
| 3                                | Approval for allotment of the equity shares to eligible employees of the Co. on exercise of the following:                                                                                                                   | 04/07/2018                                                                                    | -                                                  |
|                                  | a. Employee Stock Appreciation Rights (ESARs) under DHFL-Employee Stock Appreciation Rights-2015 [DHFL-ESAR Plan-2015] &                                                                                                     |                                                                                               |                                                    |
|                                  | b. Dewan Housing Finance Corporation Limited Employee Stock Option OS Scheme 2008)                                                                                                                                           |                                                                                               |                                                    |
| 4                                | Allotment of 5,000 Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹10 Lakh aggregating to ₹500 Crore.                                                                                                             | 28/08/2018                                                                                    | -                                                  |
| 5                                | Allotment of 10,000 Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹10 Lakh aggregating to ₹1000 Crore.                                                                                                           | 31/08/2018                                                                                    | -                                                  |
| 6                                | Allotment of 17,000 Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹10 Lakh aggregating to ₹1700 Crore.                                                                                                           | 06/09/2018                                                                                    | -                                                  |
| 7                                | Allotment of 12,500 Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹10 Lakh each aggregating to ₹1,250 Crore.                                                                                                     | 02/11/2018                                                                                    | -                                                  |
| 8                                | Approve allotment of 15,000 Secured, Redeemable, Non-Convertible Debentures (NCDs) of ₹10 Lakh each aggregating to ₹1,500 Crore.                                                                                             | 16/11/2018                                                                                    | -                                                  |
| 9                                | Allotment of 24,433 Eq. shares eligible employees of the Co. on exercise of ESAR under DHFL ESAR 2015.                                                                                                                       | Circular Resolution passed on 19/12/2018<br>Noted in 375 <sup>th</sup> FCM held on 24/12/2018 | -                                                  |
| <b>NCD Public Issue Meeting</b>  |                                                                                                                                                                                                                              |                                                                                               |                                                    |
| 1                                | Allotment of 10,94,47,863 Secured Redeemable NCD aggregating to ₹ 10,945 Crore and constitution of NCD Public Issue Committee for the same.                                                                                  | 04/06/2018<br>Approved by Board of Directors on 30/04/2018                                    | -                                                  |
| <b>Special Committee Meeting</b> |                                                                                                                                                                                                                              |                                                                                               |                                                    |
| 1                                | Approval for sale of 23,01,090 (9.15%) equity shares i.e. entire shareholding of the Company in Aadhar Housing Finance Limited to BCP Topco VII Pte Limited, subject to receipt of regulatory and other approvals.           | 02/02/2019                                                                                    | -                                                  |
| 2                                | Approval for sale of 1,92,50,719 (30.63%) Equity Shares i.e. entire shareholding of the Company in Avanse Financial Services Limited to Olive Vine Investment Limited, subject to receipt of regulatory and other approvals. | 16/03/2019                                                                                    | -                                                  |
| <b>MISCELLANEOUS</b>             |                                                                                                                                                                                                                              |                                                                                               |                                                    |
| 1                                | Complaint Dated January 15, 2019 from a person claiming to be a shareholder of the Company.                                                                                                                                  | -                                                                                             | -                                                  |
| 2                                | Press Release from COBRAPOST.                                                                                                                                                                                                | -                                                                                             | -                                                  |



# Annexure - 8

## to the Board's Report

### CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To  
The Members,  
Dewan Housing Finance Corporation Limited

1. This certificate is issued in accordance with the terms of our engagement with Dewan Housing Finance Corporation Limited ('the Company'). We have examined the compliance of conditions of Corporate Governance by the Company, for the financial year ended on March 31, 2019 as stipulated in Regulation 17 to Regulation 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D, E of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

#### MANAGEMENTS' RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

#### AUDITOR'S RESPONSIBILITY

4. Our responsibility is to provide a reasonable assurance in the form of an opinion whether the Company has complied with the condition of Corporate Governance, as stipulated in the Listing Regulation.
5. We have conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Company Secretaries of India ("ICSI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICSI.
6. We have complied with the relevant applicable requirements specified for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures includes but not limited to verification of secretarial records and financial information of the Company and obtained necessary representations and declarations from directors including Independent Directors of the Company
8. The procedures also include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

#### OPINION

9. Based on the procedures performed by us as referred in paragraph 7 and 8 above and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.
10. This Certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
11. This Certificate is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this Certificate for events and circumstances occurring after the date of this Certificate.

For **Sawant & Associates**  
Company Secretaries

**Prachi P. Sawant**  
ACS: 41210  
CP No. 16317

Place: Mumbai  
Date: August 6, 2019

# Annexure - 9

to the Board's Report

## FORM NO. MGT - 9

### Extract of Annual Return

as on the financial year ended March 31, 2019

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

#### I. Registration and Other Details

|      |                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| i)   | Corporate Identity Number (CIN) of the Company                            | L65910MH1984PLC032639                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| ii)  | Registration Date                                                         | April 11, 1984                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| iii) | Name of the Company                                                       | Dewan Housing Finance Corporation Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| iv)  | Category/Sub-Category of the Company                                      | Public Company, Limited by Shares<br>(Registered with National Housing Bank as a Housing Finance Company bearing registration number 01.0014.01)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| v)   | Address of the Registered office and contact details                      | Warden House, 2 <sup>nd</sup> Floor,<br>Sir P.M. Road, Fort, Mumbai 400 001<br>Telephone: +91 022-22029900<br>Fax: +91 022-22871985<br>Email: response@dhfl.com;<br>Website: www.dhfl.com                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| vi)  | Whether listed company                                                    | Yes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| vii) | Name, Address and Contact details of Registrar and Transfer Agent, if any | <b>For Equity Shares and Debentures issued on private placement basis</b><br>Link Intime India Private Ltd.<br>C 101, 247 Park, L. B. S. Marg,<br>Vikhroli West, Mumbai – 400083<br>Tel. No.: +91 22-49186000<br>Fax No.: +91 22-49186060<br>E-mail: rnt.helpdesk@linkintime.co.in<br><br><b>For Debentures issued on public issue basis</b><br><b>Karvy Fintech Private Limited</b><br>(Operations shifted to Karvy Fintech Pvt. Ltd. w.e.f. November 17, 2018 vide Order of Hyderabad Branch of National Company Law Tribunal from Karvy Computershare Pvt. Ltd., which was originally appointed by the Company)<br>Karvy Selenium Tower B,<br>Plot no. 31 & 32, Financial District,<br>Nanakramguda, Gachibowli,<br>Hyderabad – 500 032<br>Telephone +91 40-67162222<br>Fax No.: +91 40-23420814<br>E-mail: einward.ris@karvy.com |

#### II. Principal Business Activities of The Company

All the business activities contributing 10% or more of the total turnover of the company:-

| Sl No. | Name and Description of main products/services                                             | NIC Code of the Product/service | % to total turnover of the Company |
|--------|--------------------------------------------------------------------------------------------|---------------------------------|------------------------------------|
| 1.     | Carrying out activities of housing finance companies<br>(Housing Loan & Non-Housing Loans) | 65922                           | 100%                               |

### III. Particulars of Holding, Subsidiary and Associate Companies

| Sl. No. | Name and Address of the Company                                                                                                                                                                                        | Corporate Identity Number | Holding/ Subsidiary/ Associate | % of Shares Held                                                                                                                 | Applicable Section of the Companies Act, 2013. |
|---------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| 1.      | DHFL Advisory & Investments Private Limited<br>DHFL House, 3 <sup>rd</sup> – 7 <sup>th</sup> Floor, 19 Sahar Road, Off Western Express Highway, Vile Parle (E), Mumbai - 400099                                        | U67190MH2016PTC273074     | Subsidiary                     | 100.00                                                                                                                           | 2(87)                                          |
| 2.      | DHFL Investments Limited<br>DHFL House, 3 <sup>rd</sup> – 7 <sup>th</sup> Floor, 19 Sahar Road, Off Western Express Highway, Vile Parle (E), Mumbai - 400099                                                           | U74999MH2017PLC291108     | Subsidiary                     | 100.00                                                                                                                           | 2(87)                                          |
| 3.      | DHFL Changing Lives Foundation<br>Unit No. 1001, 10 <sup>th</sup> Floor, TCG Financial Centre Plot-C-53, G-Block, Bandra Kurla Complex, Bandra East, Mumbai - 400051 (Section 8 Company)                               | U85320MH2017NPL302380     | Subsidiary                     | Limited by Guarantee                                                                                                             | 2(87)                                          |
| 4.      | DHFL Holdings Limited<br>Unit No 1 to 7, Empressa, Survey No.50AB, Plot No.19, Sahar Road, Vile Parle East, Mumbai - 400057                                                                                            | U65999MH2018PLC314283     | Subsidiary                     | 100.00                                                                                                                           | 2(87)                                          |
| 5.      | Aadhar Housing Finance Limited (formerly known as DHFL Vysya Housing Finance Limited )<br>2 <sup>nd</sup> Floor, No. 3, JVT Towers, 8 <sup>th</sup> A Main Road, Sampangi Rama Nagar, Hudson Circle, Bengaluru -560027 | U66010KA1990PLC011409     | Associate                      | 9.15                                                                                                                             | 2(6)                                           |
| 6.      | Avanse Financial Services Limited<br>DHFL House, 1 <sup>st</sup> Floor, 19 Sahar Road, Off Western Express Highway, Vile Parle (E), Mumbai – 400099                                                                    | U67120MH1992PLC068060     | Associate                      | 32.49                                                                                                                            | 2(6)                                           |
| 7.      | DHFL Ventures Trustee Company Private Limited<br>HDIL Towers, Ground Floor, Anant Kanekar Marg, Bandra East, Mumbai – 400051                                                                                           | U65991MH2005PTC153886     | Associate                      | 45.00<br>(held through wholly owned subsidiary i.e. DHFL Investments Limited)                                                    | 2(6)                                           |
| 8.      | DHFL Pramerica Life Insurance Company Limited<br>4 <sup>th</sup> Floor, Building 9, Tower B, Cyber City, DLF City Phase – III, Gurgaon, Haryana- 122002                                                                | U66000HR2007PLC052028     | Joint Venture                  | 50.00<br>(held through wholly owned subsidiary i.e. DHFL Investments Limited)                                                    | 2(6)                                           |
| 9.      | DHFL Pramerica Asset Managers Private Limited<br>2 <sup>nd</sup> Floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai-400030                                                                                      | U74900MH2008FTC187029     | Joint Venture                  | 50.00<br>(17.12% held directly and 32.88% held through wholly owned subsidiary i.e. DHFL Advisory & Investments Private Limited) | 2(6)                                           |
| 10.     | DHFL Pramerica Trustees Private Limited<br>2 <sup>nd</sup> Floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai-400030                                                                                            | U67190MH2009FTC193009     | Joint Venture                  | 50.00                                                                                                                            | 2(6)                                           |

#### IV. Share Holding Pattern (Equity Share Capital breakup as percentage of total equity)

##### i) Category-wise Shareholding

| Category of Shareholders                                                  | No. of Shares held at the beginning of the year<br>(as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018) |               |                     |                   | No. of Shares held at end of the year (as on 31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |               |                     |                   | % Change during the year i.e. Increase/ (Decrease) |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|---------------|---------------------|-------------------|---------------------------------------------------------------------------------------------------------|---------------|---------------------|-------------------|----------------------------------------------------|
|                                                                           | Demat                                                                                                                | Physical      | Total               | % of Total Shares | Demat                                                                                                   | Physical      | Total               | % of Total Shares |                                                    |
| <b>A. Promoters</b>                                                       |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| <b>(1) Indian</b>                                                         |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| (a) Individuals / HUF                                                     | 60,00,000                                                                                                            | -             | 60,00,000           | 1.91              | 60,00,000                                                                                               | -             | 60,00,000           | 1.91              | -                                                  |
| (b) Central Govt / State Govt(s)                                          | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (c) FIs / Banks                                                           | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (d) Any Other (Specify)                                                   |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| Bodies Corporate                                                          | 11,70,49,714                                                                                                         | -             | 11,70,49,714        | 37.32             | 11,70,49,714                                                                                            | -             | 11,70,49,714        | 37.30             | (0.02)                                             |
| <b>Sub-total (A)(1)</b>                                                   | <b>12,30,49,714</b>                                                                                                  | <b>-</b>      | <b>12,30,49,714</b> | <b>39.23</b>      | <b>12,30,49,714</b>                                                                                     | <b>-</b>      | <b>12,30,49,714</b> | <b>39.21</b>      | <b>(0.02)</b>                                      |
| <b>(2) Foreign</b>                                                        |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| (a) Individuals (Non-Resident Individuals / Foreign Individuals)          | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (b) Government                                                            | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (c) Institutions                                                          | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (d) Foreign Portfolio Investor                                            | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (e) Any other (Specify)                                                   |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| <b>Sub Total (A)(2)</b>                                                   | <b>-</b>                                                                                                             | <b>-</b>      | <b>-</b>            | <b>-</b>          | <b>-</b>                                                                                                | <b>-</b>      | <b>-</b>            | <b>-</b>          | <b>-</b>                                           |
| <b>Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)</b> | <b>12,30,49,714</b>                                                                                                  | <b>-</b>      | <b>12,30,49,714</b> | <b>39.23</b>      | <b>12,30,49,714</b>                                                                                     | <b>-</b>      | <b>12,30,49,714</b> | <b>39.21</b>      | <b>(0.02)</b>                                      |
| <b>B. Public Shareholding</b>                                             |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| <b>1. Institutions</b>                                                    |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| (a) Mutual Funds / UTI                                                    | 2,28,48,193                                                                                                          | 39,000        | 2,28,87,193         | 7.30              | 33,73,468                                                                                               | 39,000        | 34,12,468           | 1.09              | (6.21)                                             |
| (b) Financial Institutions / Banks                                        | 69,57,648                                                                                                            | 400           | 69,58,048           | 2.22              | 1,15,83,801                                                                                             | 400           | 1,15,84,201         | 3.69              | 1.47                                               |
| (c) Central Government/ State Government(s)/ President of India           | 2,000                                                                                                                | -             | 2,000               | -                 | 2,000                                                                                                   | -             | 2,000               | -                 | -                                                  |
| (d) Venture Capital Funds                                                 | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (e) Foreign Venture Capital Investors                                     | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (f) Insurance Companies                                                   | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (g) Provident Funds/ Pension Funds                                        | -                                                                                                                    | -             | -                   | -                 | -                                                                                                       | -             | -                   | -                 | -                                                  |
| (h) Any Other (Specify)                                                   |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| <b>Sub-total (B)(1)</b>                                                   | <b>2,98,07,841</b>                                                                                                   | <b>39,400</b> | <b>2,98,47,241</b>  | <b>9.52</b>       | <b>1,49,59,269</b>                                                                                      | <b>39,400</b> | <b>1,49,98,669</b>  | <b>4.78</b>       | <b>(4.74)</b>                                      |
| <b>2. Non-Institutions</b>                                                |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| <b>a) Bodies Corporate</b>                                                |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| i) Indian                                                                 | 4,55,21,784                                                                                                          | 3,838         | 4,55,25,622         | 14.51             | 1,70,01,002                                                                                             | 3,328         | 1,70,04,330         | 5.42              | (9.10)                                             |
| ii) Overseas                                                              |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| <b>b) Individuals</b>                                                     |                                                                                                                      |               |                     |                   |                                                                                                         |               |                     |                   |                                                    |
| Individual shareholders holding nominal share capital upto ₹ 1 lakh.      | 2,44,11,148                                                                                                          | 9,24,896      | 2,53,36,044         | 8.08              | 6,28,15,820                                                                                             | 7,34,311      | 6,35,50,131         | 20.25             | 12.17                                              |

| Category of Shareholders                                                    | No. of Shares held at the beginning of the year<br>(as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018) |                  |                     |                   | No. of Shares held at end of the year (as on 31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |                 |                     |                   | % Change during the year i.e. Increase/ (Decrease) |
|-----------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------|---------------------|-------------------|---------------------------------------------------------------------------------------------------------|-----------------|---------------------|-------------------|----------------------------------------------------|
|                                                                             | Demat                                                                                                                | Physical         | Total               | % of Total Shares | Demat                                                                                                   | Physical        | Total               | % of Total Shares |                                                    |
| Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 2,19,91,670                                                                                                          | 92,000           | 2,20,83,670         | 7.04              | 2,35,84,287                                                                                             | 92,000          | 2,36,76,287         | 7.54              | 0.50                                               |
| <b>c) Others - Hindu Undivided family</b>                                   | 10,42,378                                                                                                            | -                | 10,42,378           | 0.33              | 23,14,054                                                                                               | -               | 23,14,054           | 0.74              | 0.41                                               |
| <b>Clearing Member</b>                                                      | 24,45,620                                                                                                            | -                | 24,45,620           | 0.78              | 97,98,015                                                                                               | -               | 97,98,015           | 3.12              | 2.34                                               |
| <b>Investor Education and Protection Fund Authority</b>                     | 89,647                                                                                                               | -                | 89,647              | 0.03              | 1,74,411                                                                                                | -               | 1,74,411            | 0.06              | 0.03                                               |
| <b>Foreign Nationals</b>                                                    | -                                                                                                                    | -                | -                   | -                 | -                                                                                                       | -               | -                   | -                 | -                                                  |
| FII- Foreign portfolio Investor                                             | 6,24,96,367                                                                                                          | -                | 6,24,96,367         | 19.92             | 5,54,00,892                                                                                             | -               | 5,54,00,892         | 17.65             | (2.27)                                             |
| Non Resident Indians (Non Repat)                                            | 4,18,521                                                                                                             | -                | 4,18,521            | 0.13              | 7,61,578                                                                                                | -               | 7,61,578            | 0.24              | 0.11                                               |
| Non Resident Indians (Repat)                                                | 13,01,041                                                                                                            | -                | 13,01,041           | 0.41              | 30,45,901                                                                                               | -               | 30,45,901           | 0.97              | 0.56                                               |
| <b>Trusts</b>                                                               | 7,982                                                                                                                | -                | 7,982               | -                 | 932                                                                                                     | -               | 932                 | -                 | -                                                  |
| Alternate investment Funds                                                  | 15,000                                                                                                               | -                | 15,000              | -                 | 42,000                                                                                                  | -               | 42,000              | 0.01              | 0.01                                               |
| <b>Sub Total (B)(2)</b>                                                     | <b>15,97,41,158</b>                                                                                                  | <b>10,20,734</b> | <b>16,07,61,892</b> | <b>51.25</b>      | <b>17,49,38,892</b>                                                                                     | <b>8,29,639</b> | <b>17,57,68,531</b> | <b>56.00</b>      | <b>4.76</b>                                        |
| <b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>                          | <b>18,95,48,999</b>                                                                                                  | <b>10,60,134</b> | <b>19,06,09,133</b> | <b>60.77</b>      | <b>18,99,04,271</b>                                                                                     | <b>8,69,039</b> | <b>19,07,73,310</b> | <b>60.79</b>      | <b>0.02</b>                                        |
| <b>C. Shares held by Custodian for GDRs &amp; ADRs</b>                      | -                                                                                                                    | -                | -                   | -                 | -                                                                                                       | -               | -                   | -                 | -                                                  |
| <b>Grand Total (A+B+C)</b>                                                  | <b>31,25,98,713</b>                                                                                                  | <b>10,60,134</b> | <b>31,36,58,847</b> | <b>100.00</b>     | <b>31,29,53,985</b>                                                                                     | <b>8,69,039</b> | <b>31,38,23,024</b> | <b>100.00</b>     | <b>-</b>                                           |

## ii) Shareholding of Promoters

| Sl. No.      | Shareholder's Name                                                           | Shareholding at the beginning of the year<br>(as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018) |                                  |                                                 | Shareholding at the end of the year<br>(as on 31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |                                  |                                                 | % change in shareholding during the year i.e. Increase/ (Decrease) |
|--------------|------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------|--------------------------------------------------------------------|
|              |                                                                              | No. of Shares                                                                                                  | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares | No. of Shares                                                                                            | % of total Shares of the Company | % of Shares Pledged/ encumbered to total shares |                                                                    |
| 1            | Mr. Kapil Wadhawan                                                           | 18,00,000                                                                                                      | 0.57                             | -                                               | 18,00,000                                                                                                | 0.57                             | -                                               | -                                                                  |
| 2            | Mr. Dheeraj Wadhawan                                                         | 18,00,000                                                                                                      | 0.57                             | -                                               | 18,00,000                                                                                                | 0.57                             | -                                               | -                                                                  |
| 3            | Mrs Aruna Wadhawan                                                           | 24,00,000                                                                                                      | 0.77                             | -                                               | 24,00,000                                                                                                | 0.76                             | -                                               | (0.01)                                                             |
| 4            | Wadhawan Global Capital Limited (formerly Wadhawan Global Capital Pvt. Ltd.) | 11,70,49,714                                                                                                   | 37.32                            | -                                               | 11,70,49,714                                                                                             | 37.30                            | -                                               | (0.02)                                                             |
| <b>Total</b> |                                                                              | <b>12,30,49,714</b>                                                                                            | <b>39.23</b>                     | <b>-</b>                                        | <b>12,30,49,714</b>                                                                                      | <b>39.21</b>                     |                                                 | <b>(0.02)</b>                                                      |

### Notes:

- (a) There was no change in the absolute terms in the shareholding of promoters/promoter group. The variation in terms of percentage of their shareholding was due to increase in the paid-up equity share capital of the Company on account of allotment of equity shares pursuant to exercise of ESOPs / ESARs by the eligible employees of the Company on account of various ESOP/ESAR schemes of the Company.
- (b) The percentage has been taken in two digit number and rounded off to nearest integer accordingly.



### iii) Change in Promoters' Shareholding

| Sl. No. | For Each of the Promoter                                                           | Shareholding at the beginning of the year (01/04/2018) |                                  | Date | Increase (No. of shares) | Decrease (No. of shares) | Reason | Cumulative Shareholding at the end of the year (31/03/2019) |                                  |
|---------|------------------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------|------|--------------------------|--------------------------|--------|-------------------------------------------------------------|----------------------------------|
|         |                                                                                    | No. of shares                                          | % of total shares of the Company |      |                          |                          |        | No. of shares                                               | % of total shares of the Company |
| 1       | Mr. Kapil Wadhawan                                                                 | 18,00,000                                              | 0.57                             | -    | -                        | -                        | -      | 18,00,000                                                   | 0.57                             |
| 2       | Mr. Dheeraj Wadhawan                                                               | 18,00,000                                              | 0.57                             | -    | -                        | -                        | -      | 18,00,000                                                   | 0.57                             |
| 3       | Mrs. Aruna Wadhawan                                                                | 24,00,000                                              | 0.77                             | -    | -                        | -                        | -      | 24,00,000                                                   | 0.76                             |
| 4       | Wadhawan Global Capital Limited (formerly Wadhawan Global Capital Private Limited) | 11,70,49,714                                           | 37.32                            | -    | -                        | -                        | -      | 11,70,49,714                                                | 37.30                            |

#### Notes:

- (a) There was no change in the absolute terms in the shareholding of promoters/promoter group. The variation in terms of percentage of their shareholding was due to increase in the paid-up equity share capital of the Company on account of allotment of equity shares pursuant to exercise of ESOPs/ ESARs by the eligible employees of the Company on account of various ESOPs/ESARs schemes of the Company.
- (b) The percentage has been taken in two digit number and rounded off to nearest integer accordingly.

### iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holder of GDRs and ADRs)

| Sl. No. | Name                                | Shareholding at the beginning of the year as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018 |                                  | Transactions during the year |               |                 | Cumulative Shareholding at the end of the year (31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |                                  |
|---------|-------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------|---------------|-----------------|------------------------------------------------------------------------------------------------------------|----------------------------------|
|         |                                     | No. of shares held                                                                                        | % of total Shares of the Company | Date of Transaction          | No. of Shares | Reason          | No. of Shares held                                                                                         | % of Total Shares of the Company |
| 1       | Life Insurance Corporation of India | 61,78,626                                                                                                 | 1.97                             | 06 Apr 2018                  | (1,76,000)    | Market Sale     | 60,02,626                                                                                                  | 1.91                             |
|         |                                     |                                                                                                           |                                  | 01 Jun 2018                  | 1,44,000      | Market Purchase | 61,46,626                                                                                                  | 1.96                             |
|         |                                     |                                                                                                           |                                  | 08 Jun 2018                  | 10,63,000     | Market Purchase | 72,09,626                                                                                                  | 2.30                             |
|         |                                     |                                                                                                           |                                  | 15 Jun 2018                  | 9,80,700      | Market Purchase | 81,90,326                                                                                                  | 2.61                             |
|         |                                     |                                                                                                           |                                  | 22 Jun 2018                  | 8,12,300      | Market Purchase | 90,02,626                                                                                                  | 2.87                             |
|         |                                     |                                                                                                           |                                  | 06 Jul 2018                  | 2,73,565      | Market Purchase | 92,76,191                                                                                                  | 2.96                             |
|         |                                     |                                                                                                           |                                  | 13 Jul 2018                  | 5,43,000      | Market Purchase | 98,19,191                                                                                                  | 3.13                             |
|         |                                     |                                                                                                           |                                  | 20 Jul 2018                  | 4,59,109      | Market Purchase | 1,02,78,300                                                                                                | 3.28                             |
|         |                                     |                                                                                                           |                                  | 27 Jul 2018                  | 2,24,326      | Market Purchase | 1,05,02,626                                                                                                | 3.35                             |
|         |                                     |                                                                                                           |                                  | 21 Sep 2018                  | 55,000        | Market Purchase | 1,05,57,626                                                                                                | 3.36                             |
|         |                                     |                                                                                                           |                                  | 29 Sep 2018                  | 2,36,500      | Market Purchase | 1,07,94,126                                                                                                | 3.44                             |
|         | At the end of the year              |                                                                                                           |                                  |                              |               |                 | 1,07,94,126                                                                                                | 3.44                             |
| 2       | Jhunjhunwala Rakesh Radheshyam      | 1,00,00,000                                                                                               | 3.19                             | 13 Apr 2018                  | (12,50,000)   | Market Sale     | 87,50,000                                                                                                  | 2.79                             |
|         |                                     |                                                                                                           |                                  | 25 May 2018                  | (3,50,000)    | Market Sale     | 84,00,000                                                                                                  | 2.68                             |
|         |                                     |                                                                                                           |                                  | 01 Jun 2018                  | (1,00,000)    | Market Sale     | 83,00,000                                                                                                  | 2.64                             |
|         |                                     |                                                                                                           |                                  | 08 Jun 2018                  | (1,00,000)    | Market Sale     | 82,00,000                                                                                                  | 2.61                             |
|         |                                     |                                                                                                           |                                  | 22 Jun 2018                  | 15,264        | Market Purchase | 82,15,264                                                                                                  | 2.62                             |
|         |                                     |                                                                                                           |                                  | 30 Jun 2018                  | 4,50,000      | Market Purchase | 86,65,264                                                                                                  | 2.76                             |
|         |                                     |                                                                                                           |                                  | 06 Jul 2018                  | 84,736        | Market Purchase | 87,50,000                                                                                                  | 2.79                             |
|         |                                     |                                                                                                           |                                  | 13 Jul 2018                  | (3,00,000)    | Market Sale     | 84,50,000                                                                                                  | 2.69                             |
|         |                                     |                                                                                                           |                                  | 20 Jul 2018                  | (1,00,000)    | Market Sale     | 83,50,000                                                                                                  | 2.66                             |
|         |                                     |                                                                                                           |                                  | 27 Jul 2018                  | 16,50,000     | Market Purchase | 1,00,00,000                                                                                                | 3.19                             |
|         |                                     |                                                                                                           |                                  | 12 Oct 2018                  | (10,50,000)   | Market Sale     | 89,50,000                                                                                                  | 2.85                             |

| Sl. No. | Name                                   | Shareholding at the beginning of the year as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018 |                                  |                     |               | Transactions during the year |                    | Cumulative Shareholding at the end of the year (31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |  |
|---------|----------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|---------------------|---------------|------------------------------|--------------------|------------------------------------------------------------------------------------------------------------|--|
|         |                                        | No. of shares held                                                                                        | % of total Shares of the Company | Date of Transaction | No. of Shares | Reason                       | No. of Shares held | % of Total Shares of the Company                                                                           |  |
|         |                                        |                                                                                                           |                                  | 19 Oct 2018         | (8,49,000)    | Market Sale                  | 81,01,000          | 2.58                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 02 Nov 2018         | 2,58,000      | Market Purchase              | 83,59,000          | 2.66                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 30 Nov 2018         | (6,30,500)    | Market Sale                  | 77,28,500          | 2.46                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 08 Feb 2019         | 16,32,000     | Market Purchase              | 93,60,500          | 2.98                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 15 Feb 2019         | 2,67,000      | Market Purchase              | 96,27,500          | 3.07                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 08 Mar 2019         | 3,72,500      | Market Purchase              | 1,00,00,000        | 3.19                                                                                                       |  |
|         | At the end of the year                 |                                                                                                           |                                  |                     |               |                              | 1,00,00,000        | 3.19                                                                                                       |  |
| 3       | BNP Paribas Arbitrage                  | 3,02,992                                                                                                  | 0.10                             | 06 Apr 2018         | (9,000)       | Market Sale                  | 2,93,992           | 0.09                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 13 Apr 2018         | (2,85,000)    | Market Sale                  | 8,992              | 0.00                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 01 Jun 2018         | 54,500        | Market Purchase              | 63,492             | 0.02                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 08 Jun 2018         | 85,000        | Market Purchase              | 1,48,492           | 0.05                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 15 Jun 2018         | 1,67,583      | Market Purchase              | 3,16,075           | 0.10                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 22 Jun 2018         | (1,71,900)    | Market Sale                  | 1,44,175           | 0.05                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 30 Jun 2018         | (1,34,541)    | Market Sale                  | 9,634              | 0.00                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 20 Jul 2018         | 55,500        | Market Purchase              | 65,134             | 0.02                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 27 Jul 2018         | 1,11,900      | Market Purchase              | 1,77,034           | 0.06                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 31 Aug 2018         | (36,000)      | Market Sale                  | 1,41,034           | 0.04                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 07 Sep 2018         | (94,500)      | Market Sale                  | 46,534             | 0.01                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 29 Sep 2018         | 52,86,509     | Market Purchase              | 53,33,043          | 1.70                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 05 Oct 2018         | 31,48,971     | Market Purchase              | 84,82,014          | 2.70                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 12 Oct 2018         | (28,55,902)   | Market Sale                  | 56,26,112          | 1.79                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 19 Oct 2018         | (22,49,460)   | Market Sale                  | 33,76,652          | 1.08                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 02 Nov 2018         | 22,56,000     | Market Purchase              | 56,32,652          | 1.79                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 09 Nov 2018         | (29,000)      | Market Sale                  | 56,03,652          | 1.79                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 16 Nov 2018         | 8,94,703      | Market Purchase              | 64,98,355          | 2.07                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 30 Nov 2018         | (13,12,500)   | Market Sale                  | 51,85,855          | 1.65                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 07 Dec 2018         | 21,55,500     | Market Purchase              | 73,41,355          | 2.34                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 14 Dec 2018         | 9,67,894      | Market Purchase              | 83,09,249          | 2.65                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 21 Dec 2018         | 16,60,835     | Market Purchase              | 99,70,084          | 3.18                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 28 Dec 2018         | 20,57,101     | Market Purchase              | 1,20,27,185        | 3.83                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 31 Dec 2018         | 25,57,000     | Market Purchase              | 1,45,84,185        | 4.65                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 04 Jan 2019         | (7,23,500)    | Market Sale                  | 1,38,60,685        | 4.42                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 11 Jan 2019         | (9,10,500)    | Market Sale                  | 1,29,50,185        | 4.13                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 18 Jan 2019         | (45,000)      | Market Sale                  | 1,29,05,185        | 4.11                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 25 Jan 2019         | (8,95,500)    | Market Sale                  | 1,20,09,685        | 3.83                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 01 Feb 2019         | (45,21,000)   | Market Sale                  | 74,88,685          | 2.39                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 08 Feb 2019         | 15,41,500     | Market Purchase              | 90,30,185          | 2.88                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 22 Feb 2019         | 72,000        | Market Purchase              | 91,02,185          | 2.90                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 01 Mar 2019         | (5,11,000)    | Market Sale                  | 85,91,185          | 2.74                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 08 Mar 2019         | (12,55,210)   | Market Sale                  | 73,35,975          | 2.34                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 15 Mar 2019         | (13,85,437)   | Market Sale                  | 59,50,538          | 1.90                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 29 Mar 2019         | 14,43,000     | Market Purchase              | 73,93,538          | 2.36                                                                                                       |  |
|         | At the end of the year                 |                                                                                                           |                                  |                     |               |                              | 73,93,538          | 2.36                                                                                                       |  |
| 4       | East Bridge Capital Master Fund I Ltd. | 0                                                                                                         | 0.00                             | 05 Oct 2018         | 30,00,000     | Market Purchase              | 30,00,000          | 0.96                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 12 Oct 2018         | 38,237        | Market Purchase              | 30,38,237          | 0.97                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 25 Jan 2019         | 4,03,500      | Market Purchase              | 34,41,737          | 1.10                                                                                                       |  |
|         |                                        |                                                                                                           |                                  | 29 Mar 2019         | 9,51,000      | Market Purchase              | 43,92,737          | 1.40                                                                                                       |  |
|         | At the end of the year                 |                                                                                                           |                                  |                     |               |                              | 43,92,737          | 1.40                                                                                                       |  |

| Sl. No. | Name                                                                                              | Shareholding at the beginning of the year as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018 |                                  | Transactions during the year |               |                 | Cumulative Shareholding at the end of the year (31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |                                  |
|---------|---------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------|---------------|-----------------|------------------------------------------------------------------------------------------------------------|----------------------------------|
|         |                                                                                                   | No. of shares held                                                                                        | % of total Shares of the Company | Date of Transaction          | No. of Shares | Reason          | No. of Shares held                                                                                         | % of Total Shares of the Company |
| 5       | Government Pension Fund Global                                                                    | 13,39,519                                                                                                 | 0.43                             | 01 Jun 2018                  | (5,97,324)    | Market Sale     | 7,42,195                                                                                                   | 0.24                             |
|         |                                                                                                   |                                                                                                           |                                  | 08 Jun 2018                  | (3,12,160)    | Market Sale     | 4,30,035                                                                                                   | 0.14                             |
|         |                                                                                                   |                                                                                                           |                                  | 02 Nov 2018                  | 11,43,954     | Market Purchase | 15,73,989                                                                                                  | 0.50                             |
|         |                                                                                                   |                                                                                                           |                                  | 01 Feb 2019                  | 3,40,386      | Market Purchase | 19,14,375                                                                                                  | 0.61                             |
|         |                                                                                                   |                                                                                                           |                                  | 15 Feb 2019                  | 6,78,686      | Market Purchase | 25,93,061                                                                                                  | 0.83                             |
|         |                                                                                                   |                                                                                                           |                                  | 22 Feb 2019                  | 5,78,500      | Market Purchase | 31,71,561                                                                                                  | 1.01                             |
|         |                                                                                                   |                                                                                                           |                                  | 01 Mar 2019                  | 5,78,480      | Market Purchase | 37,50,041                                                                                                  | 1.20                             |
|         | At the end of the year                                                                            |                                                                                                           |                                  |                              |               |                 | 37,50,041                                                                                                  | 1.20                             |
| 6       | Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds | 34,27,288                                                                                                 | 1.09                             | 04 May 2018                  | (6,720)       | Market Sale     | 34,20,568                                                                                                  | 1.09                             |
|         |                                                                                                   |                                                                                                           |                                  | 11 May 2018                  | (6,384)       | Market Sale     | 34,14,184                                                                                                  | 1.09                             |
|         |                                                                                                   |                                                                                                           |                                  | 01 Jun 2018                  | (5,040)       | Market Sale     | 34,09,144                                                                                                  | 1.09                             |
|         |                                                                                                   |                                                                                                           |                                  | 15 Jun 2018                  | (5,040)       | Market Sale     | 34,04,104                                                                                                  | 1.08                             |
|         |                                                                                                   |                                                                                                           |                                  | 22 Jun 2018                  | (1,25,210)    | Market Sale     | 32,78,894                                                                                                  | 1.04                             |
|         |                                                                                                   |                                                                                                           |                                  | 30 Jun 2018                  | (75,601)      | Market Sale     | 32,03,293                                                                                                  | 1.02                             |
|         |                                                                                                   |                                                                                                           |                                  | 06 Jul 2018                  | (9,261)       | Market Sale     | 31,94,032                                                                                                  | 1.02                             |
|         |                                                                                                   |                                                                                                           |                                  | 13 Jul 2018                  | (14,749)      | Market Sale     | 31,79,283                                                                                                  | 1.01                             |
|         |                                                                                                   |                                                                                                           |                                  | 28 Dec 2018                  | (3,48,045)    | Market Sale     | 28,31,238                                                                                                  | 0.90                             |
|         |                                                                                                   |                                                                                                           |                                  | 01 Feb 2019                  | 18,734        | Market Purchase | 28,49,972                                                                                                  | 0.91                             |
|         |                                                                                                   |                                                                                                           |                                  | 08 Feb 2019                  | 59,755        | Market Purchase | 29,09,727                                                                                                  | 0.93                             |
|         |                                                                                                   |                                                                                                           |                                  | 29 Mar 2019                  | 7,429         | Market Purchase | 29,17,156                                                                                                  | 0.93                             |
|         | At the end of the year                                                                            |                                                                                                           |                                  |                              |               |                 | 29,17,156                                                                                                  | 0.93                             |
| 7       | Vanguard Total International Stock Index Fund                                                     | 24,92,983                                                                                                 | 0.79                             | 04 May 2018                  | 87,878        | Market Purchase | 25,80,861                                                                                                  | 0.82                             |
|         |                                                                                                   |                                                                                                           |                                  | 24 Aug 2018                  | 66,058        | Market Purchase | 26,46,919                                                                                                  | 0.84                             |
|         |                                                                                                   |                                                                                                           |                                  | 14 Sep 2018                  | 70,085        | Market Purchase | 27,17,004                                                                                                  | 0.87                             |
|         |                                                                                                   |                                                                                                           |                                  | 23 Nov 2018                  | 1,53,165      | Market Purchase | 28,70,169                                                                                                  | 0.91                             |
|         | At the end of the year                                                                            |                                                                                                           |                                  |                              |               |                 | 28,70,169                                                                                                  | 0.91                             |
| 8       | Karvy Stock Broking Ltd (BSE)                                                                     | 2,61,915                                                                                                  | 0.08                             | 06 Apr 2018                  | (18,775)      | Market Sale     | 2,43,140                                                                                                   | 0.08                             |
|         |                                                                                                   |                                                                                                           |                                  | 13 Apr 2018                  | 10,905        | Market Purchase | 2,54,045                                                                                                   | 0.08                             |
|         |                                                                                                   |                                                                                                           |                                  | 20 Apr 2018                  | (53,276)      | Market Sale     | 2,00,769                                                                                                   | 0.06                             |
|         |                                                                                                   |                                                                                                           |                                  | 27 Apr 2018                  | (15,693)      | Market Sale     | 1,85,076                                                                                                   | 0.06                             |
|         |                                                                                                   |                                                                                                           |                                  | 04 May 2018                  | (34,371)      | Market Sale     | 1,50,705                                                                                                   | 0.05                             |
|         |                                                                                                   |                                                                                                           |                                  | 11 May 2018                  | 12,509        | Market Purchase | 1,63,214                                                                                                   | 0.05                             |
|         |                                                                                                   |                                                                                                           |                                  | 18 May 2018                  | (227)         | Market Sale     | 1,62,987                                                                                                   | 0.05                             |
|         |                                                                                                   |                                                                                                           |                                  | 25 May 2018                  | (6,282)       | Market Sale     | 1,56,705                                                                                                   | 0.05                             |
|         |                                                                                                   |                                                                                                           |                                  | 01 Jun 2018                  | 1,380         | Market Purchase | 1,58,085                                                                                                   | 0.05                             |
|         |                                                                                                   |                                                                                                           |                                  | 08 Jun 2018                  | 7,320         | Market Purchase | 1,65,405                                                                                                   | 0.05                             |
|         |                                                                                                   |                                                                                                           |                                  | 15 Jun 2018                  | (34,204)      | Market Sale     | 1,31,201                                                                                                   | 0.04                             |
|         |                                                                                                   |                                                                                                           |                                  | 22 Jun 2018                  | (10,001)      | Market Sale     | 1,21,200                                                                                                   | 0.04                             |
|         |                                                                                                   |                                                                                                           |                                  | 30 Jun 2018                  | (3,661)       | Market Sale     | 1,17,539                                                                                                   | 0.04                             |
|         |                                                                                                   |                                                                                                           |                                  | 06 Jul 2018                  | 11,156        | Market Purchase | 1,28,695                                                                                                   | 0.04                             |
|         |                                                                                                   |                                                                                                           |                                  | 13 Jul 2018                  | 11,773        | Market Purchase | 1,40,468                                                                                                   | 0.04                             |
|         |                                                                                                   |                                                                                                           |                                  | 20 Jul 2018                  | (30,653)      | Market Sale     | 1,09,815                                                                                                   | 0.04                             |
|         |                                                                                                   |                                                                                                           |                                  | 27 Jul 2018                  | 31,434        | Market Purchase | 1,41,249                                                                                                   | 0.05                             |

| Sl. No. | Name                   | Shareholding at the beginning of the year as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018 |                                  | Transactions during the year |               |                 | Cumulative Shareholding at the end of the year (31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |                                  |
|---------|------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------|---------------|-----------------|------------------------------------------------------------------------------------------------------------|----------------------------------|
|         |                        | No. of shares held                                                                                        | % of total Shares of the Company | Date of Transaction          | No. of Shares | Reason          | No. of Shares held                                                                                         | % of Total Shares of the Company |
|         |                        |                                                                                                           |                                  | 03 Aug 2018                  | 23,445        | Market Purchase | 1,64,694                                                                                                   | 0.05                             |
|         |                        |                                                                                                           |                                  | 10 Aug 2018                  | (8,793)       | Market Sale     | 1,55,901                                                                                                   | 0.05                             |
|         |                        |                                                                                                           |                                  | 17 Aug 2018                  | (22,120)      | Market Sale     | 1,33,781                                                                                                   | 0.04                             |
|         |                        |                                                                                                           |                                  | 24 Aug 2018                  | (34,144)      | Market Sale     | 99,637                                                                                                     | 0.03                             |
|         |                        |                                                                                                           |                                  | 31 Aug 2018                  | (4,242)       | Market Sale     | 95,395                                                                                                     | 0.03                             |
|         |                        |                                                                                                           |                                  | 07 Sep 2018                  | 5,521         | Market Purchase | 1,00,916                                                                                                   | 0.03                             |
|         |                        |                                                                                                           |                                  | 14 Sep 2018                  | 4,068         | Market Purchase | 1,04,984                                                                                                   | 0.03                             |
|         |                        |                                                                                                           |                                  | 21 Sep 2018                  | 5,701         | Market Purchase | 1,10,685                                                                                                   | 0.04                             |
|         |                        |                                                                                                           |                                  | 29 Sep 2018                  | 14,09,625     | Market Purchase | 15,20,310                                                                                                  | 0.48                             |
|         |                        |                                                                                                           |                                  | 05 Oct 2018                  | (1,47,638)    | Market Sale     | 13,72,672                                                                                                  | 0.44                             |
|         |                        |                                                                                                           |                                  | 12 Oct 2018                  | (1,55,885)    | Market Sale     | 12,16,787                                                                                                  | 0.39                             |
|         |                        |                                                                                                           |                                  | 19 Oct 2018                  | 5,45,493      | Market Purchase | 17,62,280                                                                                                  | 0.56                             |
|         |                        |                                                                                                           |                                  | 26 Oct 2018                  | 10,40,624     | Market Purchase | 28,02,904                                                                                                  | 0.89                             |
|         |                        |                                                                                                           |                                  | 02 Nov 2018                  | (5,58,479)    | Market Sale     | 22,44,425                                                                                                  | 0.72                             |
|         |                        |                                                                                                           |                                  | 09 Nov 2018                  | (45,615)      | Market Sale     | 21,98,810                                                                                                  | 0.70                             |
|         |                        |                                                                                                           |                                  | 16 Nov 2018                  | (1,29,835)    | Market Sale     | 20,68,975                                                                                                  | 0.66                             |
|         |                        |                                                                                                           |                                  | 23 Nov 2018                  | 37,019        | Market Purchase | 21,05,994                                                                                                  | 0.67                             |
|         |                        |                                                                                                           |                                  | 30 Nov 2018                  | 5,08,512      | Market Purchase | 26,14,506                                                                                                  | 0.83                             |
|         |                        |                                                                                                           |                                  | 07 Dec 2018                  | (1,92,454)    | Market Sale     | 24,22,052                                                                                                  | 0.77                             |
|         |                        |                                                                                                           |                                  | 14 Dec 2018                  | (2,30,041)    | Market Sale     | 21,92,011                                                                                                  | 0.70                             |
|         |                        |                                                                                                           |                                  | 21 Dec 2018                  | (1,46,871)    | Market Sale     | 20,45,140                                                                                                  | 0.65                             |
|         |                        |                                                                                                           |                                  | 28 Dec 2018                  | (3,44,561)    | Market Sale     | 17,00,579                                                                                                  | 0.54                             |
|         |                        |                                                                                                           |                                  | 31 Dec 2018                  | (5,278)       | Market Sale     | 16,95,301                                                                                                  | 0.54                             |
|         |                        |                                                                                                           |                                  | 04 Jan 2019                  | (2,48,612)    | Market Sale     | 14,46,689                                                                                                  | 0.46                             |
|         |                        |                                                                                                           |                                  | 11 Jan 2019                  | 35,760        | Market Purchase | 14,82,449                                                                                                  | 0.47                             |
|         |                        |                                                                                                           |                                  | 18 Jan 2019                  | 18,964        | Market Purchase | 15,01,413                                                                                                  | 0.48                             |
|         |                        |                                                                                                           |                                  | 25 Jan 2019                  | 54,702        | Market Purchase | 15,56,115                                                                                                  | 0.50                             |
|         |                        |                                                                                                           |                                  | 01 Feb 2019                  | 3,91,200      | Market Purchase | 19,47,315                                                                                                  | 0.62                             |
|         |                        |                                                                                                           |                                  | 08 Feb 2019                  | 3,73,617      | Market Purchase | 23,20,932                                                                                                  | 0.74                             |
|         |                        |                                                                                                           |                                  | 15 Feb 2019                  | 1,12,221      | Market Purchase | 24,33,153                                                                                                  | 0.78                             |
|         |                        |                                                                                                           |                                  | 22 Feb 2019                  | (2,81,723)    | Market Sale     | 21,51,430                                                                                                  | 0.69                             |
|         |                        |                                                                                                           |                                  | 01 Mar 2019                  | (77,041)      | Market Sale     | 20,74,389                                                                                                  | 0.66                             |
|         |                        |                                                                                                           |                                  | 08 Mar 2019                  | 1,33,417      | Market Purchase | 22,07,806                                                                                                  | 0.70                             |
|         |                        |                                                                                                           |                                  | 15 Mar 2019                  | 7,02,907      | Market Purchase | 29,10,713                                                                                                  | 0.93                             |
|         |                        |                                                                                                           |                                  | 22 Mar 2019                  | (3,42,114)    | Market Sale     | 25,68,599                                                                                                  | 0.82                             |
|         |                        |                                                                                                           |                                  | 29 Mar 2019                  | 99,482        | Market Purchase | 26,68,081                                                                                                  | 0.85                             |
|         |                        |                                                                                                           |                                  | 30 Mar 2019                  | 1,416         | Market Purchase | 26,69,497                                                                                                  | 0.85                             |
|         | At the end of the year |                                                                                                           |                                  |                              |               |                 | 26,69,497                                                                                                  | 0.85                             |
| 9       | PGGM World Equity BV   | 0                                                                                                         | 0.00                             | 05 Oct 2018                  | 4,16,477      | Market Purchase | 4,16,477                                                                                                   | 0.13                             |
|         |                        |                                                                                                           |                                  | 07 Dec 2018                  | (4,16,477)    | Market Sale     | 0                                                                                                          | 0.00                             |
|         |                        |                                                                                                           |                                  | 22 Mar 2019                  | 25,16,898     | Market Purchase | 25,16,898                                                                                                  | 0.80                             |
|         | At the end of the year |                                                                                                           |                                  |                              |               |                 | 25,16,898                                                                                                  | 0.80                             |
| 10      | Angel Broking Limited  | 4,36,013                                                                                                  | 0.14                             | 06 Apr 2018                  | (38,924)      | Market Sale     | 3,97,089                                                                                                   | 0.13                             |
|         |                        |                                                                                                           |                                  | 13 Apr 2018                  | 10,234        | Market Purchase | 4,07,323                                                                                                   | 0.13                             |
|         |                        |                                                                                                           |                                  | 20 Apr 2018                  | (1,27,311)    | Market Sale     | 2,80,012                                                                                                   | 0.09                             |
|         |                        |                                                                                                           |                                  | 27 Apr 2018                  | (56,295)      | Market Sale     | 2,23,717                                                                                                   | 0.07                             |
|         |                        |                                                                                                           |                                  | 04 May 2018                  | (64,393)      | Market Sale     | 1,59,324                                                                                                   | 0.05                             |
|         |                        |                                                                                                           |                                  | 11 May 2018                  | 33,514        | Market Purchase | 1,92,838                                                                                                   | 0.06                             |

| Sl. No. | Name                   | Shareholding at the beginning of the year as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018 |                                  |                     |               | Transactions during the year |                    | Cumulative Shareholding at the end of the year (31/03/2019 i.e. as per shareholding pattern of 31/03/2019 |  |
|---------|------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|---------------------|---------------|------------------------------|--------------------|-----------------------------------------------------------------------------------------------------------|--|
|         |                        | No. of shares held                                                                                        | % of total Shares of the Company | Date of Transaction | No. of Shares | Reason                       | No. of Shares held | % of Total Shares of the Company                                                                          |  |
|         |                        |                                                                                                           |                                  | 18 May 2018         | (2,055)       | Market Sale                  | 1,90,783           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 25 May 2018         | 261           | Market Purchase              | 1,91,044           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 01 Jun 2018         | (28,350)      | Market Sale                  | 1,62,694           | 0.05                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 08 Jun 2018         | 16,423        | Market Purchase              | 1,79,117           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 15 Jun 2018         | (28,153)      | Market Sale                  | 1,50,964           | 0.05                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 22 Jun 2018         | 9,990         | Market Purchase              | 1,60,954           | 0.05                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 30 Jun 2018         | 7,216         | Market Purchase              | 1,68,170           | 0.05                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 06 Jul 2018         | (32,581)      | Market Sale                  | 1,35,589           | 0.04                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 13 Jul 2018         | 57,302        | Market Purchase              | 1,92,891           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 20 Jul 2018         | (17,111)      | Market Sale                  | 1,75,780           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 27 Jul 2018         | (2,296)       | Market Sale                  | 1,73,484           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 03 Aug 2018         | 27,201        | Market Purchase              | 2,00,685           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 10 Aug 2018         | 31,579        | Market Purchase              | 2,32,264           | 0.07                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 17 Aug 2018         | 20,265        | Market Purchase              | 2,52,529           | 0.08                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 24 Aug 2018         | (63,734)      | Market Sale                  | 1,88,795           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 31 Aug 2018         | 4,817         | Market Purchase              | 1,93,612           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 07 Sep 2018         | (48,510)      | Market Sale                  | 1,45,102           | 0.05                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 14 Sep 2018         | 12,978        | Market Purchase              | 1,58,080           | 0.05                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 21 Sep 2018         | 18,491        | Market Purchase              | 1,76,571           | 0.06                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 29 Sep 2018         | 13,93,811     | Market Purchase              | 15,70,382          | 0.50                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 05 Oct 2018         | (3,03,736)    | Market Sale                  | 12,66,646          | 0.40                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 12 Oct 2018         | 1,30,556      | Market Purchase              | 13,97,202          | 0.45                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 19 Oct 2018         | 2,63,145      | Market Purchase              | 16,60,347          | 0.53                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 26 Oct 2018         | 8,97,559      | Market Purchase              | 25,57,906          | 0.82                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 02 Nov 2018         | (5,82,567)    | Market Sale                  | 19,75,339          | 0.63                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 09 Nov 2018         | 3,187         | Market Purchase              | 19,78,526          | 0.63                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 16 Nov 2018         | (2,46,243)    | Market Sale                  | 17,32,283          | 0.55                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 23 Nov 2018         | (65,635)      | Market Sale                  | 16,66,648          | 0.53                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 30 Nov 2018         | 1,91,973      | Market Purchase              | 18,58,621          | 0.59                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 07 Dec 2018         | (19,667)      | Market Sale                  | 18,38,954          | 0.59                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 14 Dec 2018         | (1,19,180)    | Market Sale                  | 17,19,774          | 0.55                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 21 Dec 2018         | (1,94,104)    | Market Sale                  | 15,25,670          | 0.49                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 28 Dec 2018         | (2,54,229)    | Market Sale                  | 12,71,441          | 0.41                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 31 Dec 2018         | (49,114)      | Market Sale                  | 12,22,327          | 0.39                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 04 Jan 2019         | 15,504        | Market Purchase              | 12,37,831          | 0.39                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 11 Jan 2019         | 84,086        | Market Purchase              | 13,21,917          | 0.42                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 18 Jan 2019         | (13,302)      | Market Sale                  | 13,08,615          | 0.42                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 25 Jan 2019         | 63,294        | Market Purchase              | 13,71,909          | 0.44                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 01 Feb 2019         | 7,23,531      | Market Purchase              | 20,95,440          | 0.67                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 08 Feb 2019         | 1,25,273      | Market Purchase              | 22,20,713          | 0.71                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 15 Feb 2019         | (1,13,088)    | Market Sale                  | 21,07,625          | 0.67                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 22 Feb 2019         | (3,09,128)    | Market Sale                  | 17,98,497          | 0.57                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 01 Mar 2019         | 24,102        | Market Purchase              | 18,22,599          | 0.58                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 08 Mar 2019         | 2,68,850      | Market Purchase              | 20,91,449          | 0.67                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 15 Mar 2019         | 6,15,086      | Market Purchase              | 27,06,535          | 0.86                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 22 Mar 2019         | (3,04,699)    | Market Sale                  | 24,01,836          | 0.77                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 29 Mar 2019         | (64,081)      | Market Sale                  | 23,37,755          | 0.74                                                                                                      |  |
|         |                        |                                                                                                           |                                  | 30 Mar 2019         | (1,736)       | Market Sale                  | 23,36,019          | 0.74                                                                                                      |  |
|         | At the end of the year |                                                                                                           |                                  |                     |               |                              | 23,36,019          | 0.74                                                                                                      |  |



| Sl. No. | Name                                                                                   | Shareholding at the beginning of the year as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018 |                                  | Transactions during the year |               |        |          | Cumulative Shareholding at the end of the year (31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |                                  |
|---------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------|---------------|--------|----------|------------------------------------------------------------------------------------------------------------|----------------------------------|
|         |                                                                                        | No. of shares held                                                                                        | % of total Shares of the Company | Date of Transaction          | No. of Shares | Reason |          | No. of Shares held                                                                                         | % of Total Shares of the Company |
| 11      | Aditya Birla Sun Life Trustee Private Limited A/C Aditya Birla Sun Life Arbitrage Fund | 35,60,665                                                                                                 | 1.13                             | 06 Apr 2018                  | (13,72,165)   | Market | Sale     | 21,88,500                                                                                                  | 0.70                             |
|         |                                                                                        |                                                                                                           |                                  | 20 Jul 2018                  | (99,000)      | Market | Sale     | 20,89,500                                                                                                  | 0.67                             |
|         |                                                                                        |                                                                                                           |                                  | 17 Aug 2018                  | 1,24,500      | Market | Purchase | 22,14,000                                                                                                  | 0.71                             |
|         |                                                                                        |                                                                                                           |                                  | 05 Oct 2018                  | (9,82,500)    | Market | Sale     | 12,31,500                                                                                                  | 0.39                             |
|         |                                                                                        |                                                                                                           |                                  | 12 Oct 2018                  | (12,31,500)   | Market | Sale     | 0                                                                                                          | 0.00                             |
|         |                                                                                        |                                                                                                           |                                  | 08 Feb 2019                  | 9,99,000      | Market | Purchase | 9,99,000                                                                                                   | 0.32                             |
|         |                                                                                        |                                                                                                           |                                  | 15 Feb 2019                  | (3,46,500)    | Market | Sale     | 6,52,500                                                                                                   | 0.21                             |
|         |                                                                                        |                                                                                                           |                                  | 22 Feb 2019                  | 15,000        | Market | Purchase | 6,67,500                                                                                                   | 0.21                             |
|         |                                                                                        |                                                                                                           |                                  | 01 Mar 2019                  | (63,000)      | Market | Sale     | 6,04,500                                                                                                   | 0.19                             |
|         |                                                                                        |                                                                                                           |                                  | 08 Mar 2019                  | 3,03,000      | Market | Purchase | 9,07,500                                                                                                   | 0.29                             |
|         |                                                                                        |                                                                                                           |                                  | 29 Mar 2019                  | 66,000        | Market | Purchase | 9,73,500                                                                                                   | 0.31                             |
|         | At the end of the year                                                                 |                                                                                                           |                                  |                              |               |        |          | 9,73,500                                                                                                   | 0.31                             |
| 12      | Galaxy Infraprojects & Developers Private Limited                                      | 1,04,35,404                                                                                               | 3.33                             | 01 Jun 2018                  | (84,35,404)   | Market | Sale     | 20,00,000                                                                                                  | 0.64                             |
|         |                                                                                        |                                                                                                           |                                  | 08 Jun 2018                  | 47,00,000     | Market | Purchase | 67,00,000                                                                                                  | 2.14                             |
|         |                                                                                        |                                                                                                           |                                  | 30 Jun 2018                  | 30,00,000     | Market | Purchase | 97,00,000                                                                                                  | 3.09                             |
|         |                                                                                        |                                                                                                           |                                  | 06 Jul 2018                  | (15,00,000)   | Market | Sale     | 82,00,000                                                                                                  | 2.61                             |
|         |                                                                                        |                                                                                                           |                                  | 13 Jul 2018                  | (15,00,000)   | Market | Sale     | 67,00,000                                                                                                  | 2.14                             |
|         |                                                                                        |                                                                                                           |                                  | 20 Jul 2018                  | (10,00,000)   | Market | Sale     | 57,00,000                                                                                                  | 1.82                             |
|         |                                                                                        |                                                                                                           |                                  | 03 Aug 2018                  | (1,65,000)    | Market | Sale     | 55,35,000                                                                                                  | 1.76                             |
|         |                                                                                        |                                                                                                           |                                  | 31 Aug 2018                  | (4,50,000)    | Market | Sale     | 50,85,000                                                                                                  | 1.62                             |
|         |                                                                                        |                                                                                                           |                                  | 21 Sep 2018                  | (21,74,436)   | Market | Sale     | 29,10,564                                                                                                  | 0.93                             |
|         |                                                                                        |                                                                                                           |                                  | 05 Oct 2018                  | (21,75,160)   | Market | Sale     | 7,35,404                                                                                                   | 0.23                             |
|         |                                                                                        |                                                                                                           |                                  | 28 Dec 2018                  | 1,50,000      | Market | Purchase | 8,85,404                                                                                                   | 0.28                             |
|         |                                                                                        |                                                                                                           |                                  | 04 Jan 2019                  | 5,72,335      | Market | Purchase | 14,57,739                                                                                                  | 0.46                             |
|         |                                                                                        |                                                                                                           |                                  | 11 Jan 2019                  | (5,57,335)    | Market | Sale     | 9,00,404                                                                                                   | 0.29                             |
|         |                                                                                        |                                                                                                           |                                  | 18 Jan 2019                  | (9,00,000)    | Market | Sale     | 404                                                                                                        | 0.00                             |
|         |                                                                                        |                                                                                                           |                                  | 29 Mar 2019                  | 1,99,596      | Market | Purchase | 2,00,000                                                                                                   | 0.06                             |
|         | At the end of the year                                                                 |                                                                                                           |                                  |                              |               |        |          | 2,00,000                                                                                                   | 0.06                             |
| 13      | Copthall Mauritius Investment Limited                                                  | 26,43,195                                                                                                 | 0.84                             | 06 Apr 2018                  | 40,865        | Market | Purchase | 26,84,060                                                                                                  | 0.86                             |
|         |                                                                                        |                                                                                                           |                                  | 20 Apr 2018                  | (1,44,599)    | Market | Sale     | 25,39,461                                                                                                  | 0.81                             |
|         |                                                                                        |                                                                                                           |                                  | 27 Apr 2018                  | (9,29,700)    | Market | Sale     | 16,09,761                                                                                                  | 0.51                             |
|         |                                                                                        |                                                                                                           |                                  | 01 Jun 2018                  | (6,80,775)    | Market | Sale     | 9,28,986                                                                                                   | 0.30                             |
|         |                                                                                        |                                                                                                           |                                  | 22 Jun 2018                  | (78,100)      | Market | Sale     | 8,50,886                                                                                                   | 0.27                             |
|         |                                                                                        |                                                                                                           |                                  | 06 Jul 2018                  | (1,01,072)    | Market | Sale     | 7,49,814                                                                                                   | 0.24                             |
|         |                                                                                        |                                                                                                           |                                  | 13 Jul 2018                  | (93,899)      | Market | Sale     | 6,55,915                                                                                                   | 0.21                             |
|         |                                                                                        |                                                                                                           |                                  | 31 Aug 2018                  | 29,494        | Market | Purchase | 6,85,409                                                                                                   | 0.22                             |
|         |                                                                                        |                                                                                                           |                                  | 07 Sep 2018                  | 27,916        | Market | Purchase | 7,13,325                                                                                                   | 0.23                             |
|         |                                                                                        |                                                                                                           |                                  | 14 Sep 2018                  | (1,55,695)    | Market | Sale     | 5,57,630                                                                                                   | 0.18                             |
|         |                                                                                        |                                                                                                           |                                  | 21 Sep 2018                  | (1,42,408)    | Market | Sale     | 4,15,222                                                                                                   | 0.13                             |
|         |                                                                                        |                                                                                                           |                                  | 29 Sep 2018                  | 9,62,527      | Market | Purchase | 13,77,749                                                                                                  | 0.44                             |
|         |                                                                                        |                                                                                                           |                                  | 05 Oct 2018                  | 94,998        | Market | Purchase | 14,72,747                                                                                                  | 0.47                             |
|         |                                                                                        |                                                                                                           |                                  | 12 Oct 2018                  | (1,189)       | Market | Sale     | 14,71,558                                                                                                  | 0.47                             |
|         |                                                                                        |                                                                                                           |                                  | 02 Nov 2018                  | (34,524)      | Market | Sale     | 14,37,034                                                                                                  | 0.46                             |
|         |                                                                                        |                                                                                                           |                                  | 09 Nov 2018                  | 1,82,515      | Market | Purchase | 16,19,549                                                                                                  | 0.52                             |
|         |                                                                                        |                                                                                                           |                                  | 16 Nov 2018                  | 6,82,500      | Market | Purchase | 23,02,049                                                                                                  | 0.73                             |
|         |                                                                                        |                                                                                                           |                                  | 23 Nov 2018                  | (4,03,500)    | Market | Sale     | 18,98,549                                                                                                  | 0.61                             |

| Sl. No. | Name                                           | Shareholding at the beginning of the year as on 01/04/2018 i.e. as per shareholding pattern of 31/03/2018 |                                  | Transactions during the year |               |                 | Cumulative Shareholding at the end of the year (31/03/2019 i.e. as per shareholding pattern of 31/03/2019) |                                  |
|---------|------------------------------------------------|-----------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------|---------------|-----------------|------------------------------------------------------------------------------------------------------------|----------------------------------|
|         |                                                | No. of shares held                                                                                        | % of total Shares of the Company | Date of Transaction          | No. of Shares | Reason          | No. of Shares held                                                                                         | % of Total Shares of the Company |
|         |                                                |                                                                                                           |                                  | 30 Nov 2018                  | (2,81,940)    | Market Sale     | 16,16,609                                                                                                  | 0.52                             |
|         |                                                |                                                                                                           |                                  | 07 Dec 2018                  | 14,582        | Market Purchase | 16,31,191                                                                                                  | 0.52                             |
|         |                                                |                                                                                                           |                                  | 14 Dec 2018                  | (14,582)      | Market Sale     | 16,16,609                                                                                                  | 0.52                             |
|         |                                                |                                                                                                           |                                  | 08 Feb 2019                  | (1,61,660)    | Market Sale     | 14,54,949                                                                                                  | 0.46                             |
|         |                                                |                                                                                                           |                                  | 15 Mar 2019                  | (11,71,545)   | Market Sale     | 2,83,404                                                                                                   | 0.09                             |
|         |                                                |                                                                                                           |                                  | 22 Mar 2019                  | (1,45,400)    | Market Sale     | 1,38,004                                                                                                   | 0.04                             |
|         | At the end of the year                         |                                                                                                           |                                  |                              |               |                 | 1,38,004                                                                                                   | 0.04                             |
| 14      | Hemisphere Infrastructure India Pvt Limited    | 1,07,17,778                                                                                               | 3.42                             | 11 May 2018                  | (10,00,000)   | Market Sale     | 97,17,778                                                                                                  | 3.10                             |
|         |                                                |                                                                                                           |                                  | 18 May 2018                  | (5,00,000)    | Market Sale     | 92,17,778                                                                                                  | 2.94                             |
|         |                                                |                                                                                                           |                                  | 01 Jun 2018                  | 2,50,000      | Market Purchase | 94,67,778                                                                                                  | 3.02                             |
|         |                                                |                                                                                                           |                                  | 08 Jun 2018                  | (5,00,000)    | Market Sale     | 89,67,778                                                                                                  | 2.86                             |
|         |                                                |                                                                                                           |                                  | 15 Jun 2018                  | (1,50,000)    | Market Sale     | 88,17,778                                                                                                  | 2.81                             |
|         |                                                |                                                                                                           |                                  | 22 Jun 2018                  | (6,00,000)    | Market Sale     | 82,17,778                                                                                                  | 2.62                             |
|         |                                                |                                                                                                           |                                  | 30 Jun 2018                  | (7,59,917)    | Market Sale     | 74,57,861                                                                                                  | 2.38                             |
|         |                                                |                                                                                                           |                                  | 06 Jul 2018                  | (11,00,000)   | Market Sale     | 63,57,861                                                                                                  | 2.03                             |
|         |                                                |                                                                                                           |                                  | 27 Jul 2018                  | (5,00,000)    | Market Sale     | 58,57,861                                                                                                  | 1.87                             |
|         |                                                |                                                                                                           |                                  | 05 Oct 2018                  | (40,00,000)   | Market Sale     | 18,57,861                                                                                                  | 0.59                             |
|         |                                                |                                                                                                           |                                  | 28 Dec 2018                  | 40,00,000     | Market Purchase | 58,57,861                                                                                                  | 1.87                             |
|         |                                                |                                                                                                           |                                  | 08 Mar 2019                  | (58,57,861)   | Market Sale     | 0                                                                                                          | 0.00                             |
|         | At the end of the year                         |                                                                                                           |                                  |                              |               |                 | 0                                                                                                          | 0.00                             |
| 15      | Silicon First Realtors Private Limited         | 1,00,95,562                                                                                               | 3.22                             | 28 Dec 2018                  | (10,00,000)   | Market Sale     | 90,95,562                                                                                                  | 2.90                             |
|         |                                                |                                                                                                           |                                  | 31 Dec 2018                  | 3,00,000      | Market Purchase | 93,95,562                                                                                                  | 2.99                             |
|         |                                                |                                                                                                           |                                  | 25 Jan 2019                  | (2,50,000)    | Market Sale     | 91,45,562                                                                                                  | 2.91                             |
|         |                                                |                                                                                                           |                                  | 01 Feb 2019                  | (50,000)      | Market Purchase | 90,95,562                                                                                                  | 2.90                             |
|         |                                                |                                                                                                           |                                  | 01 Mar 2019                  | (70,00,000)   | Market Sale     | 20,95,562                                                                                                  | 0.67                             |
|         |                                                |                                                                                                           |                                  | 08 Mar 2019                  | (20,95,562)   | Market Sale     | 0                                                                                                          | 0.00                             |
|         | At the end of the year                         |                                                                                                           |                                  |                              |               |                 | 0                                                                                                          | 0.00                             |
| 16      | Lazard Emerging Markets Small Cap Equity Trust | 30,21,367                                                                                                 | 0.96                             | 20 Apr 2018                  | 4,90,238      | Market Purchase | 35,11,605                                                                                                  | 1.12                             |
|         |                                                |                                                                                                           |                                  | 22 Jun 2018                  | (4,45,209)    | Market Sale     | 30,66,396                                                                                                  | 0.98                             |
|         |                                                |                                                                                                           |                                  | 31 Aug 2018                  | (93,285)      | Market Sale     | 29,73,111                                                                                                  | 0.95                             |
|         |                                                |                                                                                                           |                                  | 14 Dec 2018                  | 7,69,462      | Market Purchase | 37,42,573                                                                                                  | 1.19                             |
|         |                                                |                                                                                                           |                                  | 28 Dec 2018                  | 7,78,938      | Market Purchase | 45,21,511                                                                                                  | 1.44                             |
|         |                                                |                                                                                                           |                                  | 08 Feb 2019                  | (45,21,511)   | Market Sale     | 0                                                                                                          | 0.00                             |
|         | At the end of the year                         |                                                                                                           |                                  |                              |               |                 | 0                                                                                                          | 0.00                             |
| 17      | Blue Diamond Properties Private Limited        | 26,00,000                                                                                                 | 0.83                             | 13 Apr 2018                  | (37,770)      | Market Sale     | 25,62,230                                                                                                  | 0.82                             |
|         |                                                |                                                                                                           |                                  | 20 Apr 2018                  | (4,00,000)    | Market Sale     | 21,62,230                                                                                                  | 0.69                             |
|         |                                                |                                                                                                           |                                  | 27 Apr 2018                  | (11,77,677)   | Market Sale     | 9,84,553                                                                                                   | 0.31                             |
|         |                                                |                                                                                                           |                                  | 04 May 2018                  | (3,00,000)    | Market Sale     | 6,84,553                                                                                                   | 0.22                             |
|         |                                                |                                                                                                           |                                  | 11 May 2018                  | (1,00,000)    | Market Sale     | 5,84,553                                                                                                   | 0.19                             |
|         |                                                |                                                                                                           |                                  | 18 May 2018                  | (1,00,000)    | Market Sale     | 4,84,553                                                                                                   | 0.15                             |
|         |                                                |                                                                                                           |                                  | 25 May 2018                  | (1,83,437)    | Market Sale     | 3,01,116                                                                                                   | 0.10                             |
|         |                                                |                                                                                                           |                                  | 01 Jun 2018                  | (1,36,904)    | Market Sale     | 1,64,212                                                                                                   | 0.05                             |
|         |                                                |                                                                                                           |                                  | 08 Jun 2018                  | (1,64,212)    | Market Sale     | 0                                                                                                          | 0.00                             |
|         |                                                |                                                                                                           |                                  | 01 Feb 2019                  | 1,29,782      | Market Purchase | 1,29,782                                                                                                   | 0.04                             |
|         |                                                |                                                                                                           |                                  | 08 Feb 2019                  | (1,29,782)    | Market Sale     | 0                                                                                                          | 0.00                             |
|         | At the end of the year                         |                                                                                                           |                                  |                              |               |                 | 0                                                                                                          | 0.00                             |

## v) Shareholding of Directors and Key Managerial Personnel

### A. Shareholding of Directors

| For Each of the Directors    | Shareholding at the beginning of the year<br>i.e. 01/04/2018 |                                        | Date | Increase<br>(No. of<br>shares) | Decrease<br>(No. of<br>shares) | Reason | Shareholding<br>At the end of the year<br>i.e. 31/03/2019 |                                           |
|------------------------------|--------------------------------------------------------------|----------------------------------------|------|--------------------------------|--------------------------------|--------|-----------------------------------------------------------|-------------------------------------------|
|                              | No. of<br>shares                                             | % of total<br>shares of the<br>Company |      |                                |                                |        | No. of<br>shares                                          | % of total<br>shares<br>of the<br>Company |
|                              |                                                              |                                        |      |                                |                                |        |                                                           |                                           |
| At the beginning of the year |                                                              |                                        |      |                                |                                |        |                                                           |                                           |
| 1. Mr. Kapil Wadhawan        | 18,00,000                                                    | 0.57                                   | -    | -                              | -                              | -      | 18,00,000                                                 | 0.57                                      |
| 2. Mr. Dheeraj Wadhawan      | 18,00,000                                                    | 0.57                                   | -    | -                              | -                              | -      | 18,00,000                                                 | 0.57                                      |
| 3. Mr. Harshil Mehta (*)     | 5,110                                                        | 0.00                                   | -    | -                              | -                              | -      | -                                                         | 0.00                                      |
| 4. Mr. G. P. Kohli (**)      | 6,800                                                        | 0.00                                   | -    | -                              | -                              | -      | -                                                         | 0.00                                      |
| 5. Mr. V.K. Chopra (**)      | -                                                            | -                                      | -    | -                              | -                              | -      | -                                                         | -                                         |
| 6. Mr. M. Venugopalan (**)   | 1,000                                                        | 0.00                                   | -    | -                              | -                              | -      | -                                                         | 0.00                                      |
| 7. Ms. Vijaya Sampath (**)   | 5,000                                                        | 0.00                                   | -    | -                              | -                              | -      | -                                                         | 0.00                                      |

\* Mr. Harshil Mehta, resigned from the position of Joint Managing Director & CEO w.e.f. February 13, 2019.

\*\* Mrs. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively.

### B. Shareholding of Key Managerial Personnel

| Sl. No. | For Each Key Managerial Personnel (other than Director) | Shareholding at the beginning of the year i.e. 01/04/2018 |                                  | Date       | Increase of shares | Decrease of shares | Reason                                    | Shareholding At the end of the year i.e. 31/03/2019 |                                  |
|---------|---------------------------------------------------------|-----------------------------------------------------------|----------------------------------|------------|--------------------|--------------------|-------------------------------------------|-----------------------------------------------------|----------------------------------|
|         |                                                         | No. of shares                                             | % of total shares of the Company |            |                    |                    |                                           | No. of shares                                       | % of total shares of the Company |
| 1.      | Mr. Santosh Sharma – Chief Financial Officer*           | 20,941                                                    | 0.01                             | 04.07.2018 | 6,755              | -                  | Allotted under ESAR Scheme of the Company | 27,696                                              | 0.01                             |
|         |                                                         |                                                           |                                  | 17.08.2018 |                    | (900)              | Market Sale                               | 26,796                                              | 0.01                             |
| 2.      | Ms. Niti Arya – Company Secretary *                     | 7,452                                                     | 0.00                             | 07.05.2018 | -                  | (200)              | Market Sale                               | 7,252                                               | 0.00                             |
|         |                                                         |                                                           |                                  | 04.07.2018 | 1,686              | -                  | Allotted under ESAR Scheme of the Company | 8,938                                               | 0.00                             |
|         |                                                         |                                                           |                                  | 16.08.2018 |                    | (100)              | Market Sale                               | 8,838                                               |                                  |
|         |                                                         |                                                           |                                  | 17.08.2018 |                    | (50)               | Market Sale                               | 8,788                                               |                                  |
|         |                                                         |                                                           |                                  | 20.08.2018 |                    | (20)               | Market Sale                               | 8,768                                               | 0.00                             |
|         |                                                         |                                                           |                                  | 31.08.2018 |                    | (50)               | Market Sale                               | 8,718                                               | 0.00                             |
|         |                                                         |                                                           |                                  | 03.09.2018 |                    | (150)              | Market Sale                               | 8,568                                               | 0.00                             |

\* Mr. Santosh Sharma, Chief Financial Officer and Ms. Niti Arya, Company Secretary resigned from their respective positions w.e.f. close of working hours of March 15, 2019.

## V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakh)

|                                                            | Secured Loans<br>excluding deposits | Unsecured<br>Loans | Deposits          | Total<br>Indebtedness |
|------------------------------------------------------------|-------------------------------------|--------------------|-------------------|-----------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                     |                    |                   |                       |
| i) Principal Amount                                        | 73,414.45                           | 18,036.48          | 9,755.85          | 1,01,206.78           |
| ii) Interest due but not paid                              | -                                   | -                  | -                 | -                     |
| iii) Interest accrued but not due                          | 1,360.13                            | 606.33             | 410.87            | 2,377.33              |
| <b>Total (i+ii+iii)</b>                                    | <b>74,774.58</b>                    | <b>18,642.81</b>   | <b>10,166.72</b>  | <b>1,03,584.11</b>    |
| <b>Change in Indebtedness during the financial year</b>    |                                     |                    |                   |                       |
| Addition (Net)                                             | 8,066.70                            | -                  | -                 | 8,066.70              |
| Reduction (Net)                                            | -                                   | 14,195.91          | 3,251.17          | 17,447.08             |
| <b>Net Change</b>                                          | <b>8,066.70</b>                     | <b>(14,195.91)</b> | <b>(3,251.17)</b> | <b>(9,380.38)</b>     |
| <b>Indebtedness at the end of the financial year</b>       |                                     |                    |                   |                       |
| i) Principal Amount                                        | 80,542.35                           | 4,170.98           | 6,677.18          | 91,390.51             |
| ii) Interest due but not paid                              | -                                   | -                  | -                 | -                     |
| iii) Interest accrued but not due                          | 2,298.93                            | 275.92             | 238.37            | 2,813.22              |
| <b>Total (i+ii+iii)</b>                                    | <b>82,841.28</b>                    | <b>4,446.90</b>    | <b>6,915.55</b>   | <b>94,203.73</b>      |

## VI. Remuneration of Directors and Key Managerial Personnel

**A. Remuneration to Managing Director, Whole-time Director and/or Manager:** During the Financial Year 2018-19, the Company had one Managing Director, Mr. Kapil Wadhawan and one Joint-Managing Director & Chief Executive Officer, Mr. Harshil Mehta.

(In ₹) (Gross)

| Sl. No. | Particulars of Remuneration                                                         | Mr. Kapil Wadhawan<br>(Chairman & Managing Director)                                                                                                                                                    | Mr. Harshil Mehta<br>(Joint-Managing Director<br>and Chief Executive Officer)**                                                                                                                                              |
|---------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Gross salary                                                                        |                                                                                                                                                                                                         |                                                                                                                                                                                                                              |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961 | 3,00,00,000                                                                                                                                                                                             | 2,65,99,963                                                                                                                                                                                                                  |
|         | (b) Value of perquisites u/s 17(2) Income-Tax Act, 1961                             |                                                                                                                                                                                                         |                                                                                                                                                                                                                              |
|         | (i) Perquisites w.r.t to exercise of Stock Options                                  | -                                                                                                                                                                                                       | -                                                                                                                                                                                                                            |
|         | (ii) Other Perquisites                                                              | -                                                                                                                                                                                                       | 2,10,398                                                                                                                                                                                                                     |
|         | (c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961              | -                                                                                                                                                                                                       | -                                                                                                                                                                                                                            |
| 2       | Stock Option                                                                        | -                                                                                                                                                                                                       | 15,18,233                                                                                                                                                                                                                    |
| 3       | Sweat Equity                                                                        | -                                                                                                                                                                                                       | -                                                                                                                                                                                                                            |
| 4       | Commission                                                                          | -                                                                                                                                                                                                       | -                                                                                                                                                                                                                            |
| 5       | Others                                                                              |                                                                                                                                                                                                         |                                                                                                                                                                                                                              |
|         | (a) Bonus                                                                           | -                                                                                                                                                                                                       | 4,48,50,849                                                                                                                                                                                                                  |
|         | (b) Provident Fund                                                                  | 21,00,000                                                                                                                                                                                               | 15,53,946                                                                                                                                                                                                                    |
|         | <b>Total (A)</b>                                                                    | <b>3,21,00,000</b>                                                                                                                                                                                      | <b>7,47,33,389</b>                                                                                                                                                                                                           |
|         | <b>Ceiling as per the Act</b>                                                       | The remuneration paid to Mr. Kapil Wadhawan – Chairman & Managing Director was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company. | The remuneration paid to Mr. Harshil Mehta, Joint-Managing Director and Chief Executive Officer was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company. |

\* Mr. Harshil Mehta resigned from the position of Joint Managing Director & Chief Executive Office w.e.f. February 13, 2019.

\* Excess Remuneration of ₹ 6.45 crore paid to Mr. Harshil Mehta for the financial year 2018-19, has already been recovered. The total remuneration paid to him for the financial year 2018-19 as mentioned above does not include the said excess remuneration recovered from him.

## B. Remuneration to other Directors

### B1. Independent Directors

| Sl. No.             | Name of Independent Director | Fees for attending Board/ Committee Meetings (In ₹) (Gross) | Commission (In ₹) (Gross) | Total Amount (In ₹) (Gross) |
|---------------------|------------------------------|-------------------------------------------------------------|---------------------------|-----------------------------|
| 1.                  | Mr. G. P. Kohli (*)          | 13,61,000                                                   | -                         | 13,61,000                   |
| 2.                  | Mr. V. K. Chopra (*)         | 8,26,000                                                    | -                         | 8,26,000                    |
| 3.                  | Mr. M. Venugopalan (*)       | 7,98,000                                                    | -                         | 7,98,000                    |
| 5.                  | Ms. Vijaya Sampath (*)       | 2,61,000                                                    | -                         | 2,61,000                    |
| 6.                  | Mr. Alok Kumar Misra (**)    | -                                                           | -                         | -                           |
| 7.                  | Mr. Sunjoy Joshi (**)        | -                                                           | -                         | -                           |
| <b>Total (B)(1)</b> |                              | <b>32,46,000</b>                                            | -                         | <b>32,46,000</b>            |

### B2. Other Non Executive Director

|                                                                                                                                                                  |                            |                  |   |                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------|---|---------------------|
| 1.                                                                                                                                                               | Mr. Dheeraj Wadhawan       | 5,49,000         | - | 5,49,000            |
| 2.                                                                                                                                                               | Mr. Srinath Sridharan (**) | 80,000           | - | 80,000              |
| <b>Total (B) (2)</b>                                                                                                                                             |                            | <b>6,29,000</b>  | - | <b>6,29,000</b>     |
| <b>Total (B)=(B)(1)+(B)(2)</b>                                                                                                                                   |                            | <b>38,75,000</b> | - | <b>38,75,000</b>    |
| <b>Total Managerial Remuneration : Total remuneration to Chairman &amp; Managing Director, Whole Time Director and other Directors (being the total A and B)</b> |                            |                  |   | <b>11,07,08,389</b> |

#### Overall Ceiling as per the Act

1. In terms of the provisions of the Companies Act, 2013, the remuneration payable to Directors other than Executive Directors shall not exceed 1% of the net profit of the Company as calculated as per the Companies Act, 2013. The remuneration paid to the Independent Directors and Non-Executive Director as listed above was well within the limits prescribed under the Companies Act, 2013 and the approval accorded by the Members of the Company.
2. The remuneration paid to the Directors of the Company were within the overall ceiling as prescribed under the Companies Act, 2013.

\* Mrs. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively.

\*\* Mr. Sunjoy Joshi and Mr. Alok Kumar Misra were appointed with effect from March 26, 2019 as Additional Directors, in the category of Non-Executive Independent Directors of the Company. Further, Mr. Srinath Sridharan was appointed with effect from March 26, 2019 as Additional Director, in the category of Non-Executive Director of the Company.



## C. Remuneration to Key Managerial Personnel other than Managing Director/Joint Managing Director/Manager/WTD

(in ₹)

| Sr. No. | Particulars of Remuneration                                                         | Mr. Santosh Sharma(*)<br>(Chief Financial Officer) | Ms. Niti Arya(*)<br>(Company Secretary) | Total               |
|---------|-------------------------------------------------------------------------------------|----------------------------------------------------|-----------------------------------------|---------------------|
| 1       | Gross salary                                                                        |                                                    |                                         |                     |
|         | (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 | 5,94,18,903                                        | 5,33,62,191                             | 11,27,81,094        |
|         | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961                          |                                                    |                                         |                     |
|         | (i) Perquisites w.r.t exercise of Stock Options                                     | 41,27,170                                          | 10,60,157                               | 51,87,327           |
|         | (ii) Other Perquisites                                                              | 7,92,947                                           | 9,61,983                                | 17,54,930           |
|         | (c) Profits in lieu of salary under Section 17(3) of Income-tax Act, 1961           |                                                    |                                         |                     |
| 2       | Stock Option                                                                        | -                                                  | -                                       | -                   |
| 3       | Sweat Equity                                                                        | -                                                  | -                                       | -                   |
| 4       | Commission                                                                          | -                                                  | -                                       | -                   |
| 5       | Employer contribution to PF                                                         | 6,26,270                                           | 4,86,757                                | 11,13,027           |
|         | <b>Total</b>                                                                        | <b>6,49,65,290</b>                                 | <b>5,58,71,088</b>                      | <b>12,08,36,378</b> |

(\*) Mr. Santosh Sharma, Chief Financial Officer and Ms. Niti Arya, Company Secretary & Compliance Officer have resigned from their respective positions w.e.f. close of working hours on March 15, 2019.

## VII. Penalties/Punishment/Compounding of Offences

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding fees imposed | Authority [RD/NCLT/COURT] | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|--------------------------------------------------------|---------------------------|------------------------------------|
| <b>A. Company</b>                   |                              |                   |                                                        |                           |                                    |
| Penalty                             |                              |                   |                                                        |                           |                                    |
| Punishment                          |                              |                   | None                                                   |                           |                                    |
| Compounding                         |                              |                   |                                                        |                           |                                    |
| <b>B. Directors</b>                 |                              |                   |                                                        |                           |                                    |
| Penalty                             |                              |                   |                                                        |                           |                                    |
| Punishment                          |                              |                   | None                                                   |                           |                                    |
| Compounding                         |                              |                   |                                                        |                           |                                    |
| <b>C. Other Officers in Default</b> |                              |                   |                                                        |                           |                                    |
| Penalty                             |                              |                   |                                                        |                           |                                    |
| Punishment                          |                              |                   | None                                                   |                           |                                    |

# Report on Corporate Governance

In compliance with Regulation 34(3) and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred as "SEBI Listing Regulations"], a Report on Corporate Governance for the Financial Year 2018-19 is presented below:

## 1. DHFL'S PHILOSOPHY ON CODE OF GOVERNANCE

At DHFL, Corporate Governance is all about maintaining a valuable relationship and trust with all our stakeholders i.e. regulators, shareholders, creditors, government agencies, bankers, depositors, employees, lenders and developers. We consider stakeholders as partners in our success and therefore remain committed towards maximizing stakeholders' value. The Company firmly believes that corporate governance is a set of principles, systems and practices through which the Board of Directors of the Company ensures integrity, transparency, fairness and accountability in the Company's relationship with all its stakeholders. The code of corporate governance is based on the principle of making all the necessary decisions and disclosures, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner. These principles are ingrained in the Company's culture and the corporate governance practices of the Company revolve around these principles.

DHFL has, over the years, built goodwill by nurturing long-term relationships with its stakeholders including bankers, regulators, government agencies, employees, investors, creditors, customers and shareholders. The Company strives to provide all its stakeholders an access to clear, adequate and factual information relating to the Company. The Company endorses timely and balanced disclosure of all material information concerning the Company to all its stakeholders and protection of its rights and interest. It also promotes accountability of its management and the Board of Directors of the Company acknowledges its responsibility towards all the stakeholders for creation and safeguarding their wealth.

The Company is also in compliance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 as amended from time to time [hereinafter referred as "NHB CG Directions"].

## 2. BOARD OF DIRECTORS

DHFL's Board of Directors are committed towards upholding the highest standards of governance. The Board ensures the integrity of financial reporting system, financial & internal control, risk management and compliance with the applicable laws.

The Board monitors and approves the annual budgets, business plans & strategies and various policies of the Company. It also reviews the operational and financial performance of the Company. It also oversees the process of disclosure & communications made by the Company and ensures that a transparent nomination process to the Board of the Company is duly followed. Frequent and detailed interaction sets the agenda and provides the strategic roadmap for the Company's future growth.

The Board of Directors ensures proper delegation of appropriate authority and oversees the functioning of the Company and that of its management; and ensures that every decision taken is in the best interest of all the stakeholders of the Company.

### Composition and Category

The Composition of the Board of Directors of the Company is in compliance with Section 149 of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations. The Board has an optimum combination of Executive, Non-Executive and Independent Directors with demonstrated skill sets and relevant experience. The Directors of the Board of the Company are from diverse backgrounds. As at March 31, 2019, the Board comprised of total five (5) Directors, out of which one (1) was an Executive Director (designated as the Chairman & Managing Director who acted as the Chairperson of the Board), two (2) were Non – Executive Directors and two (2) were Independent Directors.

The Board has appointed Dr. Deepali Pant Joshi as an Additional Director (Woman Director) in the category of Non-Executive Independent Director of the Company w.e.f May 8, 2019. The Board periodically evaluates the need for change in its composition and size.

The composition of the Board and category of each Director along with their shareholding in the Company as at March 31, 2019 and upto the date of this Report, is as follows:

| Name of the Directors               | Category of Directors              | DIN      | No. of equity shares <sup>1</sup> held in the Company |
|-------------------------------------|------------------------------------|----------|-------------------------------------------------------|
| Mr. Kapil Wadhawan                  | Promoter/Executive Director        | 00028528 | 18,00,000                                             |
| Mr. Dheeraj Wadhawan                | Promoter/Non-Executive Director    | 00096026 | 18,00,000                                             |
| Mr. Harshil Mehta <sup>2</sup>      | Executive Director                 | 03038428 | 5,110                                                 |
| Mr. G. P. Kohli <sup>3</sup>        | Independent Non-Executive Director | 00230388 | 6,800                                                 |
| Mr. V. K. Chopra <sup>3</sup>       | Independent Non-Executive Director | 02103940 | -                                                     |
| Mr. Mannil Venugopalan <sup>3</sup> | Independent Non-Executive Director | 00255575 | 1,000                                                 |
| Ms. Vijaya Sampath <sup>3</sup>     | Independent Non-Executive Director | 00641110 | 5,000                                                 |
| Mr. Srinath Sridharan <sup>4</sup>  | Non- Executive Director            | 03359570 | -                                                     |
| Mr. Alok Kumar Misra <sup>4</sup>   | Independent Non-Executive Director | 00163959 | -                                                     |
| Mr. Sunjoy Joshi <sup>4</sup>       | Independent Non-Executive Director | 00449318 | -                                                     |

1. None of the Directors hold any convertible instruments of the Company.
2. Mr. Harshil Mehta, resigned from the position of the Executive Director designated as Joint Managing Director & CEO w.e.f. February 13, 2019;
3. Mrs. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively.
4. Mr. Sunjoy Joshi and Mr. Alok Kumar Misra were appointed with effect from March 26, 2019 as Additional Directors, in the category of Non-Executive Independent Directors of the Company. Further, Mr. Srinath Sridharan was appointed with effect from March 26, 2019 as Additional Director, in the category of Non-Executive Director of the Company.

Mr. G. P. Kohli, Mr. V. K. Chopra, Mr. Mannil Venugopalan and Ms. Vijaya Sampath, Independent Non-Executive Directors, have resigned from the office of the Director on March 29, 2019, March 11, 2019, March 30, 2019 and February 12, 2019 respectively, due to personal reasons.

The Board of Directors hereby confirms that the Independent Directors of the Company fulfill all the conditions specified in the SEBI Listing Regulations and are Independent of the Management.

#### Inter- se relationship between the Directors

Mr. Kapil Wadhawan and Mr. Dheeraj Wadhawan are brothers. None of the other Directors are related to each other.

#### Directorships and Membership of the Directors in other Companies/Committees

None of the Directors on the Board is a Member of more than ten Committees across public companies in which he/she is a Director and Chairperson of more than five Committees across all listed entities in which he/she is a Director.

None of the Directors of the Company have directorships in more than eight (8) listed entities. Further none of the Independent Directors serve as an Independent Director in more than seven (7) listed entities.

## Dewan Housing Finance Corporation Limited

The details of directorship, chairmanship and membership of the committees of each Director of the Company including that of the Company as at March 31, 2019, are as follows:

| Name of the Directors               | Number of Directorships <sup>1</sup> | Member/Chairperson of Committee <sup>2</sup> |                          | Other Listed Entities in which he is a Director & Category of Directorship                                                                                                                                                                          |
|-------------------------------------|--------------------------------------|----------------------------------------------|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     |                                      | Member <sup>3</sup>                          | Chairperson <sup>4</sup> |                                                                                                                                                                                                                                                     |
| Mr. Kapil Wadhawan                  | 10                                   | 3                                            | -                        | a. Aadhar Housing Finance Limited - Non-Executive Director & Chairman<br>b. Avanse Financial Services Limited - Non-Executive Director & Chairman                                                                                                   |
| Mr. Dheeraj Wadhawan                | 6                                    | 0                                            | -                        | -                                                                                                                                                                                                                                                   |
| Mr. Harshil Mehta <sup>5</sup>      | -                                    | -                                            | -                        | -                                                                                                                                                                                                                                                   |
| Mr. G. P. Kohli <sup>6</sup>        | -                                    | -                                            | -                        | -                                                                                                                                                                                                                                                   |
| Mr. V. K. Chopra <sup>6</sup>       | -                                    | -                                            | -                        | -                                                                                                                                                                                                                                                   |
| Mr. Mannil Venugopalan <sup>6</sup> | -                                    | -                                            | -                        | -                                                                                                                                                                                                                                                   |
| Ms. Vijaya Sampath <sup>6</sup>     | -                                    | -                                            | -                        | -                                                                                                                                                                                                                                                   |
| Mr. Srinath Sridharan <sup>7</sup>  | 9                                    | 1                                            | -                        | -                                                                                                                                                                                                                                                   |
| Mr. Alok Kumar Misra <sup>7</sup>   | 7                                    | 6                                            | 2                        | a. Monte Carlo Fashions Limited - Independent Director<br>b. The Investment Trust of India Limited - Independent Director<br>c. Indiabulls Ventures Limited - Independent Director<br>d. Indiabulls Consumer Finance Limited - Independent Director |
| Mr. Sunjoy Joshi <sup>7</sup>       | 3                                    | 2                                            | -                        | -                                                                                                                                                                                                                                                   |

1. Directorships and memberships of Committees held by Directors in Private Limited Companies, Foreign Companies and Section 8 companies have been excluded.
2. Committees considered to reckon the limit are Audit Committee & Stakeholders' Relationship Committee.
3. The number of membership includes the number of chairmanship held by the Director.
4. The Committee chairmanship held by the Director in listed entities alone has been considered. However, the entities whose debentures are listed on the Stock Exchange(s) has been considered as listed entities for the purpose of calculating the number of chairmanship.
5. Mr. Harshil Mehta, resigned from the position of the Executive Director designated as Joint Managing Director & CEO w.e.f. February 13, 2019;
6. Mrs. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively.
7. Mr. Sunjoy Joshi and Mr. Alok Kumar Misra were appointed with effect from March 26, 2019 as Additional Directors, in the category of Non-Executive Independent Directors of the Company. Further, Mr. Srinath Sridharan was appointed with effect from March 26, 2019 as Additional Director, in the category of Non-Executive Director of the Company.

### Board Meetings

The Board meets at least four (4) times a year, one in each quarter, inter-alia, to discuss and review the financial results, business policies, strategies etc. The maximum interval between two Board meetings is not more than one hundred and twenty days. However, in case of business exigency or urgent matters, approval of the Board is sought through resolution by circulation as per the provisions of Companies Act, 2013, which is noted in the subsequent Board Meeting. Additional Board Meetings are held by the Company as and when the Company needs merit oversight and guidance.

The Company circulates the Board/Committee Meeting agenda and related notes/documents well in advance through its e-based module known as the Board Meeting Organiser (BMO) which provides for quick and easy accessibility. The information/documents are available at a click of a button without compromising on the confidentiality of information, at all times.

All statutory and other significant matters including minimum information required to be placed in terms of Schedule II – Part A of the SEBI Listing Regulations and also as per Secretarial Standards are tabled before the Board to enable it to discharge its duties responsibly.

As a practice, the Company Secretary reports the compliance status of all the laws applicable to the Board of Directors on quarterly basis. Senior management i.e. the functional heads are invited to attend the board meetings for providing additional inputs on the items being discussed by the Board and they also make presentations on various matters including the business operations, financial results, risk management, the economic and regulatory environment, investors' perceptions or any other issues which the Board needs to be apprised of. All significant decisions taken by the Board/Committee Members are communicated to the respective functional heads of the concerned department. The Board/Committee Members are apprised of the action taken or proposed to be taken by the Company on the observations/directions given in the previous meeting.

During the year 2018-19, nine (9) Board meetings were held on April 30, 2018, May 16, 2018, June 27, 2018, August 13, 2018, November 21, 2018, December 18, 2018, January 25, 2019, January 31, 2019 and March 29, 2019. The details of the Board meetings along with the attendance of each Director at the respective Board Meetings and last Annual General Meeting are tabled below:

| Name of the Director               | Attendance at the Board Meetings held on |                  |                  |                  |                   |                   |                  |                  |                  | Attendance at last (34 <sup>th</sup> ) AGM |
|------------------------------------|------------------------------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|--------------------------------------------|
|                                    | April 30, 2018                           | May 16, 2018     | June 27, 2018    | August 13, 2018  | November 21, 2018 | December 18, 2018 | January 25, 2019 | January 31, 2019 | March 29, 2019   |                                            |
| Mr. Kapil Wadhawan                 | Yes                                      | Yes              | Yes              | Yes              | Yes               | Leave of Absence  | Yes              | Yes              | Yes              | Yes                                        |
| Mr. Dheeraj Wadhawan               | Yes                                      | Leave of Absence | Leave of Absence | Leave of Absence | Yes               | Leave of Absence  | Leave of Absence | Leave of Absence | Yes              | Leave of Absence                           |
| Mr. Harshil Mehta <sup>1</sup>     | Yes                                      | Leave of Absence | Yes              | Yes              | Yes               | Yes               | Yes              | Yes              | -                | Yes                                        |
| Ms. Vijaya Sampath <sup>2</sup>    | Yes                                      | Leave of Absence | Leave of Absence | Yes              | Yes               | Yes               | Yes              | Leave of Absence | -                | Leave of Absence                           |
| Mr. V.K. Chopra <sup>2</sup>       | Yes                                      | Yes              | Yes              | Yes              | Yes               | Yes               | Yes              | Leave of Absence | -                | Yes                                        |
| Mr. G. P. Kohli <sup>2</sup>       | Yes                                      | Yes              | Yes              | Yes              | Yes               | Yes               | Yes              | Yes              | Leave of Absence | Yes                                        |
| Mr. M. Venugopalan <sup>2</sup>    | Yes                                      | Yes              | Yes              | Yes              | Yes               | Leave of Absence  | Yes              | Yes              | Yes              | Yes                                        |
| Mr. Srinath Sridharan <sup>3</sup> | -                                        | -                | -                | -                | -                 | -                 | -                | -                | Yes              | -                                          |
| Mr. Alok Kumar Misra <sup>3</sup>  | -                                        | -                | -                | -                | -                 | -                 | -                | -                | Leave of Absence | -                                          |
| Mr. Sunjoy Joshi <sup>3</sup>      | -                                        | -                | -                | -                | -                 | -                 | -                | -                | Leave of Absence | -                                          |

1. Mr. Harshil Mehta, resigned from the position of the Executive Director designated as Joint Managing Director & CEO w.e.f. February 13, 2019;
2. Mrs. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively.
3. Mr. Sunjoy Joshi and Mr. Alok Kumar Misra were appointed with effect from March 26, 2019 as Additional Directors, in the category of Non-Executive Independent Directors of the Company. Further, Mr. Srinath Sridharan was appointed with effect from March 26, 2019 as Additional Director, in the category of Non-Executive Director of the Company.

### Secretarial Standards issued by Institute of Company Secretaries of India (ICSI)

Pursuant to the provisions of the Companies Act, 2013, the Company has complied with the Secretarial Standard on the meetings of the Board of Directors (SS-1) and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government under Section 118(10) of the Companies Act, 2013. Also, the Company has been substantially adhering to the Secretarial Standard on Dividend (SS-3) issued by ICSI and approved by the Central Government under Section 118(10) of the Companies Act, 2013, which was effective from January 1, 2018.

### Separate Independent Directors' Meeting

During the year 2018-19, a separate meeting of the Independent Directors without the presence of the non-Independent Directors and senior management members was held on January 25, 2019, in accordance with the provisions of Schedule IV - Code for Independent Directors of the Companies Act, 2013 and Regulation 25 of the SEBI Listing Regulations.

The Independent Directors, inter-alia, reviewed -

- the performance of Non-Independent Directors and the Board as a whole;
- the performance of the Chairperson of the Company, and
- the quality, quantity and timeliness of flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

### Familiarization Programmes for the Independent Directors

The Company follows a structured orientation programme for its newly inducted Director(s) to ensure that they become fully aware of the industry in which the Company operates, the processes, systems and policies adopted and followed by the Company. The familiarization programme focuses on the business model and operations of the Company and aims at informing the directors on the legal, regulatory as well as socio-economic regime in which the Company functions.



The Company briefs its Independent Directors on the roles, rights and responsibilities of the Independent Directors, nature of the industry in which the Company operates, business and operations model, credit policies of the Company etc. It also ensures that regular updates are provided to all the Directors on the changes/ revision in the Company's business model, new developments & initiatives undertaken by the Company, new processes & policies adopted/revised, amendment/introduction of applicable laws and/or regulations etc.

The familiarization programme for the new and continuing Independent Directors of the Company ensures valuable participation and inputs from them which helps in bringing forth the best practices into the organization and helps in taking informed decision(s) at the Board Level.

The details of familiarization programme imparted to the Independent Directors of the Company is available on the Company's website at URL: <https://www.dhfl.com/docs/default-source/aboutus/familiarization-program.pdf>

### Board qualifications and attributes:

The table below summarizes the list of core skills/ expertise/ competencies identified by the Board of Directors as required in the context of the Company's business and sector which are being considered at the time of appointment of Directors:

| Sr. No. | Directors' Areas of Core Skills/ Expertise/ Competence |                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1       | Accountancy & Finance                                  | Qualifications and experience in accounting and/or finance and the ability to: <ul style="list-style-type: none"> <li>Analyse the key financial statements of a company,</li> <li>Critically assess financial viability and performance,</li> <li>Contribute to strategic financial planning,</li> <li>Oversee the budget and monitor the efficient use of resources,</li> <li>Oversee funding arrangements and accountability.</li> </ul> |
| 2       | Business and Operational management                    | Experience of business administration and observing appropriate governance practices.                                                                                                                                                                                                                                                                                                                                                      |
| 3       | Housing Finance Industry                               | Ability to understand the business and sector in which the Company operates and develop appropriate strategies                                                                                                                                                                                                                                                                                                                             |
| 4       | Banking                                                | Broad range of banking experience                                                                                                                                                                                                                                                                                                                                                                                                          |
| 5       | Risk Analysis and Management                           | Ability to identify key risks in a wide range of areas including legal and regulatory compliance and suggest measures to mitigate the risks.                                                                                                                                                                                                                                                                                               |
| 6       | Economics                                              | A significant background in economics and develop methods for optimum utilization of resources.                                                                                                                                                                                                                                                                                                                                            |
| 7       | Leadership                                             | Innate leadership skills for a significant enterprise, practical understanding of developing, implementing and assessing the operations and business strategy and ability to take responsibility for decisions and actions and appropriately represent the organisation.                                                                                                                                                                   |
| 8       | Governance                                             | Demonstrated strength in developing better corporate governance practices and help to drive change which would help for long term growth.                                                                                                                                                                                                                                                                                                  |

All the above required skills/ expertise/ competencies are available with the Board. The Board is satisfied that the current composition reflects an appropriate mixture of knowledge, skills, experience, expertise, diversity and independence.

### 3. COMMITTEES OF THE BOARD

The Board Committees constitute an important element of the governance process of the Company and are an integral arm of the Board to carry out its wide and diverse functions. The Board of Directors have constituted few committees namely – Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee, Finance Committee and Corporate Social Responsibility Committee.

The Board at its meeting held on January 22, 2018, pursuant to NHB Circular dated December 5, 2017, has constituted a Special Committee i.e. Review Committee for declaration of Wilful Defaulters to Credit Information Companies (CICs).

The Board at its meeting held on April 30, 2018 constituted another special committee i.e. NCD Public Issue Committee for

undertaking necessary decisions in relation to the public Issue of Non-Convertible Debentures. The Board further at its meeting held on March 29, 2019 decided to dissolve the NCD Public Issue Committee since the purpose of the constitution of this committee was duly met with.

Further, the Board at its meeting held on January 31, 2019 constituted a Special Committee viz. Special Committee for Sale of Strategic Investments to identify, determine and approve strategic sale of investments by the Company.

The Committees of the Board enable it to deal with specific areas / activities that need a closer review and to have an appropriate structure to assist in the discharge of their duties and responsibilities. The Committees of the Board meet at regular intervals and have the requisite subject expertise to handle and resolve matters expeditiously. The Board overlooks the functioning

of the Committees. The Chairman of the respective Committees briefs the Board on significant discussions and decisions taken at their respective meetings. Minutes of the Committee Meetings are circulated and placed before the Board of Directors in the subsequent Board Meeting for their noting.

The Company Secretary acts as a Secretary to all the Committees of the Board.

Detailed terms of reference, composition, meetings and other information of each of the Committees of the Board is detailed herein below:

#### a. Audit Committee

The constitution of Audit Committee of the Board is in compliance with the provisions of Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI Listing Regulations and NHB CG Directions.

All the Members of the Audit Committee have the required qualification and expertise for appointment on the Committee and possess the requisite accounting and related financial management expertise.

The representatives of the statutory auditors are the permanent invitees to the meetings of the Committee wherein the financial statements/results are discussed. In addition to the representatives of the Statutory Auditors, Head (Management Assurance & Audit Function) along with the Chief Financial Officer are also invited to attend the Audit Committee meetings. Various Functional Heads and Senior Management Personnel are invited to the meetings to give presentations relating to their respective function. Periodically, presentations are also made by the Management and other external auditors to the Audit Committee Members.

The Chairman of the Audit Committee was present at the last i.e. 34th Annual General Meeting of the Company.

#### Terms of Reference

During the year 2018-19, the terms of reference of the Audit Committee were amended by the Board of Directors on January 25, 2019 and March 29, 2019.

The terms of Reference of the Audit Committee are as follows:

- To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of audit fees;
- To approve the payment to statutory auditors for any other services rendered by them;
- To review with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

- a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report.
- b. Changes, if any, in accounting policies and practices and reasons for the same.
- c. Major accounting entries involving estimates based on the exercise of judgment by management.
- d. Significant adjustments made in the financial statements arising out of audit findings.
- e. Compliance with listing and other legal requirements relating to financial statements
- f. Qualifications in the draft audit report.
- g. Disclosure of Related Party Transaction(s);

- To review with the management, the financial statements/ business operations before submission to the Board;
- To review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- To review with the management, performance of statutory and internal auditors, and monitor auditor's independence and performance and effectiveness of the audit process and adequacy of the internal control systems;
- To review the compliance of the Fair Practice Code and the functioning of the grievance redressal mechanism at various levels of management;
- To review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
- To ensure that the Information System Audit of the internal systems and processes is conducted to assess the operational risks faced by the Company;
- To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors;
- To approve the appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- To consider, suggest modification and/or recommend/approve, the related party transactions of the Company;
- To scrutinize inter corporate loans and investments;
- To review the Asset-Liability Management Mechanism of the Company;
- To consider valuation of assets or undertaking of the Company wherever required;
- To evaluate internal financial controls, risk management systems and fraud reporting;
- To review and formulate the scope, functioning, periodicity, methodology for conducting the internal audit, in consultation with the Internal Auditor and to discuss with the internal auditors any significant findings and follow up there on;
- To have the authority to investigate into any matter as included in its terms of reference or referred to it by the Board and for this purpose the Audit Committee to have power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- To review the Company's Vigil Mechanism as defined under the Whistle Blower Policy of the Company with regard to the process/procedure prescribed for its employees and directors to raise concerns, in confidence, about possible wrongdoing in financial reporting, accounting, auditing or other related matter. To ensure that these arrangements allow independent investigation of such matters and appropriate follow up action;
- To review the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments;

- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

### Composition and Meetings

The Company holds minimum four pre-scheduled Audit Committee meetings annually, one in each quarter and the maximum time gap between two Audit Committee meetings is not more than one hundred and twenty days.

During the year 2018-19, Twelve (12) Audit Committee meetings were held on April 30, 2018, May 16, 2018, June 27, 2018, July 25, 2018, August 13, 2018, September 21, 2018, November 21, 2018, January 25, 2019, January 31, 2019, February 22, 2019, March 5, 2019 and March 29, 2019. In view of resignation of Mr. V. K. Chopra- Independent Director from the Board of Directors of the Company w.e.f. March 11, 2019 and the consequent vacancy created in the Audit Committee of the Board of Directors of the Company, the said Committee was reconstituted by the Board of Directors at their meeting held on March 29, 2019 to include Mr. Srinath Sridharan- Additional (Non-Executive) Director as a Member of the Committee. The composition and the attendance thereof of the members of the Committee are given herein below:

| Composition                                                    | Category      | Meetings attended |
|----------------------------------------------------------------|---------------|-------------------|
| Mr. M. Venugopalan <sup>1</sup><br>(Chairman of the Committee) | Independent   | 12                |
| Mr. G.P. Kohli <sup>2</sup>                                    | Independent   | 11                |
| Mr. V.K Chopra <sup>3</sup>                                    | Independent   | 11                |
| Mr. Srinath Sridharan <sup>4</sup>                             | Non-Executive | 1                 |

1. Ceased to be the Member of the Committee w.e.f. March 30, 2019.
2. Ceased to be the Member of the Committee w.e.f. March 29, 2019.
3. Ceased to be the Member of the Committee w.e.f. March 11, 2019.
4. Inducted as Member of the Committee w.e.f. March 29, 2019.

After the financial year 2018-19, the Audit Committee was further re-constituted by the Board vide Circular Resolution dated April 19, 2019 to include therein Mr. Alok Kumar Misra – Additional (Independent) Director as the Chairman and Mr. Sunjoy Joshi- Additional (Independent) Director as a Member of the Committee consequent upon resignation of Mr. G. P. Kohli and Mr. M. Venugopalan- Independent Director(s) from the Board of Directors of the Company w.e.f. March 29, 2019 and March 30, 2019, respectively. The current composition of the Audit Committee is as per the provisions of the Companies Act, 2013 and SEBI Listing Regulations and is as follows :

| Composition                                         | Category      |
|-----------------------------------------------------|---------------|
| Mr. Alok Kumar Misra<br>(Chairman of the Committee) | Independent   |
| Mr. Sunjoy Joshi                                    | Independent   |
| Mr. Srinath Sridharan                               | Non-Executive |

## b. Nomination and Remuneration Committee

The constitution of Nomination and Remuneration Committee is in compliance with the requirements of provisions of Section 178 of the Companies Act, 2013, Regulation 19 of SEBI Listing Regulations and NHB CG Directions.

### Terms of Reference

During the year 2018-19, the terms of reference of the Nomination and Remuneration Committee were amended by the Board of Directors on June 27, 2018 and January 25, 2019.

The Terms of Reference of the Nomination and Remuneration Committee are as follows:

- To identify and recommend to the Board, in accordance with the criteria as laid down, appointment/re-appointment/removal of the Executive /Non – Executive Directors and the senior management of the Company;
- To formulate criteria for evaluation and specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Committee or by an independent external agency and review its implementation and compliance;
- To formulate the criteria for determining qualifications, positive attributes and independence of the Directors;
- To recommend to the Board a remuneration policy for the Directors, Key Managerial Personnel and other employees of the Company;
- To devise a Policy on Board Diversity of the Company;
- To monitor and handle any other matter relating to framing/administration of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 or any amendments thereof;
- Recommend to the Board, all remuneration, in whatever form, payable to Senior Management;
- Any other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

### Composition and Meetings

The Composition of Nomination and Remuneration Committees is as per the provision of the Companies Act, 2013 and the SEBI Listing Regulations.

The Chairman of the Nomination and Remuneration Committee was present at the last i.e. 34<sup>th</sup> Annual General Meeting of the Company.

During the year 2018-19, Four (4) Nomination and Remuneration Committee meetings were held on April 30, 2018, June 27, 2018, January 25, 2019 and January 31, 2019. The composition and the

attendance thereof of the members of the Committee are given herein below:

| Composition                                                  | Category    | Meetings attended |
|--------------------------------------------------------------|-------------|-------------------|
| Mr. V. K. Chopra <sup>1</sup><br>(Chairman of the Committee) | Independent | 4                 |
| Mr. G.P. Kohli <sup>2</sup>                                  | Independent | 4                 |
| Ms. Vijaya Sampath <sup>3</sup>                              | Independent | 2                 |

1. Ceased to be the Member of the Committee w.e.f. March 11, 2019.
2. Ceased to be the Member of the Committee w.e.f. March 29, 2019.
3. Ceased to be the Member of the Committee w.e.f. February 12, 2019.

After the financial year 2018-19, in view of resignation of Ms. Vijaya Sampath, Mr. V. K. Chopra and Mr. G. P. Kohli-Independent Director(s) from the Board of Directors of the Company w.e.f. February 12, 2019, March 11, 2019 and March 29, 2019, respectively, and the consequent vacancy(ies) created in the Nomination and Remuneration Committee of the Board of Directors of the Company, the said Committee was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 to include therein Mr. Sunjoy Joshi- Additional (Independent) Director as the Chairman of the Committee and Mr. Alok Kumar Misra – Additional (Independent) Director and Mr. Srinath Sridharan- Additional (Non-Executive) Director as Member(s) of the Committee. The current composition of the Nomination and Remuneration Committee is as per the provisions of the Companies Act, 2013 and SEBI Listing Regulations and is as follows:

| Composition                                     | Category      |
|-------------------------------------------------|---------------|
| Mr. Sunjoy Joshi<br>(Chairman of the Committee) | Independent   |
| Mr. Alok Kumar Misra                            | Independent   |
| Mr. Srinath Sridharan                           | Non-Executive |

### Nomination, Remuneration and Evaluation Policy

The Company has a duly formulated Nomination (including Board Diversity), Remuneration and Evaluation Policy (NRE Policy) as per the provisions of Companies Act, 2013 and the SEBI Listing Regulations which, inter-alia, lays down the approach to diversity of the Board, the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel of the Company and also lays down the criteria for determining the remuneration of the Directors, Key Managerial Personnel (KMP) and other employees and the process of their evaluation. The NRE Policy was last amended on January 25, 2019 pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 as notified by SEBI vide notification dated May 9, 2018. The said policy is available on the website of the Company at the URL: [https://www.dhfl.com/docs/default-source/investors/nomination-\(including-boards-diversity\)-remuneration-and-evaluation-policy-of-the-company/nomination-remuneration-evaluation-policy-revised.pdf](https://www.dhfl.com/docs/default-source/investors/nomination-(including-boards-diversity)-remuneration-and-evaluation-policy-of-the-company/nomination-remuneration-evaluation-policy-revised.pdf)

The attributes for appointment, components of the remuneration and the process of performance evaluation relating to the Directors, Key Managerial Personnel (KMP) and employees of the Company are explained below:

**a. Appointment criteria, remuneration terms and performance evaluation of the Executive Director/ Whole Time Director:**

- The Executive Director/ Whole Time Director is appointed as per the applicable provisions of Companies Act, 2013 and rules made there under. The person to be appointed/ re-appointed as Executive Director/Whole Time Director is assessed against a range of personal attributes and criteria which includes but is not limited to qualifications, skills, industry experience, fit and proper criteria, background etc.
- The remuneration being paid to the Executive Director/ Whole Time Director carries a balance between fixed and incentive pay (commission, bonus etc.) based on the performance objectives in relation to the operations of the Company. The Compensation (fixed salaries) paid to Executive Director/ Whole Time Director is competitive and reflects the individual's role, responsibility and experience in relation to performance of business operations of the Company. This includes salary, allowances and other statutory/non-statutory benefits. The remuneration paid to the Executive Director/ Whole Time Director also includes a variable component which is determined by the Committee/Board, based on the performance against pre-determined financial and non-financial parameters. The total managerial remuneration payable by the Company to the Executive Director/ Whole Time Director is within the limits prescribed under the Companies Act, 2013 and SEBI Listing Regulations.
- The Executive Director/Whole Time Director is evaluated on the basis of his present performance (financial/non-financial) and his achievements against various key performance parameters as defined by the Board of Directors of the Company. The performance evaluation of the Executive Director/ Whole Time Directors is carried out by the Nomination and Remuneration Committee, the Independent Directors in a separate meeting, and by the Board of the Company without the presence of the Executive Director/ Whole Time Director being evaluated. The re-appointment of the Executive Director/ Whole Time Director is on the basis of the report of his performance evaluation.

**b. Appointment criteria, remuneration terms and performance evaluation of the Non - Executive Director(s)/ Independent Directors:**

- The NRE policy of the Company aims at promoting diversity on the Board. The Nomination and Remuneration Committee ensures that the Board at all times represents an optimum combination of Executive and Non-Executive Directors as well as Independent Directors with at least one woman Director and not less than fifty percent of the Board comprising of Independent Directors. The selection of

suitable candidate(s) for the directorship of the Company is based on various criteria viz. educational and professional background, personal achievements, experience, skills etc.

- The Non - Executive Director is appointed as per the applicable provisions of the Companies Act, 2013 and rules made thereunder and assessed on various parameters such as qualification, relevant experience and expertise, integrity, skill sets etc. The appointment of Independent Directors is made in accordance with the provisions of Companies Act, 2013 and SEBI Listing Regulations. A formal letter of appointment is also issued to the Independent Directors upon their appointment. Independent Directors of the Company are not entitled to stock options.

- Commission, if any, paid to the Non-Executive Directors and the Independent Directors is within the monetary limits approved by the Members of the Company, subject to the overall ceiling of 1% of the net profits of the Company computed as per the applicable provisions of Companies Act, 2013. The sitting fee is paid to the Non-Executive Directors and the Independent Directors within the limits as prescribed under the Companies Act, 2013. However, in view of the best corporate governance practices, the Board of Directors at their meeting held on January 25, 2019, unanimously approved the revision in the sitting fees and that sitting fees shall be payable only to the Independent Directors of the Company w.e.f. April 1, 2019. The Company also reimburses the expenses for attending the Board and other Committee meetings including travelling, boarding and lodging expenses to the Non-Executive Directors and the Independent Directors.

- The performance evaluation of the Non-Executive Directors and the Independent Directors is carried out by the Nomination and Remuneration Committee and the Board of Directors excluding the director being evaluated. The performance evaluation of the Non-Executive Director is also carried out by the Independent Directors in a separate meeting. Re-appointment of a Director is based on the report of performance evaluation.

**c. Appointment criteria, remuneration terms and performance evaluation of the Senior Management Personnel and other employees:**

- The Company appoints KMP i.e. Whole Time Director, Chief Executive Officer, Chief Financial Officer, and Company Secretary of the Company as per the provisions of Section 203 of the Companies Act, 2013. The Company recruits individuals with appropriate mix of skills, experience and personal attributes. For the appointment of employees, the criteria such as qualifications, skills, regional and industry experience, background and other qualities required to operate successfully in the respective position and the extent to which the appointee is likely to contribute to the overall effectiveness of the organization, work constructively with the existing team and enhance the efficiencies of the Company is considered.



- The remuneration for the Chief Financial Officer, Company Secretary and Senior Management at the time of the appointment is approved by the Board and any subsequent increments is approved by the Chairman & Managing Director of the Company as per the HR and Nomination (including Boards' Diversity), Remuneration and Evaluation Policy of the Company and the same is placed before the Nomination and Remuneration Committee and the Board. The remuneration of the employees is determined, after considering the key factors like:
  - a. The level and composition of remuneration should be reasonable and sufficient to attract, retain and motivate directors/executives and should be in line with the industry practice aimed at promoting the short term and long term interests and performance of the company.
  - b. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - c. Remuneration will involve a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- The performance of the other employees is evaluated on annual basis as per Company's and individual employees performance and contribution to the overall goals / objectives of the Company.

#### Details of the Evaluation Process

As per the provisions of the Companies Act, 2013 and SEBI Listing Regulations, the Nomination and Remuneration Committee carried out the evaluation of the performance of each Director of the Company at its meeting held on July 13, 2019 based on the criteria for evaluation/ assessment of the Directors (including the Independent Directors) of the Company and the Board as a whole (including the Board Committees) as laid down by the Nomination and Remuneration Committee. As a part of the performance evaluation process, self –assessment was also carried out by all the Directors (including the Independent Directors).

Pursuant to the report/feedback on the evaluation as carried out by the Nomination and Remuneration Committee and the Independent Directors in a separate meeting, the Board conducted its formal annual evaluation of its own performance, its Committees and the individual directors (without the presence of the director being evaluated) at its meeting held on July 13, 2019. Basis the said evaluation, the Nomination and Remuneration Committee made recommendations for the re-appointment of Mr. Dheeraj Wadhawan.

#### Criteria for evaluation of Board and its Committees

The evaluation of the Board and its committees were based on the criteria, inter-alia, covering various assessment parameters like structure and composition, frequency & duration of meetings, its processes and procedures, effectiveness of the Board/ committees, its financial reporting process including internal controls, review of compliances under various regulations,

adequate discharge of responsibilities entrusted under various regulations and/ or terms of reference of the committees etc.

#### Criteria for evaluation of Individual Directors

The criteria for evaluation of performance of the individual Directors included various parameters viz. attendance & participation during the meetings, their active contribution & independent judgment, cohesiveness, discussions/deliberations on important matters, understanding of the Company, etc. The Chairman & Managing Director, in addition to the above, was also evaluated on his achievements against various key performance parameters (financial / non-financial) for the financial year 2018-19.

#### Details of remuneration including commission and other payments to the Directors

##### Executive Director(s)

##### 1. Mr. Kapil Wadhawan (Chairman & Managing Director)

Mr. Kapil Wadhawan was re-appointed as the Managing Director (designated as Chairman & Managing Director) of the Company for a period of five years w.e.f. October 4, 2015, vide Service Agreement executed on October 4, 2015, the appointment and terms and conditions of which were approved by the Members of the Company at the 31<sup>st</sup> Annual General Meeting held on July 23, 2015.

Considering the rich experience and contribution of Mr. Kapil Wadhawan to the growth and performance of the Company, the Members of the Company approved the revision in terms of appointment and remuneration of Mr. Kapil Wadhawan vide Postal Ballot Resolution dated November 27, 2017. The revised terms and conditions as set out in the supplemental agreement dated December 4, 2017, entered into with the Company, are listed below:

**Remuneration:** Remuneration payable to Mr. Kapil Wadhawan, Chairman & Managing Director (w.e.f. November 1, 2017) is as under:

(₹ in Lakh)

| Particulars             | Amount (p.a.)                                                                                 |
|-------------------------|-----------------------------------------------------------------------------------------------|
| Basic Salary            | 175                                                                                           |
| Perquisites/ Allowances | 125                                                                                           |
| <b>Total</b>            | <b>300</b>                                                                                    |
| Commission              | As may be decided by Nomination and Remuneration Committee/ Board of Directors of the Company |

**Perquisites/Allowances:** The Perquisites and allowances, as aforesaid, shall include (a) Rent-free accommodation (furnished or otherwise) or House Rent Allowance, in lieu thereof; (b) House maintenance allowance together with reimbursement of expenses and / or allowances for utilisation of gas, electricity, water, furnishing & repairs, (c) Leave Travel Concession for self

and family including dependents, (d) Fees for Club Membership, (e) Payment of Insurance Premium on policies relating to Health Insurance, Personal Accident Insurance and Others, (f) Reimbursement of Medical Expenses. The valuation of perquisites and allowances shall be as per the provisions of Income Tax Act, 1961 or any rules thereunder or any statutory modification(s) or re-enactment(s) thereof; in the absence of any such rules, perquisites and allowances shall be evaluated at actual cost.

The Company's contribution to provident fund, superannuation or annuity fund, to the extent these, singly or together, are not taxable under the Income Tax law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of his overall ceiling of remuneration.

The expenses incurred by Mr. Kapil Wadhawan for travelling, boarding and lodging during business trips; provision of cars for official use and his telephone expenses shall be reimbursed at actuals and not considered as perquisites.

**Commission:** Commission per annum shall be equivalent to such sum as may be fixed by the Board of Directors / Nomination and Remuneration Committee, in conformity with the applicable provisions of Companies Act, 2013 and rules made thereunder. The said commission shall be payable based on the set goals and performance criteria/ parameters as defined by Nomination and Remuneration Committee and/ or the Board of Directors of the Company.

**Other terms:** The overall remuneration payable every year to Mr. Kapil Wadhawan – Chairman & Managing Director by way of basic salary, perquisites/ allowances and commission shall not exceed in aggregate, 1% (one percent) of the net profits of the Company as computed in the manner laid down in Section 198 of the Companies Act, 2013 and the rules made thereunder or any statutory modification(s) or re-enactment(s) thereof. In the event of any loss, or absence or inadequacy of profits in any financial year, during the term of office of Mr. Kapil Wadhawan, the remuneration payable to him by way of salary, allowances, commission and perquisites shall not be paid in excess of the limits prescribed in Schedule V of the Companies Act, 2013 or with the approval of the Central Government. The office of Mr. Kapil Wadhawan shall not be liable to retire by rotation.

**Notice period/severance fee:** The office of the Chairman & Managing Director may be terminated either by the Company or by him, by way of giving 3 (three) months' prior notice in writing. Further, the Chairman & Managing Director shall not be entitled to any sitting fees for attending the meetings of the Board or of the Committee(s) of which he is a Member. There is no provision for payment of any severance fee to the Chairman & Managing Director.

The compensation paid to Mr. Kapil Wadhawan - Chairman & Managing Director for the year ended March 31, 2019 is as follows:-

(Amount in ₹)

| Name                                                 | Salary      | Contribution to Provident fund |
|------------------------------------------------------|-------------|--------------------------------|
| Mr. Kapil Wadhawan<br>(Chairman & Managing Director) | 3,00,00,000 | 21,00,000                      |

In view of loss incurred by the Company for the financial year 2018-19 and also in accordance with the provisions of Section 197 of the Companies Act, 2013 and rules made thereunder no commission is paid / payable to Mr. Kapil Wadhawan for the financial year 2018-19.

**a. Mr. Harshil Mehta (Joint Managing Director & Chief Executive Officer) (Resigned w.e.f. February 13, 2019)**

Mr. Harshil Mehta was appointed as the Chief Executive Officer (CEO) and Whole Time Key Managerial Personnel of the Company pursuant to the provisions of the Companies Act, 2013 by the Board w.e.f. January 17, 2015.

The Board of Directors of the Company appointed him as the Whole Time Director of the Company (designated as Joint Managing Director & Chief Executive Officer) for a period of five years with effect from September 1, 2017. The Members of the Company approved the same vide Postal Ballot resolution dated November 27, 2017. The brief terms and conditions of appointment of Mr. Harshil Mehta as the Joint Managing Director & Chief Executive Officer as mentioned in his Appointment Letter, are listed below:

**Basic Salary:** Basic Salary shall be ₹ 1,35,00,000 p.a., with an annual increment not exceeding 15% of the basic salary, as may be decided by the Nomination and Remuneration Committee of the Board of Directors of the Company..

**Perquisites:** Perquisites shall be ₹ 1,22,30,650 p.a. which shall include (a) House Rent allowance, (b) Medical Reimbursement, (c) leave travel allowance, as per the policy of the Company and as may be approved by the Nomination and Remuneration Committee of the Board of Directors of the Company

**Other Perquisites:** Other perquisites shall include (a) chauffeur driven Company's car for both business and personal use. Fuel cost, repairs, maintenance and operating and running expenses of the car (on actual basis), (b) travelling expenses: as per the policy of the Company (c) leave encashment: as per the policy of the Company, (d) club membership of two clubs [annual membership fee]- one time entrance/admission fee to be in Company's name/ cost. [up to an amount of ₹ 5,00,000 p.a.], (e) medical expenses through medical insurance covering compressively all facilities including Dental and ophthalmic for self and family [premium amount to be capped at ₹ 1,00,000 p.a.], (f) maintenance cost of own residence including taxes, Gas and electricity, telephone and broad band charges or rent free furnished accommodation maintained by Company [upto an amount of ₹ 2,50,000 per annum], (g) Soft furnishing once a year if in own accommodation, Furniture and Fixtures upto an amount of ₹ 15,00,000.

One-time expenses shall be amortised over the life of the contract to arrive at annual perquisite value or as per the Income Tax Act,

as is relevant. Mr. Harshil Mehta shall be given other allowance and reimbursement of expenses including expenses incurred for business of the Company and such other perquisites and allowance in accordance with the rules and policy of the Company and as may be approved by the Nomination and Remuneration Committee of the Board of Directors of the Company.

**Contribution to Provident Fund:** The contribution to provident fund, superannuation or annuity fund, to the extent these, singly or together, are not taxable under the Income Tax Law, gratuity payable and encashment of leave, as per the rules of the Company and to the extent not taxable under the Income Tax law, shall not be included for the purpose of computation of his overall ceiling of remuneration.

**Annual Performance Bonus:** Mr. Harshil Mehta shall be given an annual performance bonus up to a maximum of 100% of the basic salary subject to the Company's policy, as applicable from time to time. The performance criteria and the amount of performance bonus shall be decided by the Nomination and Remuneration Committee of the Board of Directors.

**Grant of ESARs under Dewan Housing Finance Corporation Limited –Employee Stock Appreciation Rights Plan 2015:** Up to a maximum of 200% of basic salary subject to the Company's policy as applicable from time to time. The criteria and the grant size shall be decided by the Nomination and Remuneration Committee of the Board of Directors. The value of pay out at the time of vesting would be linked to the then prevailing price of the Company's share and hence may be different.

**Retirals:** (a) Provident Fund (employers' contribution) shall be paid at the rate of 12% of basic salary. (b) Gratuity shall be paid as per the Payment of Gratuity Act.

**Other Terms:** No sitting fees shall be paid to the Joint Managing Director & CEO for attending meetings of the Board of Directors or any committee thereof of which he is a member. The Joint Managing Director & Chief Executive Officer shall be subject to all other service conditions and employee benefit schemes, as applicable to any other employee of the Company. There is no provision for payment of any severance fee to the Joint Managing Director & Chief Executive Officer the office of Mr. Harshil Mehta shall be liable to retire by rotation.

**Notice period:** The office of the Joint Managing Director & Chief Executive Officer may be terminated either by the Company or by him, by way of giving 3 (three) months' prior notice in writing.

However, Mr. Harshil Mehta resigned from the position of Whole Time Director (designated as Joint Managing Director & CEO) from the Board of Directors of the Company w.e.f. February 13, 2019 but he continued to be associated with the Company as Executive President- Retail Business till June 25, 2019.

Therefore, the compensation paid to Mr. Harshil Mehta- Joint Managing Director & Chief Executive Officer for the period from April 1, 2018 to February 13, 2019 is as follows:-

| Name                                                                               | Salary<br>(in ₹) | Contribution<br>to funds (in ₹) | Other Perquisites<br>(in ₹) | Stock Options<br>(No. of options) |
|------------------------------------------------------------------------------------|------------------|---------------------------------|-----------------------------|-----------------------------------|
| Mr. Harshil Mehta<br>(Erstwhile Joint Managing Director & Chief Executive Officer) | 2,65,99,963      | 15,53,946                       | 4,65,79,480                 | -                                 |

Note: Excess Remuneration of ₹ 6.45 crore paid to Mr. Harshil Mehta for the financial year 2018-19, has already been recovered. The total remuneration paid to him for the financial year 2018-19 as mentioned above does not include the said excess remuneration recovered from him.

### Non-Executive and Independent Directors

None of the Non-Executive and Independent Directors of the Company have any pecuniary relationship with the Company except as mentioned herein below. The Non-Executive and Independent Directors are paid sitting fees and other expenses on actual basis (travelling, boarding and lodging) incurred for attending the Board/Committee meetings. However, in view of the best corporate governance practices, the Board of Directors at their meeting held on January 25, 2019, unanimously approved that sitting fees shall be payable only to the Independent Directors of the Company w.e.f. April 1, 2019. In view of the provisions of Companies Act, 2013, which provides for higher ceiling of sitting fees payable to the Board of Directors, the sitting fees payable to Non-Executive and Independent Directors for attending each meeting held during Financial Year 2018-19 was fixed at ₹45,000 for Board Meetings and ₹35,000 for Audit Committee Meeting. The sitting fees for other committee meetings namely Nomination and Remuneration Committee Meeting, Finance Committee Meeting, Risk Management Committee and Corporate Social

Responsibility Committee Meeting was ₹18,000 per meeting, respectively and ₹10,000 per meeting for attending Stakeholders' Relationship Committee Meeting.

The Board of Directors at their meeting held on January 25, 2019, unanimously approved the revision in sitting fees payable to all the Independent Directors of the Company w.e.f. April 1, 2019 and increased it to ₹50,000 for Board Meeting, ₹50,000 for Audit Committee Meeting, ₹20,000 for Nomination and Remuneration Committee Meeting, Corporate Social Responsibility Committee Meeting, Risk Management Committee Meeting and Finance Committee Meeting and ₹12,000 for Stakeholders' Relationship Committee Meeting and Review Committee Meeting for declaration of Wilful Defaulters to Credit Information Companies (CICs).

During the year, no stock options were granted to the Non-Executive Directors and Independent Directors of the Company.

The compensation paid / payable by the Company to the Non-Executive and Independent Directors as at March 31, 2019 is as given below:

(Amount in ₹)

| Name                                | Sittings Fees |
|-------------------------------------|---------------|
| Mr. Dheeraj Wadhawan                | 5,49,000      |
| Ms. Vijaya Sampath <sup>1</sup>     | 2,61,000      |
| Mr. V. K. Chopra <sup>1</sup>       | 8,26,000      |
| Mr. G. P. Kohli <sup>1</sup>        | 13,61,000     |
| Mr. Mannil Venugopalan <sup>1</sup> | 7,98,000      |
| Mr. Srinath Sridharan <sup>2</sup>  | 80,000        |
| Mr. Alok Kumar Misra <sup>2</sup>   | -             |
| Mr. Sunjoy Joshi <sup>2</sup>       | -             |

1. Mrs. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively.

2. Mr. Sunjoy Joshi and Mr. Alok Kumar Misra were appointed with effect from March 26, 2019 as Additional Directors, in the category of Non-Executive Independent Directors of the Company. Further, Mr. Srinath Sridharan was appointed with effect from March 26, 2019 as Additional Director, in the category of Non-Executive Director of the Company.

In view of the loss incurred by the Company as at March 31, 2019 and also in accordance with the provisions of Section 197 of the Companies Act, 2013 and the rules made thereunder, the Board of Directors had decided that no commission would be payable to the Non-Executive and Independent Directors of the Company for the financial year 2018-19.

### c. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of the Board is constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI Listing Regulations.

#### Terms of Reference

During the year 2018-19, the terms of reference of the Stakeholders' Relationship Committee were amended by the Board of Directors on January 25, 2019.

The Terms of Reference of the Stakeholders' Relationship Committee is as follows:

- Resolving the grievances of the security holders (i.e. members, Fixed Depositors or Debenture Holders or Commercial Paper Investors or any other Investors of the security/ies) of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- To review the certificates and reports submitted by the Company to the Stock exchanges under the SEBI Listing Regulations;

- To observe the quarterly status of the number of shares in physical as well as dematerialised form;
- To review the periodicity and effectiveness of the share transfer process, statutory certifications, depository related issues and activities of the Registrar and Share transfer agent;
- Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent and to recommend measures for overall improvement in the quality of investors services;
- Review of measures taken for effective exercise of voting rights by shareholders;
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;
- To oversee and ensure the compliances under the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016;
- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

### Composition and Meetings

The Chairman of the Stakeholders' Relationship Committee was present at the last i.e. 34<sup>th</sup> Annual General Meeting of the Company.

Ms. Niti Arya - Company Secretary acted as the Secretary to the Committee and acted the Compliance Officer of the Company. However, she resigned from the position of Company Secretary & Compliance Officer of the Company w.e.f. the end of working hours on March 15, 2019.

During the year 2018-19, four (4) Stakeholders' Relationship Committee meetings were held on April 27, 2018, August 13, 2018, November 21, 2018 and January 25, 2019. The composition and the attendance thereof of the members of the Committee are given herein below:

| Composition                                                 | Category    | Meetings attended |
|-------------------------------------------------------------|-------------|-------------------|
| Mr. G. P. Kohli <sup>1</sup><br>(Chairman of the Committee) | Independent | 4                 |
| Mr. Harshil Mehta <sup>2</sup>                              | Executive   | 4                 |
| Mr. Kapil Wadhawan <sup>3</sup>                             | Executive   | 4                 |

- Ceased to be the Member of the Committee w.e.f. March 29, 2019
- Ceased to be the Member of the Committee w.e.f. February 13, 2019
- Ceased to be the Member of the Committee w.e.f. w.e.f. April 19, 2019



After the financial year 2018-19, in view of resignation of Mr. Harshil Mehta- Joint Managing Director & CEO and Mr. G. P. Kohli- Independent Director from the Board of Directors of the Company w.e.f. February 13, 2019 and March 29, 2019, respectively, and the consequent vacancies created in the Stakeholders' Relationship Committee of the Board of Directors of the Company, the said Committee was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 to include therein Mr. Srinath Sridharan- Additional (Non-Executive) Director as the Chairman of the Committee, Mr. Alok Kumar Misra - Additional (Independent) Director and Mr. Sunjoy Joshi - Additional (Independent) Director as Member(s) of the Committee. The current composition of the Stakeholders' Relationship Committee is as per the provisions of the Companies Act, 2013 and SEBI Listing Regulations and is as follows:

| Composition                                          | Category      |
|------------------------------------------------------|---------------|
| Mr. Srinath Sridharan<br>(Chairman of the Committee) | Non-Executive |
| Mr. Alok Kumar Misra                                 | Independent   |
| Mr. Sunjoy Joshi                                     | Independent   |

#### Details of shareholders complaints/grievances received

During the year, the Company has received 29 complaints from its shareholders relating to non-receipt of share transfer/bonus certificate, non-receipt of dividend, non-receipt of annual report etc. All the Complaints were redressed to the satisfaction of the shareholders except five which were received in the month of March, 2019 and remained unresolved at the end of the financial year.

The Company received 18 complaints from the fixed deposit holders of the Company and all the complaints stand resolved as at the financial year ended March 31, 2019. During the year 2018-19, Company received 1674 complaints relating to non-receipt of securities, electronic credit, refund order, etc. from its debenture holders and all the complaints stand resolved as at the end of the financial year.

#### d. Risk Management Committee

The Risk Management Committee of the Board is constituted in compliance with the provisions of Regulation 21 of the SEBI Listing Regulations and the same is in line with the provisions of NHB CG Directions.

#### Terms of Reference

During the year 2018-19, the terms of reference of the Risk Management Committee were amended by the Board of Directors on January 25, 2019.

The Terms of Reference of the Risk Management Committee are as follows:

- To review and monitor the Risk Management Policies and Procedures;

- To ensure that the Credit Exposure of the Company to any single/group borrowers does not exceed, the internally set limits and the prescribed exposure ceilings by the Regulator;
- To review the Risk Monitoring System;
- To review and verify adherence to various risk parameters set-up for various Operations/Functions and such function specifically covering Cyber Security.
- To review the Asset-Liability Management Mechanism of the Company.
- To undertake such other function as may be mandated by the Board or stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

#### Composition and Meetings

The Risk Management Committee of the Board is constituted in Compliance with the Provisions of Regulation 21 of the SEBI Listing Regulations and the same is in line with provisions of NHB CG Directions. The Head of Risk Department is a permanent invitee to the committee meeting.

During the year 2018-19, one (1) Risk Management Committee meeting was held on November 21, 2018. The composition and the attendance thereof of the members of the Committee are given herein below:

| Composition                                                    | Category    | Meetings attended |
|----------------------------------------------------------------|-------------|-------------------|
| Mr. Kapil Wadhawan <sup>1</sup><br>(Chairman of the Committee) | Executive   | 1                 |
| Mr. V.K. Chopra <sup>2</sup>                                   | Independent | 1                 |
| Mr. Mannil Venugopalan <sup>3</sup>                            | Independent | 1                 |
| Mr. Harshil Mehta <sup>4</sup>                                 | Executive   | 1                 |

1. Ceased to be the Chairman of the Committee w.e.f. April 19, 2019
2. Ceased to be the Member of the Committee w.e.f. March 11, 2019
3. Ceased to be the Member of the Committee w.e.f. March 30, 2019
4. Ceased to be the Member of the Committee w.e.f. February 13, 2019

After the financial year 2018-19, in view of resignation of Mr. Harshil Mehta- Joint Managing Director & CEO, Mr. V. K. Chopra and Mr. Mannil Venugopalan- Independent Director(s) from the Board of Directors of the Company w.e.f. February 13, 2019, March 11, 2019 and March 30, 2019, respectively and the consequent vacancies created in the Risk Management Committee of the Board of Directors of the Company, the said Committee was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 to include therein Mr. Sunjoy Joshi- Additional (Independent) Director as the Chairman of the Committee, Mr. Srinath Sridharan- Additional (Non-Executive) Director as Member of the Committee and Mr. Kapil Wadhawan- Chairman & Managing Director as Member



of the Committee instead of Chairman of the Committee. The current composition of the Risk Management Committee is as per the requirements of the SEBI Listing Regulations and is as follows:

| Composition                                     | Category      |
|-------------------------------------------------|---------------|
| Mr. Sunjoy Joshi<br>(Chairman of the Committee) | Independent   |
| Mr. Kapil Wadhawan                              | Executive     |
| Mr. Srinath Sridharan                           | Non-Executive |

### e. Finance Committee

The terms of reference of the Finance Committee was last amended on April 30, 2018 by the Board of Directors of the Company.

#### Terms of Reference

The terms of Reference of the Finance Committee are as follows:

- To borrow moneys for the purpose of the Company's Business in accordance with the Companies Act, and any modification and enactment thereof, if any and but not exceeding the overall limit up to which the Board of Directors of the Company are authorized/to be authorized under the Companies Act, and any modification and enactment thereof;
- To consider and approve/accept the letters of sanction by the term lending institutions/banks/NHB and other bodies corporate, opening and/or closing of the current accounts/ cash credit/overdraft/fixed deposits or other account(s) with any bank and authorize the Directors/officers of the Company for the purpose;
- To authorize operation of such accounts of the Company with its bankers and to vary the existing authorization to operate the same and granting of general /specific power of attorney to the officers at the branches for routine matters and any such matters pertaining to the routine functions;
- To approve the change/s of rates of interest of all loan products and on public deposits or on debentures, debts or any other instruments/ financial products issued by the Company;
- To consider and approve the allotment of any issue of securities by the Company, be it by way of preference shares of all types, public issue of equity shares including Rights Offer, preferential issue of equity shares including firm allotment, employees stock option plan/schemes, bonds, debentures and any other financial instrument of like nature;
- To grant approval of loans above ₹200 crore upto prudential exposure norms as per NHB guidelines to any person, firm or body corporate at any time or from time to time and to grant approval for issuance of Corporate Guarantee(s) by the Company in favour of the body corporates as per the provisions of Companies Act, 2013 and NHB Guidelines;

- To open and close the current account(s) with any banks at any place outside the territory of India and to finalize/vary the authorization (s) to operate the same;
- To open and close the securities/demat/custodian accounts(s) with any depository /participant at any place in India and abroad and to finalize/vary the authorization(s) to operate the same;
- To consider and approve the buyout and sell down of pool of loan portfolio by way of securitization and/or assignment and the matters relating thereto and to authorize Director(s) or the official(s) of the Company for the purpose.
- To approve the terms and execution of the agreements, documents, undertakings, contracts, deeds with respect to the transactions approved by the Board or any Committee thereof.

### Composition and Meetings

During the year 2018-19, the Committee met twenty seven [27] times on April 18, 2018, May 16, 2018, May 23, 2018, June 14, 2018, June 25, 2018, July 4, 2018, July 26, 2018, August 28, 2018, August 31, 2018, September 6, 2018, September 19, 2018, September 27, 2018, September 28, 2018, October, 10, 2018, October, 24, 2018, October 29, 2018, November 2, 2018, November 16, 2018, November 19, 2018, November 29, 2018, December 24, 2018, December 28, 2018, January 18, 2019, February 8, 2019, March 13, 2019, March 20, 2019 and March 29, 2019.

The composition and the attendance thereof of the members of the Committee are given herein below:

| Composition                                       | Category        | Meetings attended |
|---------------------------------------------------|-----------------|-------------------|
| Mr. Kapil Wadhawan<br>(Chairman of the Committee) | Executive       | 23                |
| Mr. G.P. Kohli <sup>1</sup>                       | Independent     | 26                |
| Mr. Dheeraj Wadhawan <sup>2</sup>                 | Non - Executive | 23                |

1. Ceased to be the Member of the Committee w.e.f. March 29, 2019;

2. Ceased to be the Member of the Committee w.e.f. April 19, 2019;

After the financial year 2018-19, in view of resignation of Mr. G. P. Kohli- Independent Director from the Board of Directors of the Company w.e.f. March 29, 2019 and the consequent vacancy created in the Finance Committee of the Board of Directors of the Company, the said Committee was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 to include therein Mr. Alok Kumar Misra - Additional (Independent) Director and Mr. Sunjoy Joshi - Additional (Independent) Director as Member(s) of the Committee. Further, Mr. Dheeraj Wadhwan, Non-Executive Director ceased to be the Member of the Finance Committee w.e.f. April 19, 2019. The said Committee was again re-constituted by the Board of Directors vide Circular Resolution dated June 26, 2019 to include therein Mr. Srinath Sridharan - Additional (Non-Executive) Director as Member of the Committee. The current composition of the Finance Committee is as follows:

| Composition                                       | Category      |
|---------------------------------------------------|---------------|
| Mr. Kapil Wadhawan<br>(Chairman of the Committee) | Executive     |
| Mr. Alok Kumar Misra                              | Independent   |
| Mr. Sunjoy Joshi                                  | Independent   |
| Mr. Srinath Sridharan                             | Non-Executive |

#### f. Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee is constituted in line with the requirements of Section 135 of the Companies Act, 2013.

##### Terms of Reference

The Terms of Reference of the CSR Committee are as follows:

- To establish and review of corporate social responsibility policies;
- To identify, segment and recommend the CSR projects/ programs/activities to the Board of Directors;
- To recommend the amount of expenditure to be incurred on the activities as identified for CSR by the Company;
- To oversight the implementation of corporate social responsibility projects/ programs/ activities;
- To review the annual budgets/expenditure with respect to corporate social responsibility programs/projects/activities;
- To work with management to establish and develop the Company's strategic framework and objectives with respect to corporate social responsibility matters;
- To receive reports on the Company's Corporate Social Responsibility programs/ projects/ activities;
- To establish and review the implementation mechanism for the CSR programs/ projects/activities undertaken by the Company;
- To establish and review the monitoring mechanism of CSR projects/programs/activities;
- To review the CSR initiatives and programs/projects/ activities undertaken by the Company;
- To review the Company's disclosure relating to corporate social responsibility matters in accordance with the requirements of the regulatory provisions;
- To obtain legal or other independent professional advice/ assistance;
- To form and delegate authority to any sub-committee or employee(s) of the Company or one or more members of the committee

- Any other function as may be stipulated by the Companies Act, 2013, SEBI, Stock Exchanges or any other regulatory authorities from time to time.

#### Composition and Meetings

During the year 2018-19, the Committee met two (2) times on April 30, 2018 and September 21, 2018. The composition and the attendance thereof of the members of the Committee are given herein below:

| Composition                                                | Category    | Meetings attended |
|------------------------------------------------------------|-------------|-------------------|
| Mr. G.P. Kohli <sup>1</sup><br>(Chairman of the Committee) | Independent | 2                 |
| Mr. V. K. Chopra <sup>2</sup>                              | Independent | 2                 |
| Mr. Kapil Wadhawan                                         | Executive   | 2                 |
| Mr. Harshil Mehta <sup>3</sup>                             | Executive   | 2                 |

1. Ceased to be the Member of the Committee w.e.f. March 29, 2019;
2. Ceased to be the Member of the Committee w.e.f. March 11, 2019;
3. Ceased to be the Member of the Committee w.e.f. February 13, 2019;

After the Financial Year 2018-19, in view of resignation of Mr. Harshil Mehta- Joint Managing Director & CEO, Mr. V.K. Chopra and Mr. G. P. Kohli- Independent Director(s) from the Board of Directors of the Company w.e.f. February 13, 2019, March 11, 2019 and March 29, 2019, respectively, and the consequent vacancy(ies) created in the Corporate Social Responsibility Committee of the Board of Directors of the Company, the said Committee was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 to include therein Mr. Alok Kumar Misra- Additional (Independent) Director as the Chairman of the Committee and Mr. Srinath Sridharan- Additional (Non-Executive) Director as Member of the Committee. The current composition of the Corporate Social Responsibility Committee is as follows:

| Composition                                         | Category      |
|-----------------------------------------------------|---------------|
| Mr. Alok Kumar Misra<br>(Chairman of the Committee) | Independent   |
| Mr. Srinath Sridharan                               | Non-Executive |
| Mr. Kapil Wadhawan                                  | Executive     |

#### g. SPECIAL COMMITTEES OF THE BOARD

##### (i) Review Committee

The Board of Directors of the Company at their meeting held on January 22, 2018, constituted the Review Committee pursuant to NHB Circular No. NHB (ND)/DRS/Policy Circular No. 83/2017-18 dated December 5, 2017. During the year 2018-19, the Committee met one (1) time on November 21, 2018. The composition and the attendance thereof of the members of the Committee are given herein below:

| Composition                                                                                                                                                                                                                        | Category    | Meetings attended |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------------|
| Mr. Harshil Mehta <sup>1</sup><br>(Chairman of the Committee)                                                                                                                                                                      | Executive   | 1                 |
| Mr. Mannil Venugopalan <sup>2</sup>                                                                                                                                                                                                | Independent | 1                 |
| Mr. V. K. Chopra <sup>3</sup>                                                                                                                                                                                                      | Independent | 1                 |
| Any 2 Members from Identification Committee (comprising of Joint Managing Director & CEO, Chief Operating Officer, Head – Risk, Collections & Recoveries, Head – Project Finance and Head – Management Assurance & Audit Function) |             |                   |

1. Ceased to be the Member of the Committee w.e.f. February 13, 2019;

2. Ceased to be the Member of the Committee w.e.f. March 30, 2019;

3. Ceased to be the Member of the Committee w.e.f. March 11, 2019;

After the Financial Year 2018-19, in view of resignation of Mr. Harshil Mehta- Joint Managing Director & CEO, Mr. V.K. Chopra and Mr. Mannil Venugopalan - Independent Director(s) from the Board of Directors of the Company w.e.f. February 13, 2019, March 11, 2019 and March 30, 2019, respectively, and the consequent vacancy(ies) created in the Review Committee of the Board of Directors of the Company, the said Committee was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 to include therein Mr. Kapil Wadhawan - Chairman & Managing Director as the Chairman of the Committee, Mr. Alok Kumar Misra and Mr. Sunjoy Joshi - Additional (Independent) Director(s) as Member(s) of the Committee. The current composition of the Review Committee is as follows:

| Composition                                       | Category    |
|---------------------------------------------------|-------------|
| Mr. Kapil Wadhawan<br>(Chairman of the Committee) | Executive   |
| Mr. Alok Kumar Misra                              | Independent |
| Mr. Sunjoy Joshi                                  | Independent |

## (ii) NCD Public Issue Committee

The Board of Directors at their meeting held on April 30, 2018 constituted a NCD Public Issue Committee to undertake necessary decisions in relation to the proposed Public Issue, inter- alia (i) to approve the Shelf Prospectus (Draft/ Final) (ii) deciding from time to time the tenure of the NCDs; (iii) coupon/interest offered; (iv) schedule of payment of interest/coupon and the principal; (v) details of the security/charge to be created in favour of the NCD holders; (vi) details of redemption of the NCDs; (vii) approval of Tranche I Prospectus and (viii) allied matters in relation to the issue of NCDs, at the time of the issue of the relevant tranche prospectus(es). During the year 2018-19, four (4) NCD Public Issue Committee Meeting(s) were held on May 4, 2018, May 14, 2018, May 23, 2018 and June 4, 2018. The composition and the attendance there at of the members of the Committee are given herein below:

| Composition                                       | Category    | Meetings attended |
|---------------------------------------------------|-------------|-------------------|
| Mr. Kapil Wadhawan<br>(Chairman of the Committee) | Executive   | 3                 |
| Mr. G.P. Kohli <sup>1</sup>                       | Independent | 4                 |
| Mr. V. K. Chopra <sup>2</sup>                     | Independent | 4                 |

1. Ceased to be the Member of the Committee w.e.f. March 29, 2019;

2. Ceased to be the Member of the Committee w.e.f. March 11, 2019;

The Board of Directors at their meeting held on March 29, 2019, unanimously agreed to dissolve the said committee since the purpose of the constitution of this committee was duly met with.

## (iii) Special Committee for Sale of Strategic Investments

The Board of Directors at their meeting held on January 31, 2019, constituted a Special Committee for Sale of Strategic Investments to identify, determine and approve the strategic sale of investments by the Company. The said Committee was authorized to (i) enter into discussions, negotiate and finalise the terms and conditions of the Transaction with the Prospective Buyer(s); (ii) sign all documents and make all applications as they may be deemed fit, and represent the Company before any regulatory authority for obtaining approval(s) / clearances statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and/or incidental or ancillary thereto; (iii) enter into discussions with Prospective Buyer(s), in connection with the Transaction and execute all such documents and deeds, as they may deem fit, pursuant to the said discussions and (iv) further delegate any of its authority to any of the Directors or officers of the Company, on behalf of the Company, and generally to do all act(s), matters, deed(s) and thing(s) and execute all documents, as may be necessary, proper, expedient or incidental for the aforesaid purpose. During the year 2018-19, the Committee met two (2) times on February 2, 2019 and March 16, 2019. The composition and the attendance thereof of the members of the Committee are given herein below:

| Composition                                       | Category    | Meetings attended |
|---------------------------------------------------|-------------|-------------------|
| Mr. Kapil Wadhawan<br>(Chairman of the Committee) | Executive   | 2                 |
| Mr. G.P. Kohli <sup>1</sup>                       | Independent | 2                 |
| Mr. V. K. Chopra <sup>2</sup>                     | Independent | 1                 |

1. Ceased to be the Member of the Committee w.e.f. March 29, 2019;

2. Ceased to be the Member of the Committee w.e.f. March 11, 2019;

After the financial year 2018-19, in view of resignation of Mr. V. K. Chopra and Mr. G. P. Kohli - Independent Director(s) from the Board of Directors of the Company w.e.f. March 11, 2019 and March 29, 2019, respectively, and the consequent vacancy(ies) created in the Special Committee for Sale of Strategic Investments of the Board of Directors of the Company, the said Committee was re-constituted by the Board of Directors vide Circular Resolution dated April 19, 2019 to include therein Mr. Srinath Sridharan- Additional (Non-Executive) Director and Mr. Alok Kumar Misra - Additional (Independent) Director as Member(s) of the Committee. The current composition of the Special Committee for Sale of Strategic Investments is as follows:

| Composition                                       | Category      |
|---------------------------------------------------|---------------|
| Mr. Kapil Wadhawan<br>(Chairman of the Committee) | Executive     |
| Mr. Srinath Sridharan                             | Non-Executive |
| Mr. Alok Kumar Misra                              | Independent   |

## 4. GENERAL BODY MEETINGS

### i. Details of past three Annual General Meetings held by the Company

| Meeting              | Date and Time               | Location                                                                                                                              | Details of Special Resolution passed                                                                                                                                                                                               |
|----------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 34 <sup>th</sup> AGM | June 27, 2018 at 11.00 a.m. | M. C. Ghia Hall, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K. Dubash Marg, Kala Ghoda, Mumbai 400 001.              | Issuance of Non-Convertible Debentures on Private Placement Basis                                                                                                                                                                  |
| 33 <sup>rd</sup> AGM | July 21, 2017 at 12.00 Noon | M. C. Ghia Hall, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20 K. Dubash Marg, Kala Ghoda, Mumbai 400 001.              | 1. Increase in borrowing powers of the Board of Directors of the Company.<br>2. Authority to create charge and/or mortgages on the assets of the Company.<br>3. Issuance of Non-Convertible Debentures on Private Placement Basis. |
| 32 <sup>nd</sup> AGM | July 20, 2016 at 12.00 Noon | Exchange Plaza, National Stock Exchange Auditorium, NSE Building, Ground Floor, Bandra Kurla Complex, Bandra (East) Mumbai – 400 051. | Issuance of Non-Convertible Debentures and/or Other Hybrid Instruments on Private Placement Basis.                                                                                                                                 |

### ii. Details of Postal Ballots conducted by the Company

During the year 2018-19, the Company conducted two (2) Postal Ballots in accordance with Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

The Company sent the Postal Ballot Notice(s) together with Postal Ballot Form to the Members of the Company for seeking their approval to the businesses listed therein. The Company also provided its Members with an e-voting facility through National Securities Depository Limited (NSDL), in accordance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI Listing Regulations, in order to enable them to exercise their voting rights by way of electronic means on the resolution(s) proposed through Postal Ballot(s).

The Company complied with the procedure for Postal Ballot in terms of the provision of Section 110 of the Companies Act,

2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014.

Mrs. Jayshree S. Joshi, Proprietress of M/s Jayshree Dagli & Associates, Practicing Company Secretaries, Mumbai, was appointed as a scrutinizer for scrutinizing voting (both physical and e-voting) in a fair and transparent manner for both the postal ballots conducted by the Company during the year.

The details of the resolutions passed by way of postal ballots along with the voting pattern in respect of the Special Resolutions passed are mentioned below:

- I. The Board of Directors approved the Postal Ballot Notice dated August 13, 2018, containing the below mentioned resolutions for the approval of the Members, which was passed with the requisite majority on September 15, 2018.

#### a. Details of Resolution:

Item No. 1: To approve issue of Securities for an aggregate amount upto ₹ 4,000 crore or equivalent thereof. (Special resolution)

### b. Details of voting pattern of the Special Resolutions passed:

| Details of Special Resolution                                                                        | No. of Votes Polled | Votes cast in favour |        | Votes cast against |       |
|------------------------------------------------------------------------------------------------------|---------------------|----------------------|--------|--------------------|-------|
|                                                                                                      |                     | No. of Votes         | %      | No. of Votes       | %     |
| To approve the issue of Securities for an aggregate amount upto ₹ 4,000 crore or equivalent thereof. | 21,30,79,909        | 19,27,96,674         | 90.48% | 2,02,83,235        | 9.52% |

- II. The Board of Directors further, approved the Postal Ballot Notice dated January 25, 2019, containing the below mentioned resolutions for the approval of the Members, which was passed with the requisite majority on March 4, 2019.

#### a. Details of Resolution:

Item No. 1: To approve re-appointment of Mr. Vijay Kumar Chopra as an Independent Director of the Company. (Special resolution)

Item No. 2: To approve re-appointment of Mr. Mannil Venugopalan as an Independent Director of the Company. (Special Resolution)

Item No. 3: To approve re-appointment of Mr. Guru Prasad Kohli as an Independent Director of the Company. (Special Resolution)

Item No. 4: To approve keeping the Register and Index of Members and Debenture holders along with the copies of Annual Return as per the Companies Act, 2013, at a place other than the Registered office of the Company. (Special Resolution)

**b. Details of voting pattern of the Special Resolution passed:**

| Name of the Resolution                                                                                                                                                                                     | No. of Votes Polled | Votes cast in favour |        | Votes cast against |       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|--------|--------------------|-------|
|                                                                                                                                                                                                            |                     | No. of Votes         | %      | No. of Votes       | %     |
| To approve re-appointment of Mr. Vijay Kumar Chopra as an Independent Director of the Company.                                                                                                             | 18,96,03,109        | 17,62,18,006         | 92.94% | 1,33,85,103        | 7.06% |
| To approve re-appointment of Mr. Mannil Venugopalan as an Independent Director of the Company.                                                                                                             | 18,96,04,096        | 18,95,26,102         | 99.96% | 77,994             | 0.04% |
| To approve re-appointment of Mr. Guru Prasad Kohli as an Independent Director of the Company.                                                                                                              | 18,96,04,068        | 17,66,14,068         | 93.15% | 1,29,90,000        | 6.85% |
| To approve keeping the Register and Index of Members and Debenture holders along with the copies Annual Return as per the Companies Act, 2013, at a place other than the Registered office of the Company. | 18,96,05,879        | 18,95,72,183         | 99.98% | 33,696             | 0.02% |

**iii. Details of Proposed Postal Ballots**

No special resolution through Postal Ballot is proposed to be conducted on or before the ensuing Annual General Meeting.

**5. SUBSIDIARY COMPANIES**

As at March 31, 2019, the Company has four (4) unlisted wholly owned subsidiaries, namely DHFL Advisory & Investments Private Limited, DHFL Investments Limited, DHFL Changing Lives Foundation (Section 8 Company) and DHFL Holdings Limited.

During the year 2018-19, the Company incorporated DHFL Holdings Limited on September 20, 2018. The main objective of DHFL Holdings Limited is to carry on the business or businesses of a holding and investment company, to buy, underwrite, invest in, acquire, hold, deal in and trade in shares, stocks, debentures, debenture-stock, bonds, obligations and securities of any kind of companies or partnership firms or body corporate, whether in India or elsewhere.

The Company ensures compliance with the requirements as listed out under Regulation 24 of SEBI Listing Regulations in respect of its unlisted subsidiary companies including review of financial statements, in particular, the investments made by the subsidiaries, by the Audit Committee/Board of Directors of the Company. The minutes of the Board Meetings of the unlisted subsidiary companies and statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies, if any, are placed before the Board of Directors on quarterly basis.

As per the provisions of Regulation 16 (c) of the SEBI Listing Regulations, none of the Company's subsidiaries are material subsidiaries. The Board has approved a Policy on determining material subsidiary(ies) in terms of the SEBI Listing Regulations which was last amended on January 25, 2019 pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 as notified by SEBI vide notification dated May 9, 2018 and the same is available on the website of the

Company at URL: [https://www.dhfl.com/docs/default-source/investors/policy-on-determining-material-subsiidiary/policy-on-determining-of-material-subsidiaries\\_27-06-2018.pdf](https://www.dhfl.com/docs/default-source/investors/policy-on-determining-material-subsiidiary/policy-on-determining-of-material-subsidiaries_27-06-2018.pdf)

**6. OTHER POLICIES AND CODES ADOPTED BY THE COMPANY**
**a. Policy on Disclosure of Material Events and Information**

The Company has in place Board approved Policy on Disclosure of Material Events and Information, formulated in accordance with SEBI Listing Regulations, to determine the events and information which are material in nature and are required to be disclosed to the Stock Exchanges and was also amended on June 27, 2019 in line with the amendments made to the relevant provisions of the Companies Act, 2013 and the rules thereunder pursuant to notification dated May 7, 2018 issued by the Ministry of Corporate Affairs (MCA) and the same is available on the website of the Company at the URL: <https://www.dhfl.com/docs/default-source/investors/policy-on-disclosure-of-material-events-and-information/policy-on-disclosure-of-material-events-and-information1.pdf>

**b. Code of Conduct for Prohibition of Insider Trading**

The Company has in place a Code of Conduct for Prohibition of Insider Trading formulated in accordance with SEBI Listing Regulations, which lays down the process of dealing with unpublished price sensitive information, trading in securities of the Company by the employees and the connected persons and to regulate, monitor and report trading by the employees and the connected persons of the Company either on his/her own behalf or on behalf of any other person. The said policy was amended on April 30, 2018 pursuant to Ministry of Corporate Affairs (MCA) Notification No. S.O. 630(E) dated February 9, 2018 regarding notification of few Sections of the Companies (Amendment) Act, 2017. Further, the said policy was last amended on March 29, 2019 pursuant to SEBI (Prohibition of Insider Trading) (Amendment), Regulations 2018 as notified by SEBI vide notification(s) dated December 31, 2018 and January 21, 2019.



**c. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information**

The Company has in place Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information formulated in accordance with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, which lays down the practices and procedures for Fair Disclosure of Unpublished Price Sensitive Information that could impact price discovery in market for its securities. The said code was last amended on March 29, 2019 pursuant to SEBI (Prohibition of Insider Trading) (Amendment), Regulations 2018 as notified by SEBI vide notification(s) dated December 31, 2018 and January 21, 2019. The said code is available on the website of the Company at the URL : <https://www.dhfl.com/docs/default-source/investors/dhfl-code-of-practices-procedures-for-fair-disclosure-of-unpublished-price-sensitive-information/dhfl-code-of-practices-procedures-for-fair-disclosure-of-upsi.pdf>

**d. Policy on Fit and Proper Criteria for the Directors**

The Company has formulated and adopted a Policy on Fit and Proper Criteria for the Directors, in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 which inter-alia, lays down the fit and proper criteria of the Directors at the time for their appointment/reappointment and on a continuing basis.

**e. Internal Guidelines on Corporate Governance**

The Company has formulated and adopted the Internal Guidelines on Corporate Governance in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company. The said Guidelines were last amended on January 25, 2019 pursuant to amended SEBI Listing Regulations, as notified by SEBI vide notification dated May 9, 2018 and the same is available on the website of the Company at the URL: [https://www.dhfl.com/docs/default-source/investors/internal-guidelines-on-corporate-governance/internal-guidelines-on-corporate-governance\\_27-06-2018.pdf](https://www.dhfl.com/docs/default-source/investors/internal-guidelines-on-corporate-governance/internal-guidelines-on-corporate-governance_27-06-2018.pdf)

**f. Policy on Know Your Customer (KYC) & Anti Money Laundering Measures**

The Company has in place a Policy on Know Your Customer [KYC] and Anti Money Laundering [AML] Measures based on Guidelines of National Housing Bank which enables the Company to know/understand its customers and their financial dealings better which in turn will help it to carry out its lending / credit operations and manage its risks, prudently and prevent the Company from being used, intentionally or unintentionally, by criminal elements for money laundering activities. The said policy was last amended on July 13, 2019 pursuant to the National Housing Bank circular No. NHB/ND/DRS/Policy Circular No. 94/2018-19 dated March 11, 2019 on the guidelines on 'Know Your Customer' & 'Anti-Money Laundering Measures' for Housing Finance Companies.

**g. Other Policies**

Further in order to strengthen the internal procedures and systems and for better governance, your Company also has in place various other policies and manuals such as Information Security Policies, Investment Policy, Policy for Private Placement of Non-Convertible Debentures (NCDs), Model Code of Conduct for Distributors, Brokers and Intermediaries, Comprehensive Outsourcing Policy, Staff Accountability, Policy on Utilization of Share/Debenture related stationery by the Registrar and Share Transfer Agent for ensuring the orderly and efficient conduct of Company's business.

**7. MEANS OF COMMUNICATION**

The primary source of information to the shareholders, customers, analysts and to the public at large is through the website of the Company i.e. [www.dhfl.com](http://www.dhfl.com). The Company maintains a functional website and disseminates, inter-alia, the following information:

- details of its business;
- terms and conditions of appointment of independent directors;
- composition of various committees of board of directors;
- the email address for grievance redressal and other relevant details;
- contact information of the designated officials of the listed entity who are responsible for assisting and handling investor grievances;
- financial information including notice of Board Meetings, financial results, annual report. etc.
- shareholding pattern;
- schedule of analyst or institutional investors meet and/or presentations made by the Company to analyst or institutional investors and such other required information in terms of Regulation 46 of SEBI Listing Regulations.

The Company regularly updates any change in the content of the website within two working days of such change.

The Annual Report, annually/half yearly/ quarterly results, shareholding pattern, corporate governance report, investor's presentation, information on material events etc. are periodically filed in accordance with the SEBI Listing Regulations on BSE Listing and NSE electronic application processing system (NEAPS) portals. The financial results of the Company (quarterly and annually) are published in leading newspapers namely Financial Express, Navshakti and other leading newspapers.

Half yearly communications as required under Regulation 52(4) and 52(5) of SEBI Listing Regulations are sent to the debenture holders by the Company which inter-alia, includes half yearly/ annual financial results, annual reports etc.

Various investor relation activities such as analyst briefings, conference calls, global investor road shows, presentation on financials, discussion on Company strategy and development etc. are undertaken by the senior management team and the Chief Investor Relations Officer.

## 8. GENERAL SHAREHOLDERS INFORMATION

|                                                                                                                                  |                                                                                                                                                                                                                                                   |                                                              |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| <b>i. Date, Time and Venue of the 35<sup>th</sup> Annual General Meeting</b>                                                     | The 35 <sup>th</sup> Annual General Meeting of the Company will be held on Saturday, September 28, 2019, at 2.30 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 4 <sup>th</sup> Floor, 18/20, K. Dubash Marg, Kala Goda, Mumbai- 400 001. |                                                              |
| <b>ii. Financial Year</b>                                                                                                        | The financial year of the Company is April to March.                                                                                                                                                                                              |                                                              |
| <b>iii. Name and address of the Stock Exchanges on which the securities i.e. Equity and Debentures of the Company are listed</b> | <b>National Stock Exchange of India Ltd. (NSE)</b>                                                                                                                                                                                                | <b>BSE Limited (BSE)</b>                                     |
|                                                                                                                                  | Exchange Plaza, Bandra – Kurla Complex, Bandra (East), Mumbai 400 051.                                                                                                                                                                            | Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai 400 001 |
|                                                                                                                                  | Stock Code – DHFL                                                                                                                                                                                                                                 | Stock Code – 511072                                          |
|                                                                                                                                  | The Annual Listing fees have been paid to both the Stock Exchanges for the Financial Year 2019-20.                                                                                                                                                |                                                              |
| <b>iv. ISIN Number for Equity Shares in NSDL &amp; CDSL :</b>                                                                    | INE 202B01012                                                                                                                                                                                                                                     |                                                              |
| <b>v. Date of Book Closure</b>                                                                                                   | Sunday, September 22, 2019 to Saturday, September 28, 2019 (both days inclusive)                                                                                                                                                                  |                                                              |

### vi. Market Price Data

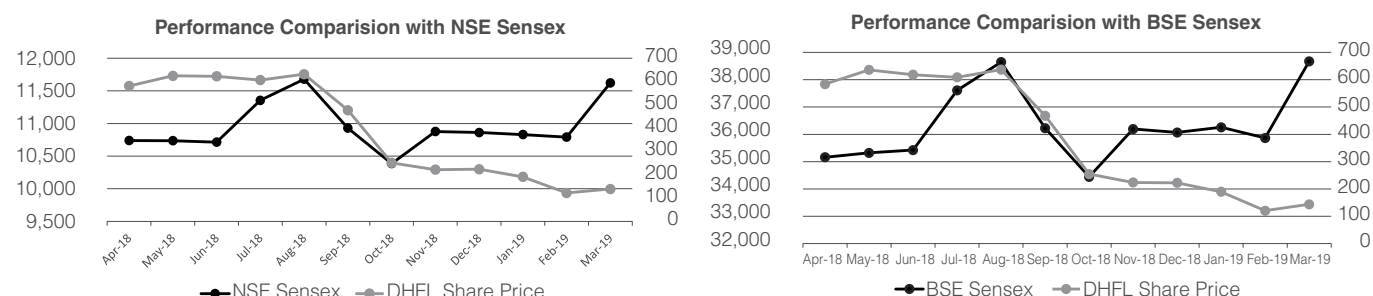
The monthly high and low closing prices during the Financial Year 2018-19 along with the volume of shares traded at BSE and NSE are as follows :-

(Price in ₹)

| Month  | BSE-Price |        |               |                 | NSE-Price |        |               |                 |
|--------|-----------|--------|---------------|-----------------|-----------|--------|---------------|-----------------|
|        | High      | Low    | Average Price | Quantity Traded | High      | Low    | Average Price | Quantity Traded |
| Apr-18 | 657.70    | 510.00 | 583.85        | 83,52,853       | 641.00    | 521.35 | 581.18        | 13,48,25,884    |
| May-18 | 680.00    | 592.30 | 636.15        | 53,07,361       | 648.45    | 601.00 | 624.73        | 9,75,97,246     |
| Jun-18 | 655.00    | 582.00 | 618.50        | 59,85,802       | 643.65    | 601.60 | 622.63        | 11,33,36,587    |
| Jul-18 | 642.90    | 575.05 | 608.98        | 64,04,371       | 624.55    | 588.65 | 606.60        | 9,75,77,204     |
| Aug-18 | 685.00    | 588.75 | 636.88        | 54,10,073       | 671.95    | 590.90 | 631.43        | 8,87,67,456     |
| Sep-18 | 690.00    | 246.25 | 468.13        | 4,85,53,703     | 679.25    | 274.95 | 477.10        | 52,53,67,080    |
| Oct-18 | 333.05    | 176.05 | 254.55        | 8,05,32,963     | 318.50    | 183.85 | 251.18        | 77,29,70,906    |
| Nov-18 | 249.70    | 198.00 | 223.85        | 4,15,39,672     | 244.35    | 199.95 | 222.15        | 34,91,45,992    |
| Dec-18 | 252.20    | 193.00 | 222.60        | 2,96,23,484     | 249.40    | 198.20 | 223.80        | 22,61,99,395    |
| Jan-19 | 249.90    | 129.60 | 189.75        | 4,00,78,455     | 246.35    | 135.90 | 191.13        | 34,12,35,628    |
| Feb-19 | 143.80    | 97.00  | 120.40        | 6,51,23,712     | 139.20    | 104.85 | 122.03        | 59,51,02,357    |
| Mar-19 | 160.80    | 126.85 | 143.83        | 4,08,43,109     | 150.25    | 127.90 | 139.08        | 39,35,17,798    |

(Sources: [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com))

### vii. Performance in comparison to broad-based indices



#### viii. Medium Term Notes (MTN) programme (Masala Bonds)

The Company had during the Financial Year 2017-18, set up Medium Term Note (MTN) programme for raising of funds by way of issue of secured Rupee denominated Notes overseas to be settled in USD for an amount not exceeding USD 2 billion. Under the said MTN Programme, the Company had successfully raised an amount of ₹ 989.72 crore by issue of INR denominated USD settled Notes having a tenure of 5 years on April 18, 2018. These bonds are listed on London Stock Exchange (LSE – International Securities Market (ISM) Segment).

#### ix. Fund raising by way of Public Issue of Non-Convertible Debentures (NCDs)

The Board of Directors of the Company at their meeting held on April 30, 2018, approved the raising of funds by way of public issue of Secured Redeemable Non-Convertible Debentures of face value

₹ 1,000 each, subject to the receipt of necessary approvals, for an amount upto ₹ 15,000 crore (Rupees Fifteen Thousand Crore only) (including the green shoe option), in one or more tranches, in terms of the provisions of the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Companies Act, 2013 and other applicable laws.

During the financial year 2018-19, the Company made a public issue of Secured Redeemable Non-Convertible Debentures of ₹ 12,000 crore (including green shoe option). Your Company allotted 10,94,47,863 NCDs of the Face value of ₹ 1,000 each for aggregate amount of ₹ 10,944.79 crore. The proceeds of the aforesaid issuances were utilized for the purpose for which they were raised, largely towards business purposes, pre-payment/repayment of high cost borrowings. The outstanding balance of these Debentures as on March 31, 2019 amounts to ₹ 10,944.79 crore.

#### x. Registrar and Share Transfer Agents

##### For Equity Shares and Debentures (Private Placement)

###### Link Intime India Private Ltd.

C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083

Tel: 022- 49186000; Fax: 022-49186060

email- [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

website :[www.linkintime.co.in](http://www.linkintime.co.in)

##### For Debentures (Public Issue)

###### Karvy Fintech Private Limited

Karvy Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032

Tel : +91 40- 67162222; Fax: +91 40- 23420814

email – [einward.ris@karvy.com](mailto:einward.ris@karvy.com); website: [www.karvy.com](http://www.karvy.com)

#### xi. Secretarial Audit for Financial Year 2018-19

Mrs. Jayshree S. Joshi, Proprietress of M/s Jayshree Dagli & Associates, Practicing Company Secretaries, Mumbai, was appointed as a Secretarial Auditor to conduct Secretarial Audit of the Company for the financial year ended March 31, 2019 as per the provisions of Companies Act, 2013 who has carried out an independent assessment of the compliance of SEBI Listing Regulations as a part of the secretarial audit. The Secretarial Audit Report addressed to the Members of the Company forms part of this Annual Report as an annexure to the Board's report.

#### xii. Secretarial Compliance Report for Financial Year 2018-19

Pursuant to SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 8, 2019, the listed entity shall require a check by the Practicing Company Secretaries (PCS) on the compliance of all applicable SEBI Regulations and circulars/ guidelines issued thereunder, consequent to which, the PCS shall submit the Annual Secretarial Compliance Report to the listed entity in the prescribed format. The said Annual Secretarial Compliance Report is required to be submitted by the listed entity to the stock exchanges within 60 days of the end of the financial year. Accordingly, Ms. Prachi P. Sawant of M/s. Sawant & Associates, Practicing Company Secretary (PCS) had carried out the Secretarial Compliance Audit of the Company for the financial year 2018-19 and the report of the same was submitted to Stock Exchange(s) by the Company.

#### xiii. Share Transfer System

All activities in relation to both physical share transfer facility (includes transmission/ splitting and consolidation of share certificates/dematerialization /rematerialization) is processed periodically by the Registrar & Share Transfer Agent (RTA) of the Company. The Stakeholders' Relationship Committee is updated on quarterly basis on the details of shares transferred/transmitted etc. as received from the RTA. In case of shares held in electronic form, the transfers are processed by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through their respective Depository Participants.

In terms of Regulation 40(2) of SEBI Listing Regulations, the Board of Directors have delegated the power to attend all the formalities relating to transfer of securities to the RTA pursuant to which the RTA reports on transfer of securities to the Board of Directors in every Board Meeting.

The Company also obtains a certificate of compliance certifying that all certificates have been issued within thirty days of the date of lodgment for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls/allotment monies and other related formalities, from a Practicing Company Secretary, as required under Regulation 40(9) of the SEBI Listing Regulations and files a copy of the same with the Stock Exchanges on half yearly basis.

**xiv. Distribution of Shareholding as on March 31, 2019**

| Shareholding of nominal Value of<br>In ₹ | Shareholders    |               | Share Amount          |               |
|------------------------------------------|-----------------|---------------|-----------------------|---------------|
|                                          | Number          | % to Total    | In ₹                  | % to Total    |
| 1                                        | 2               | 3             | 4                     | 5             |
| Upto 5,000                               | 2,88,154        | 91.13         | 28,59,65,510          | 9.11          |
| 5,001 to 10,000                          | 15,233          | 4.82          | 11,78,07,600          | 3.76          |
| 10,001 to 20,000                         | 6,988           | 2.21          | 10,45,91,980          | 3.33          |
| 20,001 to 30,000                         | 2,103           | 0.67          | 5,36,03,390           | 1.71          |
| 30,001 to 40,000                         | 958             | 0.30          | 3,43,40,660           | 1.09          |
| 40,001 to 50,000                         | 697             | 0.22          | 3,25,13,880           | 1.04          |
| 50,001 to 1,00,000                       | 1,121           | 0.35          | 8,10,35,780           | 2.58          |
| 1,00,001 and above                       | 952             | 0.30          | 2,42,83,71,440        | 77.38         |
| <b>Total</b>                             | <b>3,16,206</b> | <b>100.00</b> | <b>3,13,82,30,240</b> | <b>100.00</b> |

**xv. Shareholding Pattern of the Company as on March 31, 2019**

| Category                                               | No of Shares        | % of Shareholding |
|--------------------------------------------------------|---------------------|-------------------|
| Promoters and Persons acting in concert with promoters | 12,30,49,714        | 39.21             |
| Bodies Corporate                                       | 1,70,04,330         | 5.42              |
| Government Companies                                   | 1,76,411            | 0.06              |
| Mutual Funds                                           | 34,12,468           | 1.09              |
| FII's                                                  | 18,30,296           | 0.58              |
| Foreign Portfolio Investor (Corporate)                 | 5,35,70,596         | 17.07             |
| Alternate Investment Fund                              | 42,000              | 0.01              |
| NRI                                                    | 38,07,479           | 1.21              |
| Financial Institutions / Banks                         | 1,14,97,181         | 3.66              |
| Individual                                             | 8,72,32,528         | 27.80             |
| Trusts                                                 | 932                 | 0.00              |
| Others- Clearing Members                               | 97,98,015           | 3.12              |
| Hindu Undivided Family                                 | 23,14,054           | 0.74              |
| NBFCs registered with RBI                              | 87,020              | 0.03              |
| <b>Total</b>                                           | <b>31,38,23,024</b> | <b>100.00</b>     |

Note : None of the shares of the promoters/person acting in concert with promoters are pledged or encumbered with any of the banks or financial institutions. However, 2,12,30,070 equity shares of ₹ 10 each issued pursuant to conversion of warrants are locked in for a period upto November 2, 2019 as per SEBI Regulations.

**xvi. Dematerialization of Shares and Liquidity**

The Company's equity shares are in the list of compulsory demat settlement by all the investors. As on March 31, 2019, 99.72% of the total issued share capital of the Company representing 31,29,53,985 equity shares were held in dematerialized form and the balance 0.28% representing 8,69,039 equity shares were held in physical form by the shareholders of the Company.

The shares of the Company are frequently traded on both the Stock Exchanges.

**xvii. Outstanding GDR or ADR or warrants or Convertible instruments, conversion date and likely impact on equity.**

As at March 31, 2019, the Company does not have any outstanding GDR or ADR.

**xviii. Commodity price risk or foreign exchange risk and hedging activities**

The Company is not exposed to any commodity price risk. However, the Company has made borrowings in the form of External Commercial Borrowings (ECBs) and has managed its

associated foreign exchange risk and hedged the same to the extent necessary. It entered into Principal/Interest rate Swap transactions for hedging foreign exchange risk. The details of the foreign currency exposure are disclosed at Note No. 44 of the audited (standalone) financial statements.

**xix. Listing of Debt Securities**

The secured debentures issued by the Company (includes those issued by amalgamated Company viz. First Blue Home Finance Ltd.) on private placement basis and those issued by way of public issue are listed on National Stock Exchange of India Limited and BSE Limited. Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited) and IDBI Trusteeship Services Limited act as the debenture trustees for the Non – Convertible Debentures issued by the Company on private placement basis. Catalyst Trusteeship Limited (formerly GDA Trusteeship Limited) also acts as a debenture trustee for Non-Convertible Debentures issued by the Company by way of Public Issue. The Company is in compliance with the regulations as set out in Chapter V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**xx. Redressal of Investor Grievances through SEBI Complaints Redress System (SCORES)**

SCORES is a web based centralized grievance redressal system of SEBI that enables the investors to lodge, follow up and track the status of redressal of complaints online. The investor complaints are processed in a centralized web based complaints redressal system. The Company is registered with SEBI Complaints Redress System (SCORES) and ensures to file Action Taken Report under SCORES well within the prescribed timeframe.

During the financial year 2017-18, SEBI vide its Circular No. SEBI/HO/OIAE/IGRD/CIR/P/2018/58 dated March 26, 2018, inter alia suggested that the complainant may also use SCORES to submit the grievance directly to companies/intermediaries and the complaint will be forwarded to the concerned entity for resolution. The complainant will be able to file the complaint on the SCORES within 3 years from the date of cause of complaint in case of rejection of the complaint or non-receipt of any communication from the concerned entity or if the complainant is not satisfied with the reply. The same had become effective from August 1, 2018.

**xxi. Address for Correspondence**

Correspondence relating to grievances in relation to non-receipt of annual report, dividend and share certificates sent for transfer etc. should be addressed to [secretarial@dhfl.com](mailto:secretarial@dhfl.com). Further any requests/intimation regarding change in address, issue of duplicate share certificates, change in nomination etc. may also be sent to the same email address for its quick redressal or you may write to the Secretarial team at the below correspondence.

**Mr. P. K. Kumar**

Sr. Chief Manager - Secretarial,  
Ground & 6<sup>th</sup> Floor, HDIL Towers, Anant Kanekar Marg, Station  
Road, Bandra (East), Mumbai- 400 051.  
Tel: 91-22- 7158 3333  
email: [pkkumar@dhfl.com](mailto:pkkumar@dhfl.com)

**Mr. Vijay Tambe**

Chief Manager - Secretarial,  
Ground & 6<sup>th</sup> Floor, HDIL Towers, Anant Kanekar Marg, Station  
Road, Bandra (East), Mumbai- 400 051.  
Tel: 91-22- 7158 3333  
email: [vijay.tambe@dhfl.com](mailto:vijay.tambe@dhfl.com)

Members holding shares in electronic form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given directly to their respective Depository Participant. Members holding shares in physical form may please note that instructions regarding change of address, bank details, nomination, email address and power of attorney should be given to the Company's RTA viz. Link Intime India Private Limited.

The investors have the facility to post any query to a dedicated email id for investors i.e. [investor.relations@dhfl.com](mailto:investor.relations@dhfl.com), which are acted upon within 24 hours of receipt of query.

Correspondence address of Debenture Trustees are as below:

**Catalyst Trusteeship Limited**

(formerly GDA Trusteeship Limited)  
GDA House, 94/95, Plot No. 85, Bhusari Colony(Right),  
Paud Road, Pune – 411 038  
Telephone No. +91 20-25280081  
Fax No. +91 20- 25280275  
Email id : [dt@ctltrustee.com](mailto:dt@ctltrustee.com)  
Website : [www.catalysttrustee.com](http://www.catalysttrustee.com)

**IDBI Trusteeship Services Limited**

Asian Building, Ground Floor,  
17, R Kamani Marg, Ballard Estate  
Mumbai – 400 001.  
Telephone No – 022 4080 7000  
Fax No. – 022 66311776  
Email id : [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)  
Website : [www.idbitrustee.com](http://www.idbitrustee.com)

**xxii. List of Credit Ratings obtained by the Company during the Financial Year 2018-19 and any revisions thereof**

The list of Credit Ratings as obtained by the Company during the Financial Year 2018-19 and any revisions thereof as at March 31, 2019 are as mentioned herein below:

| Nature of borrowing                          | Rating / Outlook as on April 1, 2018 |                     |          |            | Rating / Outlook as on March 31, 2019                             |                                                            |                                                      |                                                               |
|----------------------------------------------|--------------------------------------|---------------------|----------|------------|-------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------|---------------------------------------------------------------|
|                                              | CARE                                 | Brickworks          | ICRA     | CRISIL     | CARE                                                              | Brickworks                                                 | ICRA                                                 | CRISIL                                                        |
| Short-Term Debt / Commercial Paper           | CARE A1+                             | -                   | ICRA A1+ | CRISIL A1+ | -                                                                 | -                                                          | ICRA A2+<br>(under watch with negative implications) | CRISIL A2+<br>(under rating watch with negative implications) |
| Public (fixed) deposits/ Short Term Deposits | CARE AAA<br>(FD); Stable             | BWR FAAA;<br>Stable | -        | CRISIL A1+ | CARE A (FD);<br>(under credit watch with developing implications) | BWR FAA<br>(under credit watch with negative implications) | -                                                    | -                                                             |



| Nature of borrowing                              | Rating / Outlook as on April 1, 2018 |                    |                 |                   | Rating / Outlook as on March 31, 2019                                    |                                                                 |                                                                         |                |
|--------------------------------------------------|--------------------------------------|--------------------|-----------------|-------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------|----------------|
|                                                  | CARE                                 | Brickworks         | ICRA            | CRISIL            | CARE                                                                     | Brickworks                                                      | ICRA                                                                    | CRISIL         |
| Subordinated debt                                | CARE AA+;<br>Stable                  | BWR AAA;<br>Stable | -               | -                 | CARE A-;<br>(under credit watch<br>with developing<br>implications)      | BWR AA<br>(under credit watch<br>with negative<br>implications) | -                                                                       | -              |
| NCDs                                             | CARE AAA;<br>Stable                  | BWR AAA;<br>Stable | -               | -                 | CARE A;<br>(under credit watch<br>with developing<br>implications)       | BWR AA<br>(under credit watch<br>with negative<br>implications) | -                                                                       | -              |
| Innovative Perpetual<br>Debt Instruments (IPDIs) | CARE AA;<br>Stable                   | BWR AA+;<br>Stable | -               | -                 | CARE BBB+;<br>(under credit watch<br>with developing<br>implications)    | BWR AA<br>(under credit watch<br>with negative<br>implications) | -                                                                       | -              |
| Long-term bank loans                             | CARE AAA;<br>Stable                  | -                  | -               | -                 | CARE A;<br>(under credit watch<br>with developing<br>implications)       | -                                                               | -                                                                       | -              |
| Structured obligations                           | CARE<br>AAA(SO)                      | -                  | ICRA<br>AAA(SO) | CRISIL<br>AAA(SO) | CARE AAA(SO);<br>(under credit watch<br>with developing<br>implications) | -                                                               | ICRA AAA(SO)<br>(under credit watch<br>with developing<br>implications) | CRISIL AAA(SO) |

## 9. OTHER DISCLOSURES

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

There were no materially significant related party transactions i.e. transactions of material nature, with all the related parties including the promoters, directors or senior management, or their relatives etc., that may have potential conflict with the interest of the Company at large.

Transactions entered with related parties as defined under the Companies Act, 2013 and SEBI Listing Regulations during the financial year were largely in the ordinary course of business and on an arm's length pricing basis. The disclosure as per the requirements of IND-AS and SEBI Listing Regulations are disclosed at Note No. 48 of the Notes forming part of the audited (standalone) financial statements forming part of this Annual Report.

The approval of the Board of Directors, as applicable, is obtained by the Company before entering into any related party transaction. However, prior approval of the Audit Committee is obtained for entering into all related party transactions. A quarterly update is also given to the Audit Committee and the Board of Directors on the related party transactions undertaken by the Company with their respective approvals, for their review and consideration.

Pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, Related Party Transaction Policy is being made part of this Annual Report as an Annexure to the Board's Report. The Policy was last amended on January 25, 2019 pursuant to SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 as notified by SEBI vide notification dated May 9, 2018 and has also been uploaded on the Company's website and is available on URL: [https://www.dhfl.com/docs/default-source/investors/related-party-transaction-policy-of-the-company/related-party-transaction-policy\\_27-06-2018.pdf](https://www.dhfl.com/docs/default-source/investors/related-party-transaction-policy-of-the-company/related-party-transaction-policy_27-06-2018.pdf)

### ii. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all the applicable requirements of Capital Markets and no strictures or penalties were imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter relating to capital market, during the last three years.

### iii. Details of establishment of Vigil Mechanism, Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee.

The Company has a duly adopted Whistle Blower Policy and established a vigil mechanism in line with the provisions of SEBI Listing Regulations and Companies Act, 2013, which aims to provide a mechanism to the employees and directors of the Company to report instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. It also provides for adequate safeguards against victimization of Directors and employees who avail the mechanism and provides for direct access to the Chairman of the Audit Committee, in exceptional cases. The said policy is available on the website and is available on URL: <https://www.dhfl.com/docs/default-source/investors/whistle-blower-policy/whistle-blower-policy-revised.pdf>

It is affirmed that no personnel has been denied access to the Chairman of the Audit Committee during the financial year 2018-19.

### iv. Details of non-acceptance of any recommendation given by committee of the Board, wherever mandatory, during the Financial Year 2018-19.

During the Financial Year 2018-19, the Board of Directors of the Company have accepted all the recommendations, wherever mandatory, as given by any Committee of the Board.

**v. Total Fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the Jt. Statutory Auditors and all entities in the network firm/ network entity of which the Jt. Statutory auditors are a part**

The total fees incurred by the Company and its subsidiaries on a consolidated basis, for services rendered by the Jt. Statutory auditors and its affiliates entities, is given below:

(₹ in Crore)

| Particulars                         | M/s. Chaturvedi & Shah LLP and their network entities | Deloitte Haskins & Sells LLP and their network entities |
|-------------------------------------|-------------------------------------------------------|---------------------------------------------------------|
| Fees for audit and related services | 125.00                                                | 125.00                                                  |
| Other fees                          | 263.00                                                | 61.00                                                   |
| <b>Total</b>                        | <b>388.00</b>                                         | <b>186.00</b>                                           |

**vi. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

| Particulars                                                  | Number(s) |
|--------------------------------------------------------------|-----------|
| Number of Complaints filed during the financial year         | N.A       |
| Number of Complaints disposed of during the financial year   | N.A       |
| Number of Complaints pending as on end of the financial year | N.A       |

**vii. Code of Conduct for the Board of Directors and the Senior Management**

The Company has a duly approved Code of Conduct for the Board of Directors and Senior Management ["Code"] of the Company in place in terms of the requirements of SEBI Listing Regulations. The subject Code identifies and lists out various elements of commitment, duties and responsibilities that serves as a basis for taking ethical decision-making in the conduct of day to day professional work. The Code requires the Directors and employees to act honestly, ethically and with integrity and in a professional and respectful manner.

The said code was last amended on January 25, 2019 pursuant to notification issued by SEBI vide notification dated May 9, 2018.

The Board of Directors and Senior management personnel have provided their affirmation to the compliance with this code. A declaration regarding compliance by the Board of Directors and the Senior Management Personnel with the said Code of Conduct duly signed by the Chairman and Managing Director forms part of this Annual Report.

The said code has been posted on the Company's website and is available at URL: <https://www.dhfl.com/docs/default-source/investors/code-of-conduct-for-board-and-senior-management-personnel/code-of-conduct-for-the-board-and-the-senior-mgmt-personnel.pdf>

**viii. Certificate of Non-Disqualification of Directors**

Certificate from Mrs. Jayshree S. Joshi, Proprietress of M/s. Jayshree Dagli & Associates, Practicing Company Secretaries, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate

Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

**ix. Compliance with Corporate Governance Requirements**

Your Company is in compliance with corporate governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46.

**x. CEO /CFO Certification**

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) provide a certification on quarterly/annual basis to the Audit Committee and Board of Directors in terms of Regulation 17(8) and Regulation 33(2) (a) of the SEBI Listing Regulations.

During the financial year 2018-19, the Joint Managing Director & Chief Executive Officer and Chief Financial Officer of the Company had resigned w.e.f. February 13, 2019 and March 15, 2019, respectively and the Company is in the process of filling the said vacancies. Thus for the fourth quarter/year ended 2018-19, the Chairman & Managing Director has provided a certification to the Audit Committee and Board of Directors in terms of Regulation 17(8) and Regulation 33(2) (a) of the SEBI Listing Regulations.

**xi. Auditors Certificate on Corporate Governance**

Ms. Prachi P. Sawant of M/s. Sawant & Associates, Practicing Company Secretary, have certified that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI Listing Regulations. The said certificate forms part of the Annual Report as an Annexure to the Board's Report.

**xii. Details of compliance with Mandatory requirements and adoption of non-mandatory requirements**

During the year 2018-19, the Company has complied with all mandatory requirements as specified in the SEBI Listing Regulations. The Company has adopted the below specified non-mandatory requirements in terms of Regulation 27(1) of SEBI Listing Regulations:

**Reporting of Internal Auditor**

The Company has an internal audit department, which is headed by a Senior Management Personnel, a qualified Chartered Accountant, who is responsible for conducting independent internal audit of branches/ clusters/ circles & other offices and head office functions of the Company. The Chief Audit Executive – Audit & Management Assurance reports directly to the Audit Committee of the Board.

**DECLARATION ON COMPLIANCE WITH THE COMPANY'S CODE OF CONDUCT FOR THE BOARD OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL**

I, hereby, confirm and declare that in terms of Regulation 26 (3) of SEBI Listing Regulations all the Board members and Senior Management Personnel of the Company have affirmed compliance with the "Code of Conduct for the Board of Directors and the Senior Management Personnel", for the Financial Year 2018-19.

**Kapil Wadhawan**

Chairman & Managing Director

DIN: 00028528

Date : August 6, 2019

Place : Mumbai

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the**  
**SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,  
The Members of

**DEWAN HOUSING FINANCE CORPORATION LIMITED**

Warden House, 2<sup>nd</sup> Floor,  
Sir P. M. Road, Fort,  
Mumbai – 400001.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Dewan Housing Finance Corporation Limited having CIN L65910MH1984PLC032639 and having registered office at Warden House, 2<sup>nd</sup> Floor, Sir P. M. Road, Fort, Mumbai – 400001 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verification [including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)] as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory:

| Sr. No. | Name of the Director                 | DIN      | Date of appointment in Company |
|---------|--------------------------------------|----------|--------------------------------|
| 1.      | Kapil Wadhawan                       | 00028528 | 04.10.2010                     |
| 2.      | Dheeraj Rajeshkumar Wadhawan         | 00096026 | 12.05.2008                     |
| 3.      | Harshil Rajnikant Mehta <sup>1</sup> | 03038428 | 01.09.2017                     |
| 4.      | Vijaya Sampath <sup>2</sup>          | 00641110 | 26.08.2014                     |
| 5.      | Vijay Kumar Chopra <sup>2</sup>      | 02103940 | 12.05.2008                     |
| 6.      | Guru Prasad Kohli <sup>2</sup>       | 00230388 | 23.05.2001                     |
| 7.      | Venugopalan Mannil <sup>2</sup>      | 00255575 | 25.02.2013                     |
| 8.      | Sunjoy Joshi <sup>3</sup>            | 00449318 | 26.03.2019                     |
| 9.      | Alok Kumar Misra <sup>3</sup>        | 00163959 | 26.03.2019                     |
| 10.     | Srinath Sridharan <sup>3</sup>       | 03359570 | 26.03.2019                     |

Notes:

1. Mr. Harshil Mehta, resigned from the position of the Executive Director designated as Joint Managing Director & CEO w.e.f. February 13, 2019;
2. Mrs. Vijaya Sampath, Mr. V. K. Chopra, Mr. G. P. Kohli and Mr. M. Venugopalan, resigned from the position of Independent Directors of the Company w.e.f. February 12, 2019, March 11, 2019, March 29, 2019 and March, 30, 2019, respectively;
3. Mr. Sunjoy Joshi and Mr. Alok Kumar Misra were appointed with effect from March 26, 2019 as Additional Directors, in the category of Non-Executive Independent Directors of the Company. Further, Mr. Srinath Sridharan was appointed with effect from March 26, 2019 as Additional Director, in the category of Non-Executive Director of the Company.

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Jayshree Dagli & Associates**  
Company Secretaries  
Unique Code: S1995MH013400

Place: Mumbai  
Date: July 22, 2019.

**JAYSHREE S. JOSHI**  
Membership No. F.C.S. 1451  
CP No.: 487

# Business Responsibility Report

## INTRODUCTION

The Securities and Exchange Board of India (SEBI) in 2012 mandated the top 100, and later in 2015 the top 500 listed entities on National Stock Exchange of India Limited and BSE Limited to prepare a 'Business Responsibility Report' as part of the annual report. This is as per clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The report outlines the organization's performance from the environmental, social and governance perspective.

Dewan Housing Finance Corporation Limited ("DHFL") being part of the top 500 listed entities has initiated journey of developing the Business Responsibility Report (BRR) as part of Annual Report from FY 2016-17 onwards based on the suggested framework of SEBI, strengthening its commitment towards transparent disclosure of its environmental and social performance.

Recognizing the prevalent sentiment attached to having one's own home, DHFL set out on a mission to help the citizens fulfill their dreams and was thus established with the objective of providing affordable housing and housing-loans to people from all strata of society. With a focus on the Lower & Medium Income (LMI) segments, DHFL is ushering a new wave of financial inclusion by enabling access to affordable housing finance in semi-urban and rural parts of India.

Continuing on the Company's mission to tackle social issues, DHFL is committed to monitoring and reporting on its other social and environmental performance with the aim of providing a clear picture to the stakeholders and investors.

## Section A: General Information about the Company

- 1 Corporate Identity Number (CIN) of the Company:**  
L65910MH1984PLC032639
- 2 NHB Registration Number:** 01.004.01
- 3 Name of the Company:** Dewan Housing Finance Corporation Limited
- 4 Registered address:** Warden House, 2<sup>nd</sup> Floor, Sir P. M. Road, Fort, Mumbai - 400001
- 5 Website:** www.dhfl.com
- 6 E-mail id:** secretarial@dhfl.com
- 7 Financial Year reported:** 2018-19
- 8 Sector(s) that the Company is engaged in (industrial activity code-wise):** NIC Code - 65922  
- Carrying out activities of housing finance companies (Housing Loan & Non-Housing Loans)

## 9 List three key products/services that the Company manufactures/provides (as in balance sheet):

- Housing Loans
- Other property Loans

## 10 Total number of locations where business activity is undertaken by the Company:

- a. Number of International Locations (Provide details of major 5) – 2 representative offices (London and Dubai).
- b. Number of National Locations – The business operation takes place in 330 locations throughout India which includes 195 Branches, 108 service centres, 19 zonal/ regional/CPU offices, 4 Disbursement Hubs, 1 Administrative Office, 1 Registered Office, 1 Corporate office, 1 National Office and as on March 31, 2019.

## 11 Markets served by the Company

DHFL has a pan-India network grouped into circles and clusters located across the length and breadth of India. The distribution network in India is mainly spread across Tier II and Tier III cities and towns. Additionally, DHFL has its registered, corporate and national offices in Mumbai and overseas representative offices in London and Dubai.

## Section B: Financial Details of the Company

### 1 Paid up Capital (INR)

₹ 313.82 Crore

### 2 Total Turnover (INR)

₹ 12,902.52 Crore

### 3 Total loss after taxes (INR)

₹ 1,036.05 Crore

### 4 Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

In the financial year 2018-19, the Company has spent an amount of ₹ 27.19 crore on its flagship/ identified programmes as against ₹ 26.59 crore which was required to be spent for the financial year as per the provisions of the Companies Act, 2013.

### 5 List of activities in which expenditure in 4 above has been incurred:

The activities where the Company has focused its efforts and funds are mentioned below.

- 1 Early Childhood Care and Education
- 2 Economic empowerment through Financial literacy programs
- 3 Health care and Preventive Health Care
- 4 Village Transformation through focus on Drought Mitigation



- 5 Skill development for sustainable livelihood
  - 6 Child care programs
  - 7 Promoting education and sports among children
  - 8 Supporting art & culture
  - 9 Environmental awareness and protection initiatives
- Appropriate disclosures as prescribed under the Companies Act, 2013 have been made in the Annual Report for the financial year ending March 31, 2019.

## Section C: Other Details

### 1 Does the Company have any Subsidiary Company/ Companies?

The Company has four wholly owned subsidiaries viz; DHFL Advisory & Investments Private Limited, DHFL Investments Limited, DHFL Changing Lives Foundation (Section 8 Company) and DHFL Holdings Limited.

### 2 Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

As on date, the Company has four wholly owned subsidiaries. DHFL Changing Lives Foundation (DHFL Foundation), a wholly owned subsidiary of the Company and a Non-Profit

Company, limited by guarantee, registered under Section 8 of the Companies Act, 2013 has furthered the Company's CSR Vision and facilitated implementation of high impact initiatives through multi-stakeholder partnership; covering government and non-government organisations. DHFL Foundation has taken the mantle of implementing "Project Sneha" – flagship initiative under Early Childhood Care and Education.

During the year under review, the Company has incorporated a wholly owned subsidiary under the name 'DHFL Holdings Limited' (DHL). The main object of DHL is inter-alia, to carry on the business or businesses of a holding and investment Company, to buy, underwrite, invest in, acquire, hold, deal in and trade in shares, stocks, debentures, debenture-stock, bonds, obligations and securities of any kind of companies or partnership firms or body corporate, whether in India or elsewhere.

### 3 Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No other entities participate in the BR initiatives of the company.

## Section D: BR Information

### 1 Details of Director/Directors responsible for BR

#### a) Details of the Director/Directors responsible for implementation of the BR policy/policies

| Name               | DIN      | Designation                  |
|--------------------|----------|------------------------------|
| Mr. Kapil Wadhawan | 00028528 | Chairman & Managing Director |

#### b) Details of the BR head

| S.No. | Particulars                | Details                      |
|-------|----------------------------|------------------------------|
| 1.    | DIN Number (if applicable) | 00028528                     |
| 2.    | Name                       | Mr. Kapil Wadhawan           |
| 3.    | Designation                | Chairman & Managing Director |
| 4.    | Telephone number           | 022 66006999                 |
| 5.    | E-mail id                  | secretarial@dhfl.com         |

During the year under review, Mr. Harshil Mehta – Joint Managing Director & CEO, the erstwhile BR – Head resigned with effect from February 13, 2019. Accordingly, the Company had appointed Mr. Kapil Wadhawan – Chairman & Managing Director as the BR Head of the Company.

## 2 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

| S. No. | Particulars                                                                                                                                              | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|----------------------------------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 1      | Do you have a policy/policies for....                                                                                                                    | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 2      | Has the policy being formulated in consultation with the relevant stakeholders?                                                                          | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 3      | Does the policy conform to any national /international standards? If yes, specify? (50 words)                                                            | Y* | Y* | Y* | Y* | Y* | Y* | Y* | Y* | Y* |
| 4      | Has the policy been approved by the Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?                                        | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 5      | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?                                 | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 6      | Indicate the link for the policy to be viewed online?                                                                                                    | Y+ | Y+ | Y+ | Y+ | Y+ | Y+ | Y+ | Y+ | Y+ |
| 7      | Has the policy been formally communicated to all relevant internal and external stakeholders?                                                            | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 8      | Does the company have in-house structure to implement the policy/policies                                                                                | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 9      | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |
| 10     | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?                                | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  | Y  |

(\*) – The policies have been developed on the lines of the 'National Voluntary Guidelines on Social, Environment, and Economic responsibilities of businesses' established by the Ministry of Corporate Affairs, Government of India in 2011.

(+) – All the policies are available for employees to view on the Company's intranet. Most of them are also available on the website [www.dhfl.com/investors](http://www.dhfl.com/investors)

Note: 1. The principle wise details are provided under Section E of this Report.

2. The Company has in place policies/code with regard to all the principles i.e P1 to P9. During the financial year 2016-17, the Board of Directors formulated Business Responsibility Policy Manual under which all the subject policies/code(s) falling under each principle have been collated

## 2 (a) If answer to S.No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

| S. No. | Particulars                                                                                                                       | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|--------|-----------------------------------------------------------------------------------------------------------------------------------|----|----|----|----|----|----|----|----|----|
| 1      | The company has not understood the Principles                                                                                     |    |    |    |    |    |    |    |    |    |
| 2      | The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles |    |    |    |    |    |    |    |    |    |
| 3      | The company does not have financial or manpower resources available for the task                                                  |    |    |    |    |    |    |    |    |    |
| 4      | It is planned to be done within next 6 months                                                                                     |    |    |    |    |    |    |    |    |    |
| 5      | It is planned to be done within the next 1 year                                                                                   |    |    |    |    |    |    |    |    |    |
| 6      | Any other reason (please specify)                                                                                                 |    |    |    |    |    |    |    |    |    |

NOT APPLICABLE

## 3 Governance related to BR

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year

The Board of Directors assesses the BR performance of the Company on an annual basis.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has started publishing Business Responsibility Report from FY 2016-17 onwards along with the annual report and the report is uploaded on the website of the Company at <http://www.dhfl.com/investors/annual-reports/>

## Section E: Principle-wise performance

### Principle 1 (P1): Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Ethics is fundamental to the way we do business and DHFL is committed to uphold highest standards of integrity and transparency. As a responsible corporate we are cognizant of being accountable for the way we impact the society, economy and environment at large. At DHFL, we stand steadfast to ensuring strict compliance to laws of the land and our employees, directors and value chain partners adhere to the norms of the Company.

The Company has in place the Code of Business Ethics (COBE) which aims at driving ethical behavior, acts as a guideline for ethical decision-making, enhances reputation, prevents negative legal consequences, encourages positive relationships, and prevents discrimination or harassment.

The COBE is a summary of certain policies which all employees are expected to adhere by and failure of which can result in stringent disciplinary action up to and including termination.

Some of the key policies in this code are:

- Maintaining accurate books and records
- Business use of equipment, data, and software
- Protecting confidential information
- Avoiding conflict of interest
- Maintaining a drug-free workplace
- Equal opportunity for employment
- Employee conduct and standards
- Prevention of sexual harassment
- Prevention of insider trading in the securities of the Company
- Release of financial information

**1 Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

Yes, it requires each employee, director, and business associate to abide by the various policies as outlined in the COBE so that reputation of the Company remains intact and we deliver as per the expectations of our stakeholders. Code of Conduct for Board and Senior Management as well as the Fair Practice Code and Whistle Blower Policy ensure that highest standards of personal and professional integrity are maintained within the organization. The Model Code of Conduct for Distributors, Brokers and Intermediaries is a mechanism to ensure that all distributors, brokers and other third party partners comply with the norms of the Company.

**2 How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

During the reporting period, the Company has received 29 complaints from its shareholders relating to non-receipt of share transfer/bonus certificate, non-receipt of dividend, non-

receipt of annual report etc. All the complaints were redressed to the satisfaction of the shareholders except five which were received in the month of March, 2019 and remained unresolved at the end of the financial year. The Company also received 18 complaints from fixed deposit holders and 1,674 complaints from its debenture holders and all the complaints stand resolved at the end of the financial year. It is the Company's endeavor to provide the best service to all stakeholders and resolve any complaints that may arise at the earliest.

### Principle 2 (P2): Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

As a leading brand in Housing Finance, DHFL is taking concerted efforts in the realm of sustainable products in terms of providing housing loans for the Lower Middle Income (LMI) segment. These products are customized to cater to the needs, aspirations and limitations of the low and middle income group, thus making housing affordable for these sections of the society.

**1 List up to 3 products or services whose design has incorporated social or environmental concerns, risks, and/or opportunities.**

DHFL is based on the principles of social inclusion and welfare, where our founder chairman Late Shri Rajesh Kumar Wadhawan dreamt of housing for all in 1984. Since inception, the core focus segment of the Company has been the lower and middle income group. Even today, majority of our home loan portfolio is below ₹30 Lakh. This highlights the Company's desire to serve the weaker section of the society and thereby contribute towards social upliftment and inclusion.

In-line with the Government's initiative "Housing for all by 2022", the Company continues to remain committed to its mission of enabling home ownership to every Indian. Apart from this, DHFL actively participates in various schemes of National Housing Bank, such as the Golden Jubilee Rural Housing Refinance scheme and Pradhan Mantri Awas Yojana (PMAY). During the year under review, the Company received an award as the "The Best Performing Primary Lending Institution under CLSS for MIG" for facilitating highest number of Subsidies for MIG 1/2 under PMAY Scheme by the Ministry of Housing and Urban Affairs, Government of India.

Another major area of activity especially in Mumbai is slum-rehabilitation projects. DHFL is a pioneer and has expertise in handling Slum Rehabilitation Authority (SRA) projects for funding, which are fundamental in providing a more hygienic environment and infrastructure.

**2 For each product, provide the following details in respect of resources (energy, water, raw material etc.) per unit of product (optional)**

As a financial services organization, the Company is not directly involved in implementation phase, post the disbursement of loans. However, it endeavors to identify projects which are planned for green building certification by the Indian Green Building Council (IGBC) and Green Rating for Integrated Habitat Assessment (GRIHA).

### 3 Does the company have procedures in place for sustainable sourcing (including transportation)?

The Company has taken multiple initiatives in order to reduce resource use. It has introduced e-board meetings which are conducted in a completely paperless manner thus making significant efforts to reduce the consumption of resources, specifically paper, wherever it can. Apart from this, the Company has taken note-worthy initiatives like making use of online/digital platforms for the application process, reducing the size of the diaries/calenders given to employees, thereby saving paper on a large scale.

The Company has also digitalized the operational process which enables the disbursement pay-outs without any manual intervention and helps to do bulk automated NEFT/ RTGS as disbursement mode.

### 4 What percentage of the inputs were sourced sustainably?

As the Company is in the business of providing financial services and is not involved in any manufacturing activities, there are no significant inputs that can be sourced sustainably.

### 5 Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

As the Company is in the business of providing financial services, the scope for procurement of goods from local and small producers is very limited.

### 6 Does the company have mechanism to recycle products and waste? If yes, what is the percentage of recycling waste and products?

Since the Company is housing finance company and is not involved in any manufacturing activity, the reporting on recycle mechanism is not applicable. The Company continuously aims to reduce the impact on the environment by optimizing the usage of various resources. The Company works at minimizing its carbon footprint and there is particular focus on reduced resource usage. However, adequate measures are always taken to ensure optimum utilization and maximum possible saving of energy. Installation of energy conservation equipment's such as replacement of CFL (Compact Fluorescent Lamp) with LED (Light- Emitting Diode) lights, energy saving Air-conditioners (VRV), replacement of normal tube lights with LED lights at the National Office of the Company and other pan India branches. These initiatives have resulted in power saving on a daily basis. Monitoring resource usage, improved process efficiency, reduced waste generation and disposal costs have also supported the cause.

### Principle 3 (P3): Businesses should promote the wellbeing of all employees

We being in the services industry, employees are our key assets and are significant in driving business growth. Well-being programs lead to a significant increase in overall productivity of employees.

DHFL conducts multiple initiatives towards improving working conditions, providing a safe workplace, protecting their interests & human rights, and developing skillset both on a personal and professional level to ensure employees are motivated and high-performing thereby sustaining the business in the long run.

### Workforce

#### 1 Please indicate the Total number of employees.

As on March 31, 2019, there were 3,320 permanent employees in the Company.

#### 2 Please indicate the Total number of employees hired on temporary/contractual/casual basis.

There are no employees hired on temporary/casual basis. However, the Company does have 5,076 number of outsourced employees, majority being employed in sales and non-sales functions of the Company.

#### 3 Please indicate the Number of permanent women employees.

There were 322 women employed in the Company as on March 31, 2019.

#### 4 Please indicate the Number of permanent employees with disabilities

There were 6 employees with disabilities as on March 31, 2019.

#### 5 Do you have an employee association that is recognized by management?

No such associations exist.

#### 6 What percentage of your permanent employees are members of this recognized employee association?

This is not applicable.

### Employee grievance handling mechanism

An effective grievance handling mechanism not only ensures a cordial work environment by redressing the grievance to mutual satisfaction, but also helps the management in framing policies and procedures acceptable to the employees. It offers a platform for the employees to express feelings, discontent and dissatisfaction in a formal way and guarantees a resolution or response to their concerns. As per the current grievance handling mechanism, employees can make use of the intranet to disclose their grievances. Moreover, the Company has formulated a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and an Internal Complaints Committee has been constituted thereunder.

#### 7 Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

| S. No. | Category                                      | No. of Complaints filed during the financial year | No. of complaints pending as on end of this financial year |
|--------|-----------------------------------------------|---------------------------------------------------|------------------------------------------------------------|
| 1      | Child labour/forced labour/involuntary labour | NIL                                               | NIL                                                        |
| 2      | Sexual harassment                             | NIL                                               | NIL                                                        |
| 3      | Discriminatory employment                     | NIL                                               | NIL                                                        |

## Training and Development

Training & Development is crucial for Company's sustainable growth as it supports professional development and empowers employees to deliver improved quality of service through its training intervention and motivating them to perform with renewed vigor and enthusiasm. Continuous training also helps to keep employees updated on cutting edge development in the industry. Employees who are competent and on the top of changing industry standards will also help DHFL hold its position as a leader and remain a strong competitor within the industry. The Company has nurtured in-house training expertise in the form of dedicated trainers, facilitators, content developers as well as subject matter experts from business teams. During the reporting period, training topics included a wide range of functional areas including sales skill development programs, credit analytical skills, appraisal techniques, fraud & risk management. We also organize external training programs which foster continuous and better performance through learning and job experience. The Company also provides a number of skill-based trainings along with mandatory trainings on KYC& AML and also COBE, and Anti-Fraud and Ethics, Prevention of Sexual Harassment as part of the employee induction program.

DHFL's Human Resources initiatives and L&D systems are designed to ensure an active employee engagement process, leading to better organizational capability and vitality for maintaining a competitive edge and in pursuing its ambitious growth plans.

### 8 What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

| Category                            | Skill-upgradation Training | Safety Training |
|-------------------------------------|----------------------------|-----------------|
| Permanent employees                 | 39%                        | 58%             |
| Permanent employees with Disability | 100%                       | 100%            |

### Principle 4 (P4): Businesses should respect the interests of, and be responsive to the needs of all stakeholders, especially those who are disadvantaged, vulnerable, and marginalized.

DHFL strongly believes that its stakeholders (both internal and external) play a pivotal role in the success and growth of the organization. DHFL identifies its stakeholders and understands the importance of engaging and communicating with them in order to recognize and cater to their needs. The investor relations department looks after institutional and retail investors and frequently connects with them through quarterly earnings calls and regular meetings as well as impromptu calls as and when needed.

The Company also engages with different banks to promote and offer affordable housing banking schemes to stakeholders coming from economically weaker sections of society. In doing so, products and the relevant processes, are specially crafted to

provide access to the Lower and Middle Income (LMI) segment who are generally not very familiar and confident in navigating the formal banking system.

#### 1 Has the company mapped its internal and external stakeholders?

Yes, the Company has identified and mapped its internal and external stakeholders.

#### 2 Out of the above has the company identified the disadvantaged, vulnerable, and marginalized stakeholders?

The Company has identified the people from low income sections of society as those stakeholders who are in most need of intervention and support. On these lines the Company has designed its efforts along the focus areas of

- Women empowerment and skilling
- Early childhood care & education
- Village development through awareness and resource efficient practices

#### 3 Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.

The Company's CSR Foundation – DHFL Changing Lives Foundation, incorporated in December 2017, has furthered the Company's CSR Vision and facilitated implementation of high impact initiatives through multi-stakeholder partnership; covering government and non-government organisations. The Foundation has taken the mantle of implementing "Project Sneh" – flagship initiative under Early Childhood Care and Education.

The Company's flagship program "Early Childhood Care and Education"(ECCE) has been implemented in partnership with the Department of Women and Child Development (WCD), District Administration in Palghar District of Maharashtra and Bokaro District of Jharkhand, Khargone and Burhanpur District of Madhya Pradesh in 2018-19. The programme covers 1895+ Anganwadis in Palghar, Vasai. Dahanu and Talasari blocks of Palghar District, 465+ Anganwadis in Jaridih, Kasmar and Petarwar blocks of Bokaro District and 1183+ Anganwadis in Bhagwanpura, Bhikangaon and Zarniya blocks of Khargone and Neapanagar, Shahpura blocks of Burhanpur District. The programme directly impacts 3543+ anganwadis, its workforce and over 1,60,000 children. The ECCE programme has the below four components.

- **Pre-School Education:** Build the capacity of Child Development Project Officers (CDPO), ICDS Supervisors, Anganwadi Workers and Helpers to deliver effective pre-school curriculum in anganwadi centres
- **Health & Nutrition:** Promote preventive and health seeking behavior among pregnant women, lactating mothers and adolescent girls and boys in the community, strengthening community monitoring systems and empowering frontline workers to deliver preventive healthcare services



- **Model Anganwadis:** Construct child centric anganwadis with locally available implements and using innovative design models under 'Snehangans'
- **Stakeholder Empowerment:** Create financial safety net for frontline workers through formation of Self Help Groups and facilitating forward and backward linkages

## Principle 5 (P5): Businesses should respect and promote human rights

Respecting human rights is fundamental in DHFL's business operations and is closely linked to advancing the long-term, sustainable development of the organization. DHFL is committed to respecting and safeguarding human rights of the employees as well as business associates. This is instrumental to achieving the Company's goals of employee satisfaction, increased productivity, and economic growth. Human rights is considered to be a key aspect in all relevant business decision making process; and appropriate steps are taken to ensure no discrimination takes place either during the recruitment process or in the due course of employment at DHFL. The Company is committed to provide equal opportunities to all employees and qualified applicants without consideration to their race, caste, religion, color, ancestry, marital status, sex, age, nationality, disability and veteran status. The Company strives to create and maintain a work environment free of harassment, whether physical, verbal or psychological and its employees are treated with dignity, decency and respect.

DHFL is also committed to providing easy access to grievance reporting mechanisms for the stakeholders in the event of any adverse impacts that occur during the business operations.

### 1 Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

DHFL's human rights policy is based on the principle of protecting human rights across value chain. The Company adheres to all statutes which embodies the principles of human rights such as prevention of child labour, forced labour, woman empowerment etc.

### 2 How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

The Company encourages its stakeholders to report on any concern relating to human rights and makes every effort to resolve all the complaints it receives. However, no stakeholder complaints with regard to human rights were received in the reporting year.

## Principle 6 (P6): Businesses should respect, protect, and make efforts to restore the environment

As a socially responsible organization DHFL is aware of harmful effects of climate-change and environmental degradation and stakeholders are equally concerned about it. The Company is committed to conduct its business operations responsibly by identifying environmental and social risk at an early stage and mitigate the risk by employing innovative and efficient technology

solutions focusing on areas e.g renewable energy utilization and waste minimization.

The Company also encourages its employees and stakeholders to use electronic medium of communication and reduce usage of paper as far as possible.

DHFL believes that protecting the environment is crucial to ensuring that the current and future generations, can live without concern for health and wellbeing arising due to the effects of climate-change.

### 1 Does the policy related to Principle 6 cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company's Sustainable Development policy provides guidance to safeguard the environment and support economic growth by continually improving sustainability performance across value chain. The Policy outlines expectations from employees, the external business associates and other relevant stakeholders to ensure environmental integrity of business operations.

### 2 Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.?

Being in the financial services sector, the Company's direct impact on the environment may not be very significant, however we still have a role to play in ensuring that the indirect impact of our activities do not harm the environment. DHFL believes climate change related issues are not only of concern to the community but also to the Company's long-term growth and sustainability.

In our continuous endeavor to integrate environmental aspects into business operations, projects are appraised on environmental criteria and only those projects are considered for lending which ensure total compliance towards environmental clearances.

DHFL has undertaken multiple initiatives to combat the challenges posed by climate change. It has implemented a holistic watershed development programme across five villages in Aurangabad.

### 3 Does the company identify and assess potential environmental risks?

DHFL takes into consideration the environmental risks and impacts of the projects in the evaluation phase. It does not sanction loans for projects that do not have the requisite environmental clearance certificates. The Company is also cautious while providing loans for properties that pose an environmental risk or are not eco-friendly as per existing evaluation criteria.

### 4 Does the company have any project related to Clean Development Mechanism? If so, provide details thereof in about 50 words or so. Also, if Yes, whether environmental compliance report is filed?

The Company currently does not have any projects related to Clean Development Mechanism.

- 5 Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc.**

The Company has also moved to a paperless process in its daily business operations through e-meetings and engaging with the customers through app and web-based applications for loans. The Company has been able to use star rated appliances wherever possible.

- 6 Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?**

Although the Company currently does not have a defined mechanism for measuring the waste generated, it is proactive in its efforts to minimize the amount of waste generated in the offices.

- 7 Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

The Company has not received any show cause notices from either CPCB or SPCB in the reporting year.

### **Principle 7 (P7): Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

One of the key responsibility of any Organization is to promote a well-informed and empowered society through actively participating in the development and implementation of public policy. Effective policy advocacy using memberships in associations and trade chambers develops the Company's capacity to achieve the greatest good for the greatest number of people and communities it serves. The Company's active participation in important national level initiatives and associations are a testimony to the commitment towards responsible development.

- 1 Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes, As of now, DHFL holds memberships ASSOCHAM (Associated Chambers of Commerce of India) and actively participate in consultation and discussions for driving changes and influencing policies for development of public good.

- 2 Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

The Senior Management represents DHFL in such forums and is cognizant of the responsibility they shoulder as they engage in constructive dialogues and discussions to strengthen the financial system for the country, enhance financial literacy, SME Sector Development and affordable housing for economically weaker sections of the society. In this manner, the Company is able to influence policies at a national level which is in the interest of customers and community at large.

### **Principle 8 (P8): Businesses should support inclusive growth and equitable development.**

Unless economic growth is holistic and not spread across all strata of the society, it fails to address the societal concerns e.g poverty, unemployment and inequality. This is where, individual organizations can act responsibly and address the quality and inclusiveness of economic growth with the aim of creating shared value for organizations as well as the society.

For over three decades, DHFL has been instrumental in enabling easier access to home ownership amongst the lower and middle income (LMI) segment with a belief that one's own home, is synonymous with hope and aspiration.

DHFL has framed Corporate Social Responsibility Policy which encompasses the company's philosophy for delineating its responsibility as a corporate citizen and undertakes CSR activities strategically, systematically and more thoughtfully thereby moving from institutional building to community development through its various CSR programs and projects.

- 1 Does the company have specified programmes/initiatives/ projects in pursuit of the policy related to Principle 8? If yes details thereof.**

**(i) Skills Development for sustainable livelihoods**

The Company delivers skill development programmes to youth from vulnerable populations, to empower them and create an ecosystem ensuring sustainable livelihoods. The programme is delivered through three DHFL Skill Development Centres in Kolhapur, Chandrapur and Bhandup, Maharashtra.

The programme also creates linkages to Government welfare schemes like Mudra loans for self-employment. The programme is deepening its impact through collaborations with gram panchayats, industrial bodies, corporate entities and developers for placement and up-skilling.

The programme has established a hub-n-spoke model with sub-centres and satellite centres to reach out to youth in interior locations. The programme has also innovated with community-live projects to instill a feeling of giving back to the community. During the reporting period, the Company has trained 3400+ youth in the various trades including Business Correspondent, Loan Approval Officer, Microfinance Executive, Mason, Carpenter, Electrician, Plumber etc.

**(ii) Economic empowerment through financial literacy & inclusive growth**

The Company has conceptualized and implemented a comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable', also aiding transition of informal settlements to formal housing, promoting Pradhan Mantri Awas Yojana. This programme focuses on building community capacity through help centers & volunteers and facilitating skill development,

livelihood linkages & linkages to various GOI welfare schemes. The programme is implemented in 4 urban slum communities and reaches 40,000+ households.

To further generate awareness on basics of finance and government welfare schemes, the Company has designed a radio programme with All India Radio (AIR) for 9 stations, under 'Sharmaji ke Sawal. Vinodji ke Jawab.'

## 2 Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company has appointed a professional project management Unit named Samhita Social Ventures Ltd. to support programme implementation for flagship CSR programmes. However, DHFL has considerable expertise

towards implementing successful programmes within financial literacy and affordable housing for poor, urban communities and vulnerable populations and understands the need of low-income communities. Moreover, the Wholly Owned Subsidiary "DHFL Changing Lives Foundation" primarily drives Company's flagship CSR programme "Early Childhood Care and Education (ECCE)" by focusing on areas e.g Education, Health & Nutrition, Model Anganwadis and Stakeholder empowerment.

## 3 Have you done any impact assessment of your initiative?

Quarterly reporting for tracking the programmes' performance is being done against key indicators. Also, the Corporate Social Responsibility committee of the Board oversees the initiatives undertaken by the Company.

## 4 What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken

| Sr. No. | Enlist the initiatives undertaken by DHFL for supporting inclusive development                                                                                                                                                                                                   | Amount contributed directly in the initiative by the Company<br>(₹ in crore) |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| 1       | <b>Early Childhood Care and Education (ECCE)</b><br>A system strengthening programme to build the capacity of frontline workers to deliver effective services for children, pregnant mothers, lactating mothers and adolescent girls in the community.                           | 16.53                                                                        |
| 2       | <b>Financial Literacy and Inclusive Growth</b><br>A comprehensive programme to facilitate the journey from being 'financially illiterate' to 'financially sustainable', also aiding transition of informal settlements to formal housing , promoting Pradhan Mantri Awas Yojana. | 2.42                                                                         |
| 3       | <b>Skills Development</b><br>The programme trains and empower youth from under resourced communities across diverse job roles in BFSI and Construction                                                                                                                           | 3.40                                                                         |
| 4       | <b>Rural Development</b><br>This programme is a holistic intervention towards alleviating poverty and implementing a comprehensive rural development program with emphasis on watershed structure, tobacco de-addiction and community development                                | 1.23                                                                         |
| 5       | <b>Education</b><br>Promoting education through scholarships, school infrastructure upgradation, mid day meal and scholarships                                                                                                                                                   | 2.84                                                                         |
| 6       | <b>Arts and Culture</b><br>Supported for promotion of traditional folk culture                                                                                                                                                                                                   | 0.02                                                                         |
| 7       | <b>Environment</b><br>Supported tree plantation                                                                                                                                                                                                                                  | 0.03                                                                         |
| 8       | <b>Health and Medicine</b><br>Support to treatment of patients from economically poor sections and support to differently abled                                                                                                                                                  | 0.09                                                                         |
| 9       | <b>CSR management expenses</b><br>Expenses towards Project Management Unit for Monitoring and Evaluation of projects, Auditing and Reporting                                                                                                                                     | 0.63                                                                         |

**5 Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

DHFL is keen on ensuring the adaptability of projects in the communities and thus it plans the exit timelines before beginning the project. In doing so, it is able to set a measurable timeline to fully execute the activities while being confident of the project being able to sustain even after it leaves the community. The Company has ensured that a group of trained, local individuals (Field Officers) from the community itself would be able to provide continued support to the program even after the end of its direct intervention.

**Principle 9 (P9): Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

DHFL strives to foster long-term relationships with customers as it continues to provide the best of services and products to the customers coming from all sections of society. Customer satisfaction is ensured through quick turnaround, while adhering to the highest underwriting standards and an effective grievance mechanism to identify risks and concerns and improve effectively. During the reporting period, the Company has established two Central Processing Units (CPUs) at Mumbai and Hyderabad for its home loan customers which aims to deliver faster decision making and cost efficient processing.

The Company has also conceptualized the customer centric initiative i.e. 'Griha Utsav' Exhibitions- a platform to connect millions of LMI customers in the affordable housing segment in small towns and locations. During the financial year 2018-19, the Company conducted 39 such exhibitions and touched millions of lives by enabling home ownership.

**1 What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

As on end of the financial year, the Company has received 1,295 complaints from the customers (borrowers) and has

satisfactorily resolved 99% of these complaints. It aims to achieve a 100% resolution rate to show its commitment to each and every stakeholder and assure them of excellent service.

**2 Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

As DHFL is in the business of providing housing loans, it does not have any product labels as such. The advertising is made as transparent as possible and carries all relevant information and instructions for customers to make an informed decision. Moreover, the funded properties are evaluated by in-house qualified civil engineers which helps inexperienced customers especially from LMI segment to take informed decision.

**3 Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

There are no complaints filed against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last 5 years.

**4 Did your company carry out any consumer survey/ consumer satisfaction trends?**

The Company conducts various consumer survey at regular intervals. The Company's Customer Service mechanism comprises of multiple mid-level feedback and grievance redressal channels, spread over its branches, call centres, emails, letters, and social media, among others. A Board-approved management level committee further reviews the grievances periodically to address the root causes. The Company has also simplified the process of customer on-boarding.

# Independent Auditors' Report

**To The Members of  
Dewan Housing Finance Corporation Limited**

**Report on the Audit of Standalone Ind AS Financial Statements**

**DISCLAIMER OF OPINION**

We were engaged to audit the accompanying standalone Ind AS financial statements of Dewan Housing Finance Corporation Limited ("the Company"), which comprises of the Balance Sheet as at March 31, 2019, and 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.

We do not express an opinion on the accompanying standalone Ind AS financial statements of the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS financial statements.

**BASIS FOR DISCLAIMER OF OPINION**

1. We refer to note 51 of the standalone Ind AS financial statements with regards to the Unsecured Inter-corporate Deposits (ICD) outstanding as at March 31, 2019 aggregating ₹ 5,65,269 lakh. As stated in the note, there are significant deficiencies in the grant and rollover of ICD, inter-alia, non-availability of evaluation of credit worthiness of the borrowers, commercial rationale forming basis of granting of the ICD. The note also states that the Company is working towards remediating these deficiencies and that no adjustment is required to the carrying value thereof. We have not been provided sufficient appropriate audit evidence to support the management's assessment and hence are unable to evaluate on the recoverability of the ICD and the consequential effect on standalone Ind AS financial statements. Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.
2. We refer to note 50 of the standalone Ind AS financial statements that states the allegations of fraud that were made by the newportal Cobrapost.com (the Allegations), inter alia, alleging diversion of funds. As stated in the note, the Audit Committee appointed an independent firm of Chartered Accountants to investigate the Allegations and report to them. We provided to the Audit Committee our suggestions on the scope and coverage as well as additional areas that needed to be covered to ensure comprehensiveness of the coverage of the investigation

and our observations on the findings by Independent firm of Chartered Accountants in the report. These have not been taken into consideration in the final report of the independent firm of Chartered Accountants. As stated in the note, the Management is in the process of determining the actions to address our comments and has stated that adjustments, if any, to the carrying values of the loans advanced will be made upon conclusion of these actions. The report of the independent firm of Chartered Accountants has not been adopted or approved by the Audit Committee. Further, we understand that various regulatory authorities / lenders are currently carrying out their own investigation and they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the Allegations.

We are therefore unable to determine if these allegations would have an impact on these standalone Ind AS financial statements including whether any adjustments to the carrying value of loans granted, any restatement of prior years' financial statements, related parties and other disclosures and compliances are required. Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.

3. In respect of certain loans and Pass-through Certificates (PTC) aggregating ₹ 32,45,240 lakh and ₹ 25,700 lakh, respectively, granted or invested by the Company during the year and in earlier years and outstanding as at March 31, 2019:
  - a. As stated in note 53 of the standalone Ind AS financial statements, multiple accounting entries were initially recorded in certain customer accounts for receipts despite the cheques or negotiable instrument not been deposited in the bank(s) and these have been subsequently reversed. The gross value of such loans aggregate ₹ 16,48,717 lakh (includes certain loans aggregating ₹ 13,11,283 lakh which are also included in paragraph 3.b). Also refer our comments in paragraph 1.b of 'Report on Other Legal and Regulatory Requirements' section below.
  - b. We have not been provided sufficient information and explanations to our enquiries in relation to credit, legal and technical evaluation and evidence for end use monitoring as stated in the loan agreement and specified by the Finance Committee, wherever applicable, in respect of project loans and mortgage loans aggregating ₹ 24,07,772 lakh (Includes loans aggregating ₹ 13,11,283 lakh also included in paragraph 3.b). Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.



- c. As stated in note 55, the management has elected to measure loans aggregating ₹ 31,62,815 lakh (includes certain loans aggregating ₹ 26,62,781 lakh which are also included in paragraph 3.a and 3.b) and Pass-through Certificates (PTC) aggregating ₹ 25,700 lakh at Fair Value Through Profit or Loss (FVTPL) based on internal valuations which involve management's judgement and assumptions. We have not been provided sufficient appropriate audit evidence and all of the necessary information and explanations in respect of the fair values changes of ₹ 3,25,345 lakh (gross of reversal of provision) and ₹ 6,800 lakh so recognized in the Statement of Profit and Loss on these loans and PTC, respectively.

In view of the foregoing, we have been unable to obtain sufficient appropriate audit evidence to support the values of the loans and PTC and we are unable to determine if these matters would have an impact on these standalone Ind AS Financial Statements including whether any adjustments to the carrying value of the loans and PTC, restatement of prior years' financial statements, related parties and other disclosures and compliances are required.

4. We refer to note 57 of the standalone Ind AS Financial Statements regarding the observations made by National Housing Bank (NHB) in its inspection for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. Pending management evaluation and response to the observations of the NHB, we are unable to determine if these observations would have an impact on these standalone Ind AS Financial Statements including whether any adjustments to the carrying value of the loans granted, any restatement of prior years' financial statements, related parties and other disclosures and compliances are required.
5. We refer to note 56 of the financial statements. As stated in the note, during the course of the audit, deficiencies have been identified in the historical data used for the purpose of calculating provisioning based on the Expected credit loss (ECL) model in respect of loans carried at amortized cost. We are unable to comment on the assumptions made in the ECL model and consequently to determine if this matter would have an impact on these standalone Ind AS Financial Statements including the adequacy of the ECL provision.
6. As stated in note 58, the Company has recognized net deferred tax asset of ₹ 44,281 lakh as at March 31, 2019. The Company is required to perform an assessment as required by Ind AS 12 – 'Income Taxes' which requires the Company to determine the probability of future taxable income to utilize the deferred tax asset. However, we have not been provided sufficient appropriate evidence to validate the Company's assessment about the carrying value of the deferred tax asset and consequential adjustments required, if any, to these standalone Ind AS financial statements.

7. As stated in note 59, the Company has incurred expenditure aggregating ₹ 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. The Company has not performed an impairment assessment as required by Ind AS 36 – 'Impairment of Assets' which requires the Company to determine whether the economic benefit in respect of this intangible asset shall be available to the Company in subsequent periods taking into consideration the uncertainty in respect of its plan to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of foregoing, we have not been provided sufficient appropriate evidence about the carrying value of the intangible asset under development and adjustments required, if any, to these standalone Ind AS financial statements.
8. In view of the possible effects of the matters described in paragraphs 1 to 7 above, we are unable to comment on the Company's compliance of the covenants in respect of all borrowings and consequential implications including disclosures, if any, to these standalone Ind AS financial statements.
9. Also refer our comments under 'Material uncertainty related to Going Concern' below.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We refer to note 54 of the standalone Ind AS financial statements, the Company has incurred loss aggregating ₹ 1,03,605 lakh during the year and has net current liabilities of ₹ 75,475 lakh as at March 31, 2019. Further, the Company's credit rating has been reduced to 'default grade' subsequent to the year-end which may substantially impair its ability to raise or generate funds to repay its obligations. The matters described in the Basis for Disclaimer of Opinion section above and para 1 of Report on Other Legal and Regulatory Requirements section below may also have an impact on the Company's ability to continue as a going concern. All these developments raise a significant doubt on the ability of the Company to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The Company is in the process of monetizing its assets and has submitted a draft resolution plan to the consortium of bankers for restructuring its borrowings and also there have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The ability of the Company to continue as a going concern inter alia is dependent upon its ability to monetize its assets, secure funding from the bankers or investors, restructure its liabilities and recommence its operations, which are not wholly within control of the Company.

The Management has prepared these standalone Ind AS financial statements using going concern basis of accounting based on their assessment of the successful outcome of above referred actions and accordingly no adjustments have been made to the

carrying value of the assets and liabilities and their presentation and classification in the Balance Sheet.

## **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards 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 implementation and maintenance of 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management 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.

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

## **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS**

Our responsibility is to conduct an audit of the Company's standalone Ind AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these standalone Ind AS financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## **REPORTING ON COMPARATIVES IN CASE OF FIRST IND AS FINANCIAL STATEMENTS**

The comparative financial information of the Company for the year ended March 31 2018 and the transition date opening balance sheet as at April 1, 2017 included in these standalone

Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by one of the joint auditors whose report for the year ended March 31, 2018 and March 31, 2017 dated April 30, 2018 and May 3, 2017 respectively expressed an unmodified opinion on those standalone financial statements, and have been restated to comply with Ind AS. We were engaged to jointly audit the adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. In view of the matters reported in paragraphs 2, 3, 4 and 5 of the 'Basis for Disclaimer of Opinion' section above, we are unable to comment whether any further Ind AS adjustments are required to the balances in respect of the years ended March 31, 2018 and 2017.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by Section 143(1), we report that:

- a. We are unable to comment whether the loans referred in paragraph 3.b in the Basis for Disclaimer of Opinion section above have been properly secured and hence these loans may have been granted in a manner that is prejudicial to the interest of the Company or its members, for the reasons stated therein. Further, in respect to loans referred to in paragraphs 1, 2 and 3.b in the Basis for Disclaimer of Opinion section above, we are unable to comment whether the terms on which these have been made are prejudicial to the interest of the Company or its members, for the reasons stated therein.
- b. We refer to the matter described in paragraph 3.a in the Basis for Disclaimer of Opinion section above, regarding multiple accounting entries which were initially recorded in certain customer accounts for receipts despite the cheques or negotiable instruments not been deposited in the bank(s) and subsequently reversed, which initial recording are represented merely by book entries and in our opinion may be prejudicial to the interest of the Company.

2. As required by Section 143(3) of the Act, based on our audit, we report that:

- a) As described in the Basis for Disclaimer of Opinion section above, we have sought but were unable to obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Shareholders' Equity dealt with by this Report are in agreement with the relevant books of account.
- d) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) The matter described in the Basis for Disclaimer of Opinion section above and in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors of the Company, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses adverse opinion on the Company's internal financial controls over financial reporting for the reasons stated therein.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- j) Other than the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, 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 has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except that there has been a delay ranging from 1 to 16 days in transferring unclaimed public deposits aggregating ₹ 7 lakh.

3. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order which is subject to the possible effect of the matters described in the Basis for Disclaimer of Opinion section above and the material weakness described in the Basis of Adverse Opinion in our separate Report on the Internal Controls over Financial Reporting.

For **CHATURVEDI & SHAH LLP**

*Chartered Accountants*

(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**

*Partner*

Membership No. 102749

UDIN - 19102749AAABPV8263

For **DELOITTE HASKINS & SELLS LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**

*Partner*

Membership No. 102912

UDIN - 19102912AAAABQ4701

Mumbai, dated: July 22, 2019

# Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 2(h) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

## **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Dewan Housing Finance Corporation Limited (“the Company”) as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit of internal financial controls over financial reporting of the Company in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company’s internal financial controls system over financial reporting.

### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **BASIS FOR ADVERSE OPINION**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Company’s internal financial controls over financial reporting as at March 31, 2019:

- (a) The internal controls for compliance with the policies project/ mortgage loans were not operating effectively considering lack of documentation/ documentation deficiency (including requisite approvals) for certain project/ mortgage loans.

- (b) Inadequate internal financial controls over financial reporting over recording appropriate entries when entries have been passed in customer and bank accounts despite cheques/negotiable instruments not being deposited in the bank(s).
- (c) The Company did not have appropriate internal controls for compliance with the policies and systems (including related documentation) for issuance and rollover of the ICDs.
- (d) The Company did not have appropriate internal controls for determination and review of the fair value calculations in respect of project and wholesale mortgage loans.
- (e) The Company did not have appropriate internal controls for assessment of probability of utilization of the deferred tax asset.
- (f) The Company did not have appropriate internal controls for assessment of impairment in respect of intangible assets under development.
- (g) Inadequate entity level controls with regards to assessment and closure of the matters emanating out of allegations against the Company including identification of related parties and consequential disclosures.
- (h) The Company did not have appropriate internal controls for ensuring compliance of sanctioned terms of project loans including monitoring of the end use of the funds by the borrowers, as included in sanction terms and specified by the Finance Committee, and non-initiation of action as stipulated in the loan agreements despite breach of certain contracted terms.
- (i) The Company did not have appropriate internal controls for review of the historical data of non-performing assets used for the purpose of developing the expected credit loss model for loans carried at amortised cost.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

## ADVERSE OPINION

In our opinion, to the best of our information and according to the explanations given to us, possible effects of the matters described in the disclaimer of opinion paragraph of our report on the standalone financial statements and in view of the material weaknesses described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the said standalone Ind AS financial statements of the Company and we have issued a disclaimer of opinion on the standalone Ind AS financial statements of the Company.

For **CHATURVEDI & SHAH LLP**

*Chartered Accountants*

(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**

*Partner*

Membership No. 102749

For **DELOITTE HASKINS & SELLS LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**

*Partner*

Membership No. 102912

Mumbai, dated: July 22, 2019



# Annexure “B” to the Independent Auditors’ Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date and to be read subject to the possible effects of the matters described in the Basis for Disclaimer of Opinion section above and the material weakness described in the Basis of Adverse Opinion in our separate Report on the Internal Controls over Financial Reporting)

(I) in respect of its fixed assets:

- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed, transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for borrowings are held in the name of the Company based on confirmations directly received by us from the trustee of the lenders.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is lessee in the agreement.

(II) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(III) Except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment, according to the information and explanations given to us, the Company, during the year, has granted unsecured loan aggregating ₹ 3000 lakh to a Company covered in the register maintained under section 189 of the Act. Further, the Company granted unsecured interest free loan to a wholly owned subsidiary in earlier years and the outstanding balance as at March 31, 2019 is ₹ 134 lakh. In respect of these loans, except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section:

- a. The terms and conditions of the loans granted during the year, in our opinion, prima facie not prejudicial to the Company’s interest.
- b. The principal is repayable on demand and repayments of principal amounts have been regular to the extent demanded.
- c. There is no overdue amount remaining outstanding as at the balance sheet date.

Also refer our comments in paragraph 1.a of ‘Reporting on legal and regulatory matters’ section.

(IV) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans and making investments and providing guarantees and securities, as applicable, except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment and in respect of the following:

| Particulars | Relationship            | Amount<br>(₹ in lakh) | Remarks                                                                                                                                                                |
|-------------|-------------------------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loan        | Wholly owned subsidiary | 134                   | Interest-free loan in violation of section 186(7) of the Act.<br>The Company has, however, revised the terms subsequent to the year end to levy interest on this loan. |

(V) As per the Ministry of Corporate Affairs notification dated March 31, 2014, the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014, as amended, with regard to the deposits accepted are not applicable to the Company and hence reporting under Clause 3(v) of the Order is not applicable.

(VI) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company

and hence reporting under clause 3(vi) of the order is not applicable.

(VII) According to the information and explanations given to us in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Services Tax, Customs Duty, Cess and other material statutory dues where applicable, to it with the appropriate authorities. There were no arrears in respect of said statutory dues as at March 31, 2019 for a period of more than six months from the date they became payable.

(b) There are no dues of Income-tax, Service Tax, Goods and Services Tax and Customs Duty as on March 31, 2019 on account of disputes.

(VIII) Except for the possible effects of the matter described in paragraph 8 of the Basis for Disclaimer of Opinion section on which we are unable to comment, in our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks, financial institutions and dues to debenture holders during the year ended March 31, 2019. The Company does not have loans or borrowings from Government.

(IX) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer of debt instruments and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application.

(X) Except for the possible effects of the matter described in paragraph 1, 2 and 3.a of the Basis for Disclaimer of Opinion section on which we are unable to comment, to the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(XI) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(XII) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(XIII) Except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment, in our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(XIV) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(XV) Except for the possible effects of the matter described in paragraph 2 of the Basis for Disclaimer of Opinion section on which we are unable to comment, in our opinion and according to the information and explanations given to us, during the year, the Company has not entered into non-cash transactions with its directors or directors of its subsidiary or associate companies or persons connected with them and hence provisions of section 192 of the Act are not applicable.

(XVI) In our opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **CHATURVEDI & SHAH LLP**

*Chartered Accountants*

(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**

*Partner*

Membership No. 102749

For **DELOITTE HASKINS & SELLS LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**

*Partner*

Membership No. 102912

Mumbai, dated: July 22, 2019

# Balance Sheet

as at March 31, 2019

(₹ in Lakh)

|                                                                                             | Notes | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|------------------------|
| <b>ASSETS</b>                                                                               |       |                         |                         |                        |
| <b>Financial assets</b>                                                                     |       |                         |                         |                        |
| Cash and Cash Equivalents                                                                   | 5     | 125,963                 | 192,305                 | 279,493                |
| Other Bank Balances                                                                         | 5     | 174,101                 | 103,041                 | 81,807                 |
| Derivative Financial Instruments                                                            | 6     | 17,113                  | 8,723                   | 6,330                  |
| Receivables                                                                                 | 7     | 476                     | 4,274                   | 242                    |
| Housing and Other loans:-                                                                   | 8     |                         |                         |                        |
| At Amortised Cost                                                                           |       | 6,634,882               | 9,245,792               | 7,228,396              |
| At Fair Value                                                                               |       | 3,162,815               | 65,670                  | -                      |
|                                                                                             |       | <b>9,797,697</b>        | <b>9,311,462</b>        | <b>7,228,396</b>       |
| Investments                                                                                 | 9     | 235,022                 | 808,628                 | 1,353,476              |
| Other Financial Assets                                                                      | 10    | 109,123                 | 76,648                  | 37,993                 |
| <b>Total Financial Assets</b>                                                               |       | <b>10,459,495</b>       | <b>10,505,081</b>       | <b>8,987,737</b>       |
| <b>Non-Financial assets</b>                                                                 |       |                         |                         |                        |
| Current Tax Assets (Net)                                                                    | 11    | 37,020                  | 14,729                  | 8,462                  |
| Deferred Tax Assets                                                                         | 12    | 44,281                  | 9,563                   | 19,244                 |
| Property, Plant and Equipment                                                               | 13    | 78,293                  | 84,228                  | 20,435                 |
| Capital Work-in-Progress                                                                    | 13    | -                       | -                       | 54,615                 |
| Intangible Assets Under Development                                                         | 14    | 10,401                  | 12,905                  | 8,762                  |
| Other Intangible Assets                                                                     | 14    | 8,175                   | 751                     | 454                    |
| Other Non-Financial Assets                                                                  | 15    | 9,860                   | 3,908                   | 3,117                  |
| <b>Total Non-Financial Assets</b>                                                           |       | <b>188,030</b>          | <b>126,084</b>          | <b>115,089</b>         |
| <b>Total Assets</b>                                                                         |       | <b>10,647,525</b>       | <b>10,631,165</b>       | <b>9,102,826</b>       |
| <b>LIABILITIES AND EQUITY</b>                                                               |       |                         |                         |                        |
| <b>LIABILITIES</b>                                                                          |       |                         |                         |                        |
| <b>Financial Liabilities</b>                                                                |       |                         |                         |                        |
| Derivative Financial Instruments                                                            | 6     | 30,251                  | 13,581                  | 11,698                 |
| Trade Payables                                                                              | 16    |                         |                         |                        |
| (i) Total Outstanding Dues of Micro Enterprises and Small Enterprises                       |       | -                       | -                       | -                      |
| (ii) Total Outstanding Dues of Creditors other than Micro Enterprises and Small Enterprises |       | 10,205                  | 10,412                  | 4,820                  |
| Debt Securities                                                                             | 17    | 4,537,912               | 3,581,360               | 3,295,295              |
| Borrowings (Other than Debt Securities)                                                     | 18    | 4,060,421               | 4,511,414               | 4,043,062              |
| Deposits                                                                                    | 19    | 658,840                 | 965,244                 | 636,572                |
| Subordinated Liabilities                                                                    | 20    | 113,581                 | 113,184                 | 63,996                 |
| Other Financial Liabilities                                                                 | 21    | 408,769                 | 495,596                 | 213,288                |
| <b>Total Financial Liabilities</b>                                                          |       | <b>9,819,979</b>        | <b>9,690,791</b>        | <b>8,268,731</b>       |
| <b>Non-Financial Liabilities</b>                                                            |       |                         |                         |                        |
| Provisions                                                                                  | 22    | 1,015                   | 629                     | 67                     |
| Other Non-Financial Liabilities                                                             | 23    | 16,325                  | 16,492                  | 10,804                 |
| <b>Total Non-Financial Liabilities</b>                                                      |       | <b>17,340</b>           | <b>17,121</b>           | <b>10,871</b>          |
| <b>Total Liabilities</b>                                                                    |       | <b>9,837,319</b>        | <b>9,707,912</b>        | <b>8,279,602</b>       |
| <b>EQUITY</b>                                                                               |       |                         |                         |                        |
| Equity                                                                                      | 24    | 31,382                  | 31,366                  | 31,315                 |
| Other Equity                                                                                | 25    | 778,824                 | 891,887                 | 791,909                |
| <b>Total Equity</b>                                                                         |       | <b>810,206</b>          | <b>923,253</b>          | <b>823,224</b>         |
| <b>Total Equity And Liabilities</b>                                                         |       | <b>10,647,525</b>       | <b>10,631,165</b>       | <b>9,102,826</b>       |

The accompanying notes form an integral part of the financial statements

Interms of our report attached  
**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Jignesh Mehta**  
Partner  
ICAI MN : 102749

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI FRN : 117366W/W-100018

**Abhijit A. Damle**  
Partner  
ICAI MN : 102912

For and on behalf of the Board  
**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN – 00028528)

**Alok Kumar Misra**  
(DIN – 00163959)  
Director

**Sunjoy Joshi**  
(DIN – 00449318)  
Director

**Dheeraj Wadhawan**  
(DIN – 00096026)  
Director

**Dr. Deepali Pant Joshi**  
(DIN – 07139051)  
Director

**Srinath Sridharan**  
(DIN – 03359570)  
Director

Place: Mumbai  
Date: July 22, 2019

# Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in Lakh)

|                                                                                     | Notes | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|-------------------------------------------------------------------------------------|-------|------------------------------|------------------------------|
| <b>REVENUE FROM OPERATIONS</b>                                                      |       |                              |                              |
| a) Interest Income                                                                  | 26    | 1,230,784                    | 933,634                      |
| b) Dividend Income                                                                  | 27    | 1,235                        | 13,731                       |
| c) Fees and Commission Income                                                       | 28    | 27,547                       | 37,209                       |
| d) Net Gain on Fair Value Changes                                                   | 29    | -                            | 42,018                       |
| e) Net Gain on Derecognition of Financial Instruments under Amortised Cost Category | 30    | 20,583                       | 47,719                       |
| f) Other Operating Revenue                                                          | 31    | 8,239                        | 10,702                       |
| <b>Total Revenue from Operations</b>                                                |       | <b>1,288,388</b>             | <b>1,085,013</b>             |
| Other Income                                                                        | 32    | 1,864                        | 1,429                        |
| <b>Total Income</b>                                                                 |       | <b>1,290,252</b>             | <b>1,086,442</b>             |
| <b>EXPENSES</b>                                                                     |       |                              |                              |
| Finance Costs                                                                       | 33    | 939,285                      | 772,195                      |
| Net Loss on Fair Value Changes                                                      | 29    | 245,837                      | -                            |
| Impairment on Financial Instruments                                                 | 34    | 108,498                      | 62,968                       |
| Employee Benefit Expense                                                            | 35    | 48,533                       | 37,025                       |
| Depreciation and Amortisation Expense                                               | 13/14 | 5,115                        | 2,763                        |
| Other Expenses                                                                      | 36    | 59,482                       | 41,389                       |
| <b>Total Expenses</b>                                                               |       | <b>1,406,750</b>             | <b>916,340</b>               |
| <b>(Loss)/Profit Before Tax</b>                                                     |       | <b>(116,498)</b>             | <b>170,102</b>               |
| Tax Expense                                                                         | 37    |                              |                              |
| - Current Tax                                                                       |       | 53,832                       | 48,362                       |
| - Deferred Tax                                                                      |       | (66,725)                     | (2,259)                      |
| <b>Total Tax Expense</b>                                                            |       | <b>(12,893)</b>              | <b>46,103</b>                |
| <b>Net (Loss)/Profit After Tax</b>                                                  |       | <b>(103,605)</b>             | <b>123,999</b>               |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                   |       |                              |                              |
| (A) Items that will not be reclassified to Profit or Loss                           |       |                              |                              |
| (i) Remeasurements of the Defined Employee Benefit Plans                            |       | 129                          | (301)                        |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss   |       | (36)                         | 84                           |
| <b>Subtotal (A)</b>                                                                 |       | <b>93</b>                    | <b>(217)</b>                 |
| (B) Items that will be reclassified to Profit or Loss                               |       |                              |                              |
| (i) Cash Flow Hedge                                                                 |       | 2,506                        | 115                          |
| (ii) Income tax relating to items that will not be reclassified to Profit or Loss   |       | (701)                        | (32)                         |
| <b>Subtotal (B)</b>                                                                 |       | <b>1,805</b>                 | <b>83</b>                    |
| <b>Other Comprehensive Income (A + B)</b>                                           |       | <b>1,898</b>                 | <b>(134)</b>                 |
| <b>Total Comprehensive Income</b>                                                   |       | <b>(101,707)</b>             | <b>123,865</b>               |
| <b>Earnings per Equity Share</b>                                                    | 38    |                              |                              |
| Basic (₹)                                                                           |       | (33.02)                      | 39.55                        |
| Diluted (₹)                                                                         |       | (33.02)                      | 39.37                        |

The accompanying notes form an integral part of the financial statements

Interms of our report attached  
**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Jignesh Mehta**  
Partner  
ICAI MN : 102749

Place: Mumbai  
Date: July 22, 2019

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI FRN : 117366W/W-100018

**Abhijit A. Damle**  
Partner  
ICAI MN : 102912

For and on behalf of the Board  
**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN – 00028528)

**Alok Kumar Misra**  
(DIN – 00163959)  
Director

**Sunjoy Joshi**  
(DIN – 00449318)  
Director

**Dheeraj Wadhawan**  
(DIN – 00096026)  
Director

**Dr. Deepali Pant Joshi**  
(DIN – 07139051)  
Director

**Srinath Sridharan**  
(DIN – 03359570)  
Director

# Cash Flow Statement

for the year ended March 31, 2019

(₹ in Lakh)

| Particulars                                                                               | As at March 31, 2019 | As at March 31, 2018 |
|-------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                             |                      |                      |
| Net (Loss)/ profit before tax                                                             | 116,498              | 170,102              |
| Adjustments for:                                                                          |                      |                      |
| Depreciation and Amortisation Expense                                                     | 5,115                | 2,763                |
| Share based Payments to Employees                                                         | 1,533                | 2,441                |
| Loss on Sale of Property, Plant and Equipments                                            | 5,178                | 61                   |
| Dividend Income                                                                           | (1,235)              | (13,731)             |
| Interest Income from Investments                                                          | (3,575)              | (4,040)              |
| Other Interest Income                                                                     | (18,499)             | (22,100)             |
| Net Loss/ (Gain) on Fair Value Changes                                                    | 245,837              | (42,018)             |
| Net Loss/ (Gain) on derecognition of Financial Instruments under Amortised Cost Category  | 8,805                | (1,230)              |
| Security Deposit Written Off                                                              | 1,215                | -                    |
| Impairment on Financial Instruments                                                       | 108,498              | 62,968               |
| <b>Operating Profit before Working Capital Changes</b>                                    | <b>236,374</b>       | <b>155,216</b>       |
| Adjustments for:                                                                          |                      |                      |
| (Decrease) Increase in other Non Financial Liabilities                                    | (167)                | 5,688                |
| (Decrease) Increase in other Financial Liabilities                                        | (85,653)             | 282,101              |
| Increase in Provisions                                                                    | 386                  | 562                  |
| Decrease/ (Increase) in Trade Receivables                                                 | 3,814                | (4,032)              |
| (Increase)/Decrease in Trade Payable                                                      | (207)                | 5,592                |
| (Increase) in other Financial Asset                                                       | (36,288)             | (38,356)             |
| (Increase) in other Bank Balances                                                         | (71,060)             | (21,234)             |
| (Increase) in other Non Financial Asset                                                   | (25,632)             | (6,621)              |
| <b>Cash Generated from Operations during the Year</b>                                     | <b>21,567</b>        | <b>378,916</b>       |
| Taxes Paid                                                                                | (43,517)             | (41,163)             |
| <b>Net Cash Flow generated from Operations before Movement in Housing and Other Loans</b> | <b>(21,950)</b>      | <b>337,753</b>       |
| Housing and Other Property Loans Disbursed (Net)                                          | (851,612)            | (2,151,311)          |
| <b>Net Cash used in Operating Activities [A]</b>                                          | <b>(873,562)</b>     | <b>(1,813,558)</b>   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                             |                      |                      |
| Dividend Income                                                                           | 1,235                | 13,731               |
| Interest Income                                                                           | 24,627               | 25,793               |
| Investment in Subsidiary                                                                  | (1)                  | -                    |
| Investment in Associates                                                                  | -                    | (7,736)              |
| Proceeds from Sale of Investment (Net)                                                    | 596,090              | 595,658              |
| Capital Expenditure on Fixed Assets                                                       | (8,538)              | (18,385)             |
| Proceeds from Sale of Fixed Assets                                                        | 61                   | 21                   |
| <b>Net Cash generated from Investing Activities [B]</b>                                   | <b>613,474</b>       | <b>609,082</b>       |



# Cash Flow Statement

for the year ended March 31, 2019

(₹ in Lakh)

| Particulars                                                              | As at March 31, 2019 | As at March 31, 2018 |
|--------------------------------------------------------------------------|----------------------|----------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                            |                      |                      |
| Issue of Equity Shares at Premium                                        | 19                   | 514                  |
| Proceeds from Perpetual Debts                                            | -                    | 50,000               |
| Proceeds from Redeemable Non Convertible Debentures                      | 1,909,814            | 156,502              |
| Repayment of Redeemable Non Convertible Debentures                       | (407,073)            | (174,977)            |
| (Repayment) of / Proceeds from Commercial Paper                          | (520,000)            | 305,500              |
| Proceeds from Term Loan                                                  | 152,500              | 1,075,000            |
| Repayment of Term Loan                                                   | (733,163)            | (738,011)            |
| Proceeds from Other Borrowings (Net)                                     | 111,839              | 130,894              |
| Public / Other Deposits (repaid)/received (Net)                          | (310,752)            | 334,486              |
| Dividend & Dividend Distribution Tax Paid                                | (9,438)              | (22,620)             |
| <b>Net Cash generated from Financing Activities [C]</b>                  | <b>193,746</b>       | <b>1,117,288</b>     |
| <b>Net (decrease) in Cash and Cash Equivalents [A+B+C]</b>               | <b>(66,342)</b>      | <b>(87,188)</b>      |
| <b>Cash and Cash Equivalents at the beginning of the Year</b>            | <b>192,305</b>       | <b>279,493</b>       |
| <b>Cash and Cash Equivalents at the end of the year (Refer note 5)</b>   | <b>125,963</b>       | <b>192,305</b>       |
| The accompanying notes form an integral part of the financial statements |                      |                      |

Interms of our report attached

**For Chaturvedi & Shah LLP**

Chartered Accountants

ICAI FRN : 101720W/W-100355

**Jignesh Mehta**

Partner

ICAI MN : 102749

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

ICAI FRN : 117366W/W-100018

**Abhijit A. Damle**

Partner

ICAI MN : 102912

For and on behalf of the Board

**Kapil Wadhawan**

Chairman & Managing Director

(DIN – 00028528)

**Alok Kumar Misra**

(DIN – 00163959)

Director

**Sunjoy Joshi**

(DIN – 00449318)

Director

**Dheeraj Wadhawan**

(DIN – 00096026)

Director

**Dr. Deepali Pant Joshi**

(DIN – 07139051)

Director

**Srinath Sridharan**

(DIN – 03359570)

Director

Place: Mumbai

Date: July 22, 2019

# Statement of Changes in Equity

for the year ended March 31, 2019

## A. EQUITY SHARE CAPITAL

| Particulars                                     | (₹ in Lakh)   |
|-------------------------------------------------|---------------|
| <b>BALANCE AS AT APRIL 01, 2017</b>             | <b>Total</b>  |
| Changes in Equity Share Capital during the year | 31,315        |
| Shares issued during the year under ESOS/ESAR   | 51            |
| <b>BALANCE AS AT MARCH 31, 2018</b>             | <b>31,366</b> |
| Changes in Equity Share Capital during the year |               |
| Shares issued during the year under ESOS/ESAR   | 16            |
| <b>BALANCE AS AT MARCH 31, 2019</b>             | <b>31,382</b> |

## B. OTHER EQUITY

| Particulars                                                        | (₹ in Lakh) | Capital Reserve | Securities Premium | Debt Redemption Reserve | Retained Earnings | General Reserve | Special Reserve | Employee Stock Option Outstanding | OCI-Cash flow hedge reserve | Total          |
|--------------------------------------------------------------------|-------------|-----------------|--------------------|-------------------------|-------------------|-----------------|-----------------|-----------------------------------|-----------------------------|----------------|
| <b>BALANCE AS AT APRIL 1, 2017</b>                                 |             | 2,451           | 219,909            | 117,000                 | 184,138           | 116,522         | 156,399         | 1,210                             | (5,720)                     | 791,909        |
| Profit for the year                                                |             | -               | -                  | -                       | 123,999           | -               | -               | -                                 | -                           | 123,999        |
| Other Comprehensive Income for the year                            |             | -               | -                  | -                       | (217)             | -               | -               | -                                 | 83                          | (134)          |
| Transfer to Special Reserve                                        |             | -               | -                  | -                       | (27,500)          | -               | -               | -                                 | -                           | (27,500)       |
| Transfer to General Reserve                                        |             | -               | -                  | -                       | (20,000)          | -               | -               | -                                 | -                           | (20,000)       |
| Transfer from Retained Earnings                                    |             | -               | -                  | -                       | -                 | 20,000          | 27,500          | -                                 | -                           | 47,500         |
| Dividends                                                          |             | -               | -                  | -                       | (22,647)          | -               | -               | -                                 | -                           | (22,647)       |
| Creation of Deferred Tax on Embedded Derivative                    |             | -               | -                  | -                       | -                 | -               | -               | -                                 | -                           | -              |
| On shares allotted upon exercise of Stock Options by the Employees |             | -               | 265                | -                       | -                 | -               | -               | -                                 | -                           | 265            |
| Employee Stock Options (Net)                                       |             | -               | -                  | -                       | -                 | -               | -               | 1,834                             | -                           | 1,834          |
| Received during the year                                           |             | -               | 463                | -                       | -                 | -               | -               | -                                 | -                           | 463            |
| Utilised during the year                                           | (2,451)     | -               | -                  | -                       | -                 | (1,351)         | -               | -                                 | -                           | (3,802)        |
| <b>BALANCE AS AT MARCH 31, 2018</b>                                |             | -               | <b>220,637</b>     | <b>117,000</b>          | <b>237,773</b>    | <b>135,171</b>  | <b>183,899</b>  | <b>3,044</b>                      | <b>(5,637)</b>              | <b>891,887</b> |
| Profit for the year                                                |             | -               | -                  | -                       | (103,605)         | -               | -               | -                                 | -                           | (103,605)      |
| Other Comprehensive Income for the year                            |             | -               | -                  | -                       | 93                | -               | -               | -                                 | 1,805                       | 1,898          |
| Dividends                                                          |             | -               | -                  | -                       | (9,454)           | -               | -               | -                                 | -                           | (9,454)        |
| On Shares allotted upon Exercise of Stock Options by the Employees |             | -               | 245                | -                       | -                 | -               | -               | -                                 | -                           | 245            |
| Employee Stock Options (Net)                                       |             | -               | -                  | -                       | -                 | -               | -               | 1,288                             | -                           | 1,288          |
| Received during the year                                           |             | -               | 3                  | -                       | -                 | -               | -               | -                                 | -                           | 3              |
| Utilised during the year                                           | -           | -               | -                  | -                       | -                 | (3,438)         | -               | -                                 | -                           | (3,438)        |
| <b>BALANCE AS AT MARCH 31, 2019</b>                                |             | -               | <b>220,885</b>     | <b>117,000</b>          | <b>124,807</b>    | <b>131,733</b>  | <b>183,899</b>  | <b>4,332</b>                      | <b>(3,832)</b>              | <b>778,824</b> |

The accompanying notes form an integral part of the financial statements

Interms of our report attached

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Jignesh Mehta**  
Partner  
ICAI MN : 102749

Place: Mumbai  
Date: July 22, 2019

For and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN – 00028528)

**Dr. Deepali Pant Joshi**  
(DIN – 07139051)  
Director

**Dheeraj Wadhawan**  
(DIN – 00096026)  
Director

**Sunjoy Joshi**  
(DIN – 00449318)  
Director

**Alok Kumar Misra**  
(DIN – 00163959)  
Director

**Srinath Sridharan**  
(DIN – 03359570)  
Director

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 1. CORPORATE INFORMATION

Dewan Housing Finance Corporation Limited ('DHFL'), 'the Company' was incorporated in India on April 11, 1984 and has been carrying on, as its main business of providing loans to Retail customers for construction or purchase of residential property, loans against property, loans to real estate developers and loans to SMEs. The company is registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation and Presentation

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

Effective April 01, 2018, the Company has adopted the Ind AS and the adoption was carried out in accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standards" with April 01, 2017 being the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("IGAAP"), which was the previous GAAP.

These financial statements have been prepared on a going concern basis. (Also refer note 54).

#### Historical cost convention

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as required under Ind AS 109 "Financial Instruments".

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. The measurement and/ or disclosure in these financial statements has been accordingly determined except for share based payment transactions, leasing transactions and certain other

transactions that are required to be valued in accordance with Ind AS 102, Ind AS 17 and Ind AS 36, respectively.

### 2.2 Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees in Lakh. Per share data is presented in Indian Rupee.

### 2.3 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

#### a. Interest Income

The main source of revenue for the Company is Income from Housing and Other property loans. Repayment of housing and property loan is generally by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs generally commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month/quarter/annual, as applicable, on the loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest on the basis of agreed terms with the borrowers.

Interest income on housing and property loans and other financial instruments carried at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination.

The financial assets that are classified at Fair Value through Statement of Profit and Loss ("FVTPL"), transaction costs and processing fees collected are recognised in Statement of Profit and Loss at initial recognition.

# Notes

forming part of the financial statements for the year ended March 31, 2019

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

**b. Fee and Commission income:**

Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

**c. Dividend Income**

Dividend income is recognised when the Company's right to receive dividend is established by the reporting date.

**d. Investment income**

The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

**e. Other operating revenue:**

Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognized on receipt basis.

## 2.4 Property, plant and equipment and Intangible Assets

### Property Plant and Equipment (PPE)

PPE is recognised 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. PPE is stated at cost less accumulated depreciation and impairment losses, if any. The cost of PPE is its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the PPE ready for its intended use, other incidental expenses and interest on borrowing attributable to acquisition of qualifying PPE upto the date the asset is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets less their residual values over their useful lives specified in Schedule II to the Act. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Estimated useful life considered by the Company are:

| Asset                  | Estimated Useful Life |
|------------------------|-----------------------|
| Office Equipment       | 5 Years               |
| Computers              | 3 Years               |
| Furniture and fittings | 10 Years              |
| Vehicles               | 8 Years               |
| Leasehold improvements | Lease Period          |
| Leasehold Premises     | Lease Period          |
| Buildings              | 60 Years              |

### Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 3 to 6 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

# Notes

forming part of the financial statements for the year ended March 31, 2019

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition 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.

## Deemed Cost of PPE on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 01, 2017 (transition date) measured as per the IGAAP and use that carrying value as its deemed cost as of the transition date.

## Impairment of assets (other than financial assets)

As at the end of each financial year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

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

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

## 2.5 Employee benefits

### i. Defined contribution plan

The contribution to provident fund, pension fund,

National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees.

### ii. Defined benefits plan

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

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognition of the asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

### iii. Short-term employee benefits

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



# Notes

forming part of the financial statements for the year ended March 31, 2019

The cost of short-term compensated absences is accounted as under:

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

#### iv. Other Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

#### v. Share-based payment arrangements

The share appreciation rights granted to employees pursuant to the Company's Stock Appreciation Rights Scheme are measured at the fair value of the rights at the grant date. The fair value of the rights is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to Other Equity.

## 2.6 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### Operating Lease

Operating lease are recognized as expense in the Statement of Profit and Loss in line with contractual term to compensate the lessor's expected inflationary cost.

## 2.7 Financial instruments

### Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Company's balance sheet when the

Company becomes a party to the contractual provisions of the instrument. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

### Initial Measurement of Financial Instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, the Company will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the Statement of Profit and Loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

### Classification of Financial Assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are Solely Payments of Principal and Interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;
- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

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forming part of the financial statements for the year ended March 31, 2019

However, the Company may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Company may irrevocably designate a debt instrument that meets the amortised cost or Fair Value through Other Comprehensive Income (FVTOCI) criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

## A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

## Derivative Financial Instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in Note 6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 "Financial Instruments" are treated as separate derivatives when their risks and characteristics are not closely related

to those of the host contracts and the host contracts are not measured at FVTPL.

## Hedge Accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 44 sets out details of the fair values of the derivative instruments used for hedging purposes.

## Fair Value Hedge

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

## Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in Other Comprehensive Income and accumulated in Equity relating to (effective

# Notes

forming part of the financial statements for the year ended March 31, 2019

portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a re-classification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a re-classification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a re-classification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a re-classification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account

for this element similar to the time value of an option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## Investment in equity instruments at FVTOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVTOCI.

The Company has not elected to classify any equity investment at FVTOCI.

## Debt instruments at amortised cost or at FVTOCI

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g. if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

# Notes

forming part of the financial statements for the year ended March 31, 2019

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business models at a level that reflects how financial assets are managed individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

## Financial assets at Fair Value through Profit or Loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects or initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss.

## Subsequent Measurement of Financial assets

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Company business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest

on the principal amount outstanding on specified dates. During the current year due to certain market conditions, the company has sold financial assets during the year by way of assignment transactions which does not impact the business model of the Company and hence the Company continues to carry the financial assets at amortised cost.

## Reclassifications

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category are applied prospectively.

## Impairment

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Company measures ECL based on category of loans at a collective level. The measurement of the loss allowance in respect of stage 3 developers' loans (other than those measured at FVTPL) is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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forming part of the financial statements for the year ended March 31, 2019

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

- Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.
- Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets with overdue more than 90 DPD

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The Financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

## Derecognition of financial assets

A financial asset is derecognised only when:

- The Company has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The Company transfers loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognised in Statement of Profit and Loss.

## Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in gains.

## Financial liabilities and equity

### Classification as debt or equity

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

### Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

## Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company or a contract that will or may be settled in the Company's own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and



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commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

## Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

## Financial liabilities subsequently measured at amortised cost

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. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

## Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and

the consideration paid and payable is recognised in the statement of profit and loss.

## 2.8 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance in current account and Balances with banks in deposits accounts with original maturity of less than 3 months. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

## 2.9 Borrowing Costs

Interest expenses are calculated using EIR and all other borrowing costs are recognised in the Statement of Profit and Loss when they are incurred.

## 2.10 Foreign currencies

- a. The functional currency and presentation currency of the Company is Indian Rupee. Functional currency of the Company has been determined based on the primary economic environment in which the Company operate considering the currency in which funds are generated, spent and retained.
- b. Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks;

## 2.11 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Company as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 2.12 Investments in Subsidiary, Associates and Joint Ventures

Investments in Subsidiary, Associates and Joint Ventures are measured at cost as per Ind AS 27 – Separate Financial Statements.

## 2.13 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive

## 2.14 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

### Current Tax

The tax currently payable is based on the estimated taxable profit for the year for the Company and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) credit in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

## 2.15 Special Reserve

The company creates statutory reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

## 2.16 Provisions, contingent liabilities and contingent assets

- Provisions are recognised only when: an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

# Notes

forming part of the financial statements for the year ended March 31, 2019

Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

**Contingent Assets:**

Contingent assets are not recognised but disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

## 2.17 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

## 2.18 Non-Current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## 2.19 Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

## 2.20 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

## 2.21 Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**Expected Credit Loss:**

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Company in determining the increase in credit risk have been detailed in Note 44.

**Effective Interest Rate:**

The Company's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given.

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

# Notes

forming part of the financial statements for the year ended March 31, 2019

Fair valuation of Investments (other than investment in subsidiaries, associates and joint ventures) and certain developer and mortgage loans:

The Company measures some of its investments and certain developer and mortgage loans at fair value. In determining the fair value, the Company uses quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Company adopts valuation techniques and inputs which are not based on market data. When market observable information is not available, the Company has applied appropriate valuation techniques and inputs to the valuation model.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about valuation techniques and inputs used in determining the fair value are disclosed in Note 42.

## Evaluation of Business Model

Classification and measurement of financial instruments depends on the results of the solely payments of principal and interest on the principal amount outstanding ("SPPI") and the business model test. The Company determines the business model at a level that reflects how the Company's financial instruments are managed together to achieve a particular business objective.

The Company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments. Also refer Note 55 in respect of change in business model in respect of certain mortgage and developer loans. All other loans are held at amortised cost based on the business model of collecting contractual cash flows on account of principal and interest.

## Going Concern:

Information about the going concern consideration are disclosed in Note 54.

## 3. RECENT ACCOUNTING PRONOUNCEMENTS

### 3.1 Ind AS 116 Leases :

Ind AS 116 Leases was notified on 28th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Company is in the process of assessing the impact of the new standard.

### 3.2 Amendment to Ind AS 12 – Income taxes :

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is currently evaluating the effect of this amendment on the financial statements.

## 4. EXPLANATION TO THE TRANSITION TO IND-AS

The transition as at April 1, 2017 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards are explained below:

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 4.1 First-time adoption

### Overall principle:

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS transition balance sheet as at April 1, 2017 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous Indian GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

### Exemptions and Exceptions availed:

We have set out below the applicable Ind AS 101 optional and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

### Ind AS Optional Exemptions:

#### Deemed cost for property, plant and equipment and other intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances at the date of transition to Ind AS. The Company has designated certain investments in equity share as held at FVTPL on the basis of the facts and circumstances that existed at the transition date.

### Derecognition of financial assets and financial liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively.

### Business Combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

### Share-based payments:

Ind AS 102 "Share based Payment" requires to measure equity-settled share-based payments to employees that were vested before the date of transition to Ind AS using fair value retrospectively. However, Ind AS 101 gives an option to measure equity-settled share-based payments at fair value prospectively from the transition date. Consequently, the Company has availed the option to fair value share based payments that vest after transition date.

### Ind AS Mandatory Exceptions

#### Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.



# Notes

forming part of the financial statements for the year ended March 31, 2019

## Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has determined the classification of Financial Assets in terms of whether they meet the amortized cost criteria, FVTPL criteria or FVOCI criteria based on the facts and circumstances that existed as of transition date.

## Impairment of financial assets:

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

## 4.2 Reconciliation of total equity between the figures reported under previous GAAP and Ind AS is given below :

(₹ in Lakh)

| Particulars                                                                                                                      | Note | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|----------------------------------------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Total Equity as per previous GAAP</b>                                                                                         |      | 879,565                 | 799,582                 |
| Adjustment on account of :                                                                                                       |      |                         |                         |
| Effective interest rate for Financial Assets and Liabilities recognised at amortised cost / net interest on credit impaired loan | 1,2  | 15,557                  | 31,662                  |
| Net gain on derecognition of Financial Instruments under amortised cost category                                                 | 3    | 64,018                  | 17,529                  |
| Expected Credit Loss (Impairment on Financial Instruments)                                                                       | 5    | (41,796)                | (20,808)                |
| Fair Value of Investment                                                                                                         | 6    | 977                     | (920)                   |
| Deferred Tax Adjustments                                                                                                         | 7    | 10,570                  | 1,899                   |
| Other Comprehensive Income                                                                                                       | 9    | (5,638)                 | (5,720)                 |
| <b>Total equity as per Ind AS</b>                                                                                                |      | <b>923,253</b>          | <b>823,224</b>          |

## Reconciliation of net profit between the figures reported net of tax under previous GAAP and Ind AS is given below :

(₹ in Lakh)

| Particulars                                                                                                                      | Note | For the year<br>ended<br>March 31, 2018 |
|----------------------------------------------------------------------------------------------------------------------------------|------|-----------------------------------------|
| <b>Net profit after tax as per previous GAAP</b>                                                                                 |      | <b>117,214</b>                          |
| Adjustment on account of :                                                                                                       |      |                                         |
| Effective interest rate for Financial Assets and Liabilities recognised at amortised cost / net interest on credit impaired loan | 1,2  | (21,495)                                |
| Net gain on derecognition of Financial Instruments under amortised cost category                                                 | 3    | 33,494                                  |
| Expected Credit Loss (Impairment on Financial Instruments)                                                                       | 5    | (15,121)                                |
| Fair valuation of Employee Stock Options / Employee Stock Appreciation Rights                                                    | 8    | (1,462)                                 |
| Fair value of Investment                                                                                                         | 6    | 1,367                                   |
| Reclassification of actuarial gain losses (net of tax) to OCI                                                                    | 4    | 217                                     |
| Deferred Tax Adjustments                                                                                                         | 7    | 9,785                                   |
| <b>Net profit after tax as per Ind AS</b>                                                                                        |      | <b>123,999</b>                          |
| Other Comprehensive Income (Net of taxes)                                                                                        | 9    | (134)                                   |
| <b>Total Comprehensive Income as per Ind AS</b>                                                                                  |      | <b>123,865</b>                          |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## Notes :

1. Under previous GAAP, loans were carried at cost whereas under IND AS loans are measured based on entity's business model for managing the financial assets and contractual cash flow characteristics of the financial asset. The loans that meet the business model and contractual cash flow tests are measured at amortised cost and interest income is recognised as per effective interest rate method.
2. Under Previous GAAP, borrowings were recorded at cost and transaction costs were charged to Statement of Profit and Loss on a systematic basis over the tenure of the borrowing. Under Ind AS, transaction cost incurred towards origination of borrowings is required to be deducted from the carrying amount of borrowings on initial recognition. These cost are recognised in the Statement of Profit and Loss over the tenure of the borrowing as part of interest expense by applying effective interest rate method.
3. Under Previous GAAP, gain on derecognition of financial assets on account of assignment transactions is recognised over the contractual tenure of the loan asset. However, as per Ind AS – 109 gain on derecognition of financial assets (i.e difference between sale consideration and carrying value) is recognised in the Statement of Profit and Loss on transfer of the financial asset.
4. Under the previous GAAP, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability were forming part of the profit or loss for the year. Under Ind AS, these remeasurements are recognized in other comprehensive income instead of Statement of Profit and Loss.
5. Under previous GAAP, provision for loans was made as per the prudential Norms prescribed by the National Housing Bank. Under Ind AS, the provision on financial assets and commitments, needs to be calculated using the expected credit loss model.
6. Under previous GAAP, the investment in equity shares (other than investments in subsidiaries, associates and joint ventures), preference shares, security receipts and venture capital fund were carried at cost. However, under Ind AS, these are measured at fair value through profit and loss.
7. Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. It also includes impact of deferred tax arising on account of transition to IND AS.  
  
Further, as required by the NHB, the Company had recognised deferred tax liability (DTL) in respect of the balance in the Special Reserve (created under section 36(1)(viii) of the Income-tax Act, 1961). The Company believes that the Special Reserve will not be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has been reversed to comply with Ind AS 12 on Income Taxes.
8. Under Previous GAAP, the cost of equity-settled employee share-based payments including Employee Stock Appreciation Rights (ESAR) was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as profit after tax.
9. Under Previous GAAP, there was no concept of OCI. The Company designates certain Currency swaps and Interest rate swaps as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. Re-measurement of defined benefit plan liability are also recognised in OCI.

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 5 CASH AND BANK BALANCE

(₹ in Lakh)

| Particulars                        | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|------------------------------------|-------------------------|-------------------------|------------------------|
| <b>Cash and Cash Equivalents</b>   |                         |                         |                        |
| (i) Cash on hand                   | 1,047                   | 626                     | 479                    |
| (ii) Balances with banks:          |                         |                         |                        |
| - In Current Accounts              | 120,888                 | 133,612                 | 90,592                 |
| - In Deposit accounts              | 4,028                   | 58,067                  | 188,422                |
|                                    | <b>125,963</b>          | <b>192,305</b>          | <b>279,493</b>         |
| <b>Other Bank Balances</b>         |                         |                         |                        |
| (i) In other Deposit accounts      | 173,916                 | 102,872                 | 81,666                 |
| (ii) Earmarked balances with banks |                         |                         |                        |
| - Unclaimed Dividend Account       | 185                     | 169                     | 141                    |
|                                    | 174,101                 | 103,041                 | 81,807                 |
| <b>Total</b>                       | <b>300,064</b>          | <b>295,346</b>          | <b>361,300</b>         |

- 5.1 Short-term deposits are made for varying periods of between three months to thirteen months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.
- 5.2 Fixed deposit with banks earns interest at fixed rate.
- 5.3 Balances with Banks in Deposit Accounts includes deposits under lien are as follows:-

(₹ in Lakh)

| Particulars                                                                                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| SLR Requirement                                                                                  | 72,514                  | 63,748                  | 43,084                 |
| Bank Guarantee                                                                                   | 1,241                   | 682                     | 1,220                  |
| Securitisation comforts provided to various trustees/buyers                                      | 80,811                  | 28,572                  | 34,162                 |
| Sinking fund requirement of debentures provided to Trustee(s) of debentures (also refer note 54) | 1,350                   | 1,350                   | 1,350                  |
| Collateral against derivatives                                                                   | 18,000                  | 3,020                   | 1,850                  |
| Margin Money towards CSDL account                                                                | -                       | 5,500                   | -                      |
| <b>Total</b>                                                                                     | <b>173,916</b>          | <b>102,872</b>          | <b>81,666</b>          |

## 6 DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

# Notes

forming part of the financial statements for the year ended March 31, 2019

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

(₹ in Lakh)

| PARTICULARS                                                                                          | March 31, 2019   |                     |                          | March 31, 2018   |                     |                          | April 1, 2017    |                     |                          |
|------------------------------------------------------------------------------------------------------|------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|
|                                                                                                      | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities | Notional Amounts | Fair Value - Assets | Fair Value - Liabilities |
| <b>PART I</b>                                                                                        |                  |                     |                          |                  |                     |                          |                  |                     |                          |
| <b>(i) Currency derivatives:</b>                                                                     |                  |                     |                          |                  |                     |                          |                  |                     |                          |
| - Currency swaps-Principal only swaps                                                                | 294,293          | 10,198              | 809                      | 299,443          | 1,718               | 13,581                   | 319,927          | 3,102               | 11,275                   |
| - F orwards                                                                                          | 18,861           | -                   | 526                      | -                | -                   | -                        | -                | -                   | -                        |
| <b>Subtotal (i)</b>                                                                                  | <b>313,154</b>   | <b>10,198</b>       | <b>1,335</b>             | <b>299,443</b>   | <b>1,718</b>        | <b>13,581</b>            | <b>319,927</b>   | <b>3,102</b>        | <b>11,275</b>            |
| <b>(ii) Interest rate derivatives</b>                                                                |                  |                     |                          |                  |                     |                          |                  |                     |                          |
| - Interest Rate Swaps                                                                                | 484,293          | 6,915               | -                        | 299,443          | 7,005               | -                        | 319,927          | 3,228               | 423                      |
| - Option arising out of investment agreement (Refer note 6.3)                                        |                  | -                   | 28,916                   | -                | -                   | -                        | -                | -                   | -                        |
| <b>Subtotal(ii)</b>                                                                                  | <b>484,293</b>   | <b>6,915</b>        | <b>28,916</b>            | <b>299,443</b>   | <b>7,005</b>        | <b>-</b>                 | <b>319,927</b>   | <b>3,228</b>        | <b>423</b>               |
| <b>Total Derivative Financial Instruments (i)+(ii)</b>                                               | <b>797,447</b>   | <b>17,113</b>       | <b>30,251</b>            | <b>598,886</b>   | <b>8,723</b>        | <b>13,581</b>            | <b>639,854</b>   | <b>6,330</b>        | <b>11,698</b>            |
| <b>PART II</b>                                                                                       |                  |                     |                          |                  |                     |                          |                  |                     |                          |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: |                  |                     |                          |                  |                     |                          |                  |                     |                          |
| <b>(i) Fair value hedging:</b>                                                                       |                  |                     |                          |                  |                     |                          |                  |                     |                          |
| - Interest rate derivatives                                                                          | 190,000          | 3,294               | -                        | -                | -                   | -                        | -                | -                   | -                        |
| <b>Subtotal (i)</b>                                                                                  | <b>190,000</b>   | <b>3,294</b>        | <b>-</b>                 | <b>-</b>         | <b>-</b>            | <b>-</b>                 | <b>-</b>         | <b>-</b>            | <b>-</b>                 |
| <b>(ii) Cash flow hedging:</b>                                                                       |                  |                     |                          |                  |                     |                          |                  |                     |                          |
| - Currency derivatives                                                                               | 294,293          | 10,198              | 809                      | 299,443          | 1,718               | 13,581                   | 319,927          | 3,102               | 11,275                   |
| - Interest rate derivatives                                                                          | 294,293          | 3,621               | -                        | 299,443          | 7,005               | -                        | 319,927          | 3,228               | 423                      |
| - Forward                                                                                            | 18,861           | -                   | 526                      | -                | -                   | -                        | -                | -                   | -                        |
| <b>Subtotal (ii)</b>                                                                                 | <b>607,447</b>   | <b>13,819</b>       | <b>1,335</b>             | <b>598,886</b>   | <b>8,723</b>        | <b>13,581</b>            | <b>639,854</b>   | <b>6,330</b>        | <b>11,698</b>            |
| <b>Total Derivative Financial Instruments (i)+(ii)</b>                                               | <b>797,447</b>   | <b>17,113</b>       | <b>1,335</b>             | <b>598,886</b>   | <b>8,723</b>        | <b>13,581</b>            | <b>639,854</b>   | <b>6,330</b>        | <b>11,698</b>            |

6.1 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.

6.2 Refer Note 44(b) For Exchange Rate Risk.

6.3 Option arises out of investment made by Wadhawan Global Capital Limited (WGC) in Compulsory Convertible Debentures issued by DHFL Investments Limited as per agreement with WGC.

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 7 RECEIVABLES

(₹ in Lakh)

| Particulars                                              | March 31, 2019 | March 31, 2018 | April 1, 2017 |
|----------------------------------------------------------|----------------|----------------|---------------|
| <b>TRADE RECEIVABLES</b>                                 |                |                |               |
| Unsecured considered good                                | 476            | 4,274          | 242           |
| Unsecured which have significant increase in credit risk | 79             | 95             | 95            |
|                                                          | <b>555</b>     | <b>4,369</b>   | <b>337</b>    |
| Less: Provision for impairment                           | 79             | 95             | 95            |
|                                                          | <b>476</b>     | <b>4,274</b>   | <b>242</b>    |

- 7.1 Trade Receivables includes amounts due from the related parties ₹ 476 lakh (March 31, 2018 and April 1, 2017: ₹ 4,184 Lakh and ₹149 Lakh respectively. (Refer note 48)
- 7.2 No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- 7.3 Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
- 7.4 Reconciliation of impairment allowance is as under:

(₹ in Lakh)

|                             |    |
|-----------------------------|----|
| <b>Particulars</b>          |    |
| <b>As at April 1, 2017</b>  | 95 |
| Add: on addition            | -  |
| Less: on deletion           | -  |
| <b>As at March 31, 2018</b> | 95 |
| Add: on addition            | -  |
| Less: on deletion           | 16 |
| <b>As at March 31, 2019</b> | 79 |

## 8 HOUSING AND OTHER LOANS

(₹ in Lakh)

| Particulars                                        | March 31, 2019   | March 31, 2018   | April 1, 2017    |
|----------------------------------------------------|------------------|------------------|------------------|
| <b>AT AMORTISED COST</b>                           |                  |                  |                  |
| Housing and other property loan                    | 6,034,073        | 7,421,552        | 5,915,816        |
| Loans to developers                                | 152,862          | 1,897,363        | 1,400,987        |
| Intercompany deposit (Refer note 8.12) (unsecured) | 565,269          | 62,743           | 2,647            |
| Loan to others                                     | 2,577            | 2,801            | 1,027            |
| <b>Total Gross</b>                                 | <b>6,754,781</b> | <b>9,384,459</b> | <b>7,320,477</b> |
| Less: Impairment loss allowance (Refer note 44(b)) | (119,899)        | (138,667)        | (92,081)         |
| <b>Total Net</b>                                   | <b>6,634,882</b> | <b>9,245,792</b> | <b>7,228,396</b> |
| <b>AT FAIR VALUE</b>                               |                  |                  |                  |
| Housing and other property loan                    | 905,719          | -                | -                |
| Loans to Developers                                | 2,257,096        | 65,670           | -                |
| <b>Total</b>                                       | <b>3,162,815</b> | <b>65,670</b>    | <b>-</b>         |
| <b>Total</b>                                       | <b>9,797,697</b> | <b>9,311,462</b> | <b>7,228,396</b> |



# Notes

forming part of the financial statements for the year ended March 31, 2019

8.1 All loans are secured unless otherwise stated and all loans are disbursed in India.

## 8.2 Transfer of financial assets:-

The Company transfers loans in securitisation transactions. Generally in such transactions, the Company also provides credit enhancements to the transferee. Because of the existence of credit enhancements in such transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement provided, even if it does not collect the equivalent amounts from the original asset and hence continues to retain substantially all risks and rewards associated with such loan, and as a result of which such transfer does not meet the derecognition criteria, resulting in the transfer not being recorded as sale. Consequently, the proceeds received from such transfers are recorded as collateralised debt obligations.

8.3 Other property loans include mortgage loan, non residential property loan, plot loan for self construction where construction has not began in last three years and loan against the lease rental income from properties in accordance with directions of National Housing Bank (NHB). These also include loans granted to Small & Medium Enterprise (SME) and certain part are unsecured in terms of the particular scheme of an aggregate amount of ₹ 13,769 lakh (March 31, 2018 and April 1, 2017:- ₹ 12,490 lakh and ₹ 9,265 lakh).

8.4 Loans given by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/ or assignment of Life Insurance policies and/or personal guarantees and/or undertaking to create a security and/or hypothecation of assets and are considered appropriate and good.

8.5 The above include insurance portion amounting to ₹ 1,13,218 lakhs (March 31, 2018 and April 1, 2017:- ₹ 160,334 lakh and ₹ 136,668 lakh) to meet the cost of the insurance premium to secure the borrower's life and thereby further secure the loan portfolio by way of risk mitigation method and to secure the Company's Housing loan portfolio against any eventuality.

8.6 The Company has repossessed certain assets under SARFAESI Act which are retained for the purpose of sale under the Rules and Regulations of SARFAESI Act involving ₹ 10,267 lakh as at March 31, 2019 (March 31, 2018 and April 1, 2017:- ₹ 7,890 lakh and ₹ 7,890 lakh respectively), which are part of NPA portfolio for which necessary provisions have already been made. These assets are accounted as and when they are realised as per related accounting policy.

8.7 The Company has securitized / assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates ₹ 30,59,465 lakh (March 31, 2018 and April 1, 2017:- ₹ 19,15,351 lakh and ₹ 1,146,374 lakh respectively). These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said securitization/assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms. The Company has purchased home loan pools in two tranches for a cumulative amount of ₹ Nil (March 31, 2018 and April 1, 2017:- ₹ Nil and ₹ 30,863 lacs respectively) in compliance with RBIs norms on Securitisation, specific to Direct Assignment transactions, in terms of Minimum Holding Period (MHP) and Minimum Retention Requirement (MRR).

8.8 The company is not granting any loans against gold jewellery as collateral.

8.9 Housing and other property loans includes Nil as at March 31, 2019 (March 31, 2018 and April 1, 2017:- ₹ 289 lakh and ₹ 315 lakh respectively) given to the key managerial persons of the Company under the normal course of business.

8.10 Loans to others include loan to employees which are secured by the hypothecation of respective assets against which these loans have been granted.

8.11 Two subsidiaries of the Company were amalgamated into the Company pursuant to the Scheme of amalgamation (Scheme) under Sections 391 to 394 of the Companies Act, 1956 approved by the Board of directors of all the three companies and sanctioned by the Hon'ble High Court of judicature at Bombay vide its order dated July 27, 2012 and by the Hon'ble High Court of judicature at Delhi vide its order dated January 4, 2013 which were filed with the Registrar of Companies on January 31, 2013 being the effective date for the amalgamation scheme. In terms of the above scheme, the Assets and Liabilities of the subsidiary companies were amalgamated with DHFL at their respective fair value in the earlier years. Proportionate Fair value appreciation surplus

# Notes

forming part of the financial statements for the year ended March 31, 2019

amounting to Nil (₹ 2,451 Lakh) has been amortised out of the Capital Reserve and ₹ 4,772 Lakh (₹ 2,826 lakh) has been amortised out of the General Reserve in terms of the valuation report of the scheme. (Refer note 4.1)

- 8.12 Intercompany deposit includes ₹ 3,105 Lakh (March 31, 2018 and April 1, 2017 : NIL and NIL respectively) due from related party. (Refer note 48 and 51)

## 9 INVESTMENTS

| Particulars                                                                                                | As at<br>March 31,<br>2019 | As at<br>March 31,<br>2018 | As at<br>April 1,<br>2017 | As at<br>March 31,<br>2019 | As at<br>March 31,<br>2018 | As at<br>April 1,<br>2017 |
|------------------------------------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|---------------------------|
|                                                                                                            | Nos of Units / Shares      |                            |                           | (₹ in Lakh)                |                            |                           |
| <b>AT COST</b>                                                                                             |                            |                            |                           |                            |                            |                           |
| <b>Investments in Equity Instruments (Subsidiary)</b>                                                      |                            |                            |                           |                            |                            |                           |
| DHFL Advisory & Investments Pvt Ltd                                                                        | 75,010,000                 | 75,010,000                 | 75,010,000                | 7,501                      | 7,501                      | 7,501                     |
| Less : Provision for impairment in the value of investment                                                 |                            |                            |                           | -7,501                     |                            |                           |
|                                                                                                            |                            |                            |                           | -                          | 7,501                      | 7,501                     |
| Investment in DHFL Holding Limited                                                                         | 10,000                     | -                          | -                         | 1                          | -                          | -                         |
|                                                                                                            |                            |                            |                           | <b>1</b>                   | <b>7,501</b>               | <b>7,501</b>              |
| <b>Investments in Equity Instruments (Associate)<br/>(Refer note 49)</b>                                   |                            |                            |                           |                            |                            |                           |
| Aadhar Housing Finance Ltd                                                                                 | -                          | -                          | 14,900,000                | -                          | -                          | 1,490                     |
| DHFL Vysya Housing Finance Ltd                                                                             | -                          | -                          | 1,048,989                 | -                          | -                          | 315                       |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd.) (Refer note 9.3)            | -                          | 2,301,090                  | -                         | -                          | 1,805                      | -                         |
| Avanse Financial Services Ltd.                                                                             | -                          | 19,250,719                 | 12,197,522                | -                          | 12,724                     | 4,988                     |
|                                                                                                            |                            |                            |                           | <b>-</b>                   | <b>14,529</b>              | <b>6,793</b>              |
| <b>Investments in Equity Instruments (Joint Venture)<br/>(Refer note 49)</b>                               |                            |                            |                           |                            |                            |                           |
| DHFL Pramerica Asset Managers Pvt Ltd                                                                      | -                          | 18,568,825                 | 18,568,825                | -                          | 3,770                      | 3,770                     |
| DHFL Pramerica Trustees Pvt Ltd                                                                            | -                          | 50,000                     | 50,000                    | -                          | 5                          | 5                         |
|                                                                                                            |                            |                            |                           | <b>-</b>                   | <b>3,775</b>               | <b>3,775</b>              |
| <b>Total</b>                                                                                               |                            |                            |                           | <b>1</b>                   | <b>25,805</b>              | <b>18,069</b>             |
| <b>Investments in Equity Instruments of Associates and<br/>Joint Venture held for sale (refer note 49)</b> |                            |                            |                           |                            |                            |                           |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd.)                             | 2,301,090                  | -                          |                           | 1,805                      | -                          | -                         |
| Avanse Financial Services Ltd                                                                              | 19,250,719                 | -                          |                           | 12,724                     | -                          | -                         |
| DHFL Pramerica Asset Managers Pvt Ltd                                                                      | 18,568,825                 | -                          |                           | 3,670                      | -                          | -                         |
| DHFL Pramerica Trustees Pvt Ltd                                                                            | 50,000                     | -                          |                           | 5                          | -                          | -                         |
|                                                                                                            |                            |                            |                           | <b>18,204</b>              | <b>-</b>                   | <b>-</b>                  |

# Notes

forming part of the financial statements for the year ended March 31, 2019

| Particulars                                                                      | As at<br>March 31,<br>2019 | As at<br>March 31,<br>2018 | As at<br>April 1,<br>2017 | As at<br>March 31,<br>2019 | As at<br>March 31,<br>2018 | As at<br>April 1,<br>2017 |
|----------------------------------------------------------------------------------|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|---------------------------|
|                                                                                  | Nos of Units / Shares      |                            |                           | (₹ in Lakh)                |                            |                           |
| <b>AT FAIR VALUE THROUGH PROFIT OR LOSS</b>                                      |                            |                            |                           |                            |                            |                           |
| Quoted Equity Instruments (other than Subsidiary, Associate and Joint Venture)   |                            |                            |                           | -                          | 41                         | 67                        |
| Unquoted Equity Instruments (other than Subsidiary, Associate and Joint Venture) |                            |                            |                           | 11,634                     | 12,356                     | 10,000                    |
| Mutual Funds                                                                     |                            |                            |                           | 10,404                     | 406,880                    | 268,883                   |
| Venture Capital Fund                                                             |                            |                            |                           | 2,299                      | 2,344                      | 2,418                     |
| Security Receipts                                                                |                            |                            |                           | 63,231                     | 66,628                     | -                         |
| Preference Share                                                                 |                            |                            |                           | 3,556                      | 14,201                     | -                         |
| Pass Through Certificates                                                        |                            |                            |                           | 25,700                     | -                          | -                         |
| <b>Total</b>                                                                     |                            |                            |                           | <b>116,824</b>             | <b>502,450</b>             | <b>281,368</b>            |
| <b>AT AMORTISED COST</b>                                                         |                            |                            |                           |                            |                            |                           |
| Debentures                                                                       |                            |                            |                           | 14,157                     | 192,659                    | 200,991                   |
| Investment in Government securities (SLR)                                        |                            |                            |                           | 71,028                     | 65,974                     | 42,353                    |
| Investment in Government securities                                              |                            |                            |                           | 682                        | 12,341                     | 10,712                    |
| In Certificate of Deposits                                                       |                            |                            |                           | -                          | -                          | 789,174                   |
| Pass Through Certificates                                                        |                            |                            |                           | 14,126                     | 9,399                      | 10,809                    |
| <b>Total</b>                                                                     |                            |                            |                           | <b>99,993</b>              | <b>280,373</b>             | <b>1,054,039</b>          |
| <b>Grand Total</b>                                                               |                            |                            |                           | <b>235,022</b>             | <b>808,628</b>             | <b>1,353,476</b>          |

9.1 All investments are made within India.

9.2 Investment in Government and other SLR Securities aggregating ₹ 70,933 Lakh (March 31, 2018 and April 1, 2017: ₹ 66,526 Lakh and ₹ 42,530 Lakh respectively) carry a floating charge created in favor of depositors in the Fixed Deposit schemes of the Company (read with Note 19).

9.3 In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27, 2017, erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Company has received 12,52,101 equity shares of DHFL Vysya Housing Finance Limited on merger in lieu of the shares held in erstwhile Aadhar Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.

9.4 The Company holds 100% of equity share capital of DHFL Investments Limited (DIL), however, based on the agreement dated March 31, 2017, the Company does not exercise control over DIL and hence is not considered as a subsidiary company for the purpose of preparation of these Ind AS financial statements.

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 10 OTHERS FINANCIAL ASSETS (UNSECURED AND CONSIDERED GOOD)

(₹ in Lakh)

| Particulars                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-----------------------------------------------|-------------------------|-------------------------|------------------------|
| Interest accrued but not due on Fixed Deposit | 3,092                   | 3,139                   | 4,515                  |
| Receivable on assigned loans*                 | 87,385                  | 60,415                  | 17,529                 |
| Security Deposits (refer Note 10.1)           | 3,563                   | 3,150                   | 3,488                  |
| Interest accrued but not due on Investment    | 1,226                   | 3,779                   | 3,432                  |
| Receivable from Mutual Fund                   | 10,449                  | 1                       | -                      |
| Other Assets (refer note 10.2)                | 3,517                   | 6,228                   | 9,045                  |
|                                               | <b>109,232</b>          | <b>76,712</b>           | <b>38,009</b>          |
| Less: Provision for Impairment                | 109                     | 64                      | 16                     |
| <b>Total</b>                                  | <b>109,123</b>          | <b>76,648</b>           | <b>37,993</b>          |

\* Retained Interest

10.1 Security Deposits includes amounts due from the related parties ₹ 210 lakh (March 31, 2018 and April 1, 2017: ₹ 135 and ₹ 35 respectively). (refer note 48)

10.2 Other assets includes amounts due from the related parties ₹ 425 lakh (March 31, 2018 and April 1, 2017: ₹ 627 lakh and ₹ 882 lakh respectively). (refer note 48)

## 11 CURRENT TAX ASSETS (NET)

(₹ in Lakh)

| Particulars                    | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------------|-------------------------|-------------------------|------------------------|
| Advance Tax (Net of Provision) | 37,020                  | 14,729                  | 8,462                  |
| <b>Total</b>                   | <b>37,020</b>           | <b>14,729</b>           | <b>8,462</b>           |

## 12 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

| Particulars              | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------|-------------------------|-------------------------|------------------------|
| Deferred Tax Liabilities | (90,531)                | (71,523)                | (59,443)               |
| MAT Credit Entitlement   | -                       | 32,606                  | 46,072                 |
| Deferred Tax Assets      | 134,812                 | 48,480                  | 32,615                 |
| <b>Total</b>             | <b>44,281</b>           | <b>9,563</b>            | <b>19,244</b>          |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 12.1 Deferred tax assets and liabilities in relation to:

| Particulars                                                                       | Opening balance as at April 1, 2017 | Recognised in Profit and Loss | Recognised in Other Comprehensive Income | Utilisations /Adjustments | Closing balance as at March 31, 2018 | Recognised in Profit and Loss | Recognised in Other Comprehensive Income | Utilisations /Adjustments | Closing balance as at March 31, 2019 |
|-----------------------------------------------------------------------------------|-------------------------------------|-------------------------------|------------------------------------------|---------------------------|--------------------------------------|-------------------------------|------------------------------------------|---------------------------|--------------------------------------|
| <b>Deferred Tax Liabilities</b>                                                   |                                     |                               |                                          |                           |                                      |                               |                                          |                           |                                      |
| On difference between book balance and tax balance of Property, Plant & Equipment | (22,948)                            | (596)                         | -                                        | -                         | (23,544)                             | (470)                         | -                                        | -                         | (24,014)                             |
| On account of measurement of Financial instrument at amortised cost               | (8,802)                             | 3,600                         | -                                        | -                         | (5,202)                              | (16,871)                      | -                                        | -                         | (22,073)                             |
| Fair value on Investment                                                          | (622)                               | (4,570)                       | -                                        | -                         | (5,192)                              | 4,537                         | -                                        | -                         | (655)                                |
| Receivable on assigned loans                                                      | (4,900)                             | (11,989)                      | -                                        | -                         | (16,889)                             | (7,540)                       | -                                        | -                         | (24,429)                             |
| Others (refer note 8.11)                                                          | (22,171)                            | -                             | -                                        | 1,475                     | (20,696)                             | -                             | -                                        | 1,336                     | (19,360)                             |
|                                                                                   | <b>(59,443)</b>                     | <b>(13,555)</b>               | <b>-</b>                                 | <b>1,475</b>              | <b>(71,523)</b>                      | <b>(20,344)</b>               | <b>-</b>                                 | <b>1,336</b>              | <b>(90,531)</b>                      |
| <b>Deferred Tax Assets</b>                                                        |                                     |                               |                                          |                           |                                      |                               |                                          |                           |                                      |
| On account of impairment on Financial Instruments                                 | 30,240                              | 15,133                        | -                                        | -                         | 45,373                               | (12,286)                      | -                                        | -                         | 33,087                               |
| On account of provision for Employee Benefits                                     | 23                                  | 113                           | 84                                       | -                         | 220                                  | (184)                         | (36)                                     | -                         | -                                    |
| On Cash Flow Hedge Reserve                                                        | 2,220                               | -                             | (32)                                     | -                         | 2,188                                | -                             | (701)                                    | -                         | 1,487                                |
| Fair value on Employee Stock Options/ Employee Stock Appreciation Rights Expenses | 132                                 | 567                           | -                                        | -                         | 699                                  | 429                           | -                                        | -                         | 1,128                                |
| Fair Valuation of Loan                                                            | -                                   | -                             | -                                        | -                         | -                                    | 91,030                        | -                                        | -                         | 91,030                               |
| Fair Valuation of Derivative                                                      | -                                   | -                             | -                                        | -                         | -                                    | 8,080                         | -                                        | -                         | 8,080                                |
| MAT Credit Entitlement                                                            | 46,072                              | -                             | -                                        | (13,466)                  | 32,606                               | -                             | -                                        | (32,606)                  | -                                    |
|                                                                                   | <b>78,687</b>                       | <b>15,813</b>                 | <b>52</b>                                | <b>(13,466)</b>           | <b>81,086</b>                        | <b>87,069</b>                 | <b>(737)</b>                             | <b>(32,606)</b>           | <b>1,34,812</b>                      |
| <b>Net</b>                                                                        | <b>19,244</b>                       | <b>2,258</b>                  | <b>52</b>                                | <b>(11,991)</b>           | <b>9,563</b>                         | <b>66,725</b>                 | <b>(737)</b>                             | <b>(31,270)</b>           | <b>44,281</b>                        |



# Notes

forming part of the financial statements for the year ended March 31, 2019

## 13 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakh)

| Description            | Gross Block            |              |              | Accumulated Depreciation |                        |                        |              | Net Block               |                         |
|------------------------|------------------------|--------------|--------------|--------------------------|------------------------|------------------------|--------------|-------------------------|-------------------------|
|                        | As at<br>April 1, 2018 | Additions    | Deductions   | As at<br>March 31, 2019  | As at<br>April 1, 2018 | Charge for<br>the year | Deductions   | As at<br>March 31, 2019 | As at<br>March 31, 2019 |
| Building               | 57,038                 | 7            | -            | 57,045                   | 308                    | 941                    | -            | 1,249                   | 55,796                  |
| Leasehold Improvements | 5,650                  | 1,014        | 4,383        | 2,281                    | 237                    | 758                    | 880          | 115                     | 2,166                   |
| Furniture and Fixtures | 3,017                  | 321          | 491          | 2,847                    | 285                    | 400                    | 114          | 571                     | 2,276                   |
| Vehicles               | 302                    | 167          | 81           | 388                      | 39                     | 82                     | 64           | 57                      | 331                     |
| Office Equipment       | 5,536                  | 1,729        | 1,583        | 5,682                    | 522                    | 925                    | 396          | 1,051                   | 4,631                   |
| Leasehold Premises     | 9,326                  | -            | -            | 9,326                    | 163                    | 162                    | -            | 325                     | 9,001                   |
| Computers              | 5,424                  | 519          | 371          | 5,572                    | 511                    | 1,185                  | 216          | 1,480                   | 4,092                   |
| <b>Total</b>           | <b>86,293</b>          | <b>3,757</b> | <b>6,909</b> | <b>83,141</b>            | <b>2,065</b>           | <b>4,453</b>           | <b>1,670</b> | <b>4,848</b>            | <b>78,293</b>           |

### Previous Year

(₹ in Lakh)

| Description            | Gross Block            |               |            | Accumulated Depreciation |                        |                        |            | Net Block               |                         |
|------------------------|------------------------|---------------|------------|--------------------------|------------------------|------------------------|------------|-------------------------|-------------------------|
|                        | As at<br>April 1, 2017 | Additions     | Deductions | As at<br>March 31, 2018  | As at<br>April 1, 2017 | Charge for<br>the year | Deductions | As at<br>March 31, 2018 | As at<br>March 31, 2018 |
| Building               | 5,507                  | 51,531        | -          | 57,038                   | -                      | 308                    | -          | 308                     | 56,730                  |
| Leasehold Improvements | 861                    | 4,986         | 197        | 5,650                    | -                      | 431                    | 194        | 237                     | 5,413                   |
| Furniture and Fixtures | 1,463                  | 1,580         | 26         | 3,017                    | -                      | 310                    | 25         | 285                     | 2,732                   |
| Vehicles               | 44                     | 267           | 9          | 302                      | -                      | 45                     | 6          | 39                      | 263                     |
| Office Equipment       | 2,233                  | 3,448         | 145        | 5,536                    | -                      | 594                    | 72         | 522                     | 5,014                   |
| Leasehold Premises     | 9,326                  | -             | -          | 9,326                    | -                      | 163                    | -          | 163                     | 9,163                   |
| Computers              | 1,001                  | 4,515         | 92         | 5,424                    | -                      | 601                    | 90         | 511                     | 4,913                   |
| <b>Total</b>           | <b>20,435</b>          | <b>66,327</b> | <b>469</b> | <b>86,293</b>            | <b>-</b>               | <b>2,452</b>           | <b>387</b> | <b>2,065</b>            | <b>84,228</b>           |

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer below for the gross block value and the accumulated depreciation on April 1, 2017 under the previous GAAP.

### Property, Plant and Equipment

| Description              | Gross Block   | Accumulated Depreciation | Net Block     |
|--------------------------|---------------|--------------------------|---------------|
| Buildings                | 6,180         | 673                      | 5,507         |
| Leasehold Improvements   | 3,353         | 2,492                    | 861           |
| Furniture and Fixtures   | 2,629         | 1,166                    | 1,463         |
| Vehicles                 | 125           | 81                       | 44            |
| Office Equipment         | 3,597         | 1,364                    | 2,233         |
| Leasehold Premises       | 9,999         | 673                      | 9,326         |
| Computers                | 3,295         | 2,294                    | 1,001         |
| <b>Total</b>             | <b>29,178</b> | <b>8,743</b>             | <b>20,435</b> |
| Capital work-in-progress |               |                          | 54,615        |

13.1 Also refer note 17.2, note 18.2 and note 18.3 for charge creation on Property, Plant and Equipment.

# Notes

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## 14 INTANGIBLE ASSETS

| Description                                    | Gross block         |              |            | Accumulated Amortisation |                     |                     |            | Net block            |                      |
|------------------------------------------------|---------------------|--------------|------------|--------------------------|---------------------|---------------------|------------|----------------------|----------------------|
|                                                | As at April 1, 2018 | Additions    | Deductions | As at March 31, 2019     | As at April 1, 2018 | Charge for the year | Deductions | As at March 31, 2019 | As at March 31, 2019 |
| Computer (Software)                            | 1,062               | 8,086        | -          | 9,148                    | 311                 | 662                 | -          | 973                  | 8,175                |
| <b>Total</b>                                   | <b>1,062</b>        | <b>8,086</b> | <b>-</b>   | <b>9,148</b>             | <b>311</b>          | <b>662</b>          | <b>-</b>   | <b>973</b>           | <b>8,175</b>         |
| Intangible Assets under development (Software) |                     |              |            |                          |                     |                     |            |                      | 10,401               |

Previous Year

| Description                                    | Gross block         |            |            | Accumulated amortisation |                     |                     |            | Net block            |                      |
|------------------------------------------------|---------------------|------------|------------|--------------------------|---------------------|---------------------|------------|----------------------|----------------------|
|                                                | As at April 1, 2017 | Additions  | Deductions | As at March 31, 2018     | As at April 1, 2017 | Charge for the year | Deductions | As at March 31, 2018 | As at March 31, 2018 |
| Computer (Software)                            | 454                 | 608        | -          | 1,062                    | -                   | 311                 | -          | 311                  | 751                  |
| <b>Total</b>                                   | <b>454</b>          | <b>608</b> | <b>-</b>   | <b>1,062</b>             | <b>-</b>            | <b>311</b>          | <b>-</b>   | <b>311</b>           | <b>751</b>           |
| Intangible Assets under development (Software) |                     |            |            |                          |                     |                     |            |                      | 12,905               |

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer below for the gross block value and the accumulated amortisation on April 1, 2017 under the previous GAAP.

Intangible Assets

| Description                                    | Gross block  | Accumulated depreciation | Net block  |
|------------------------------------------------|--------------|--------------------------|------------|
| Computer (Software)                            | 1,990        | 1,536                    | 454        |
| <b>Total</b>                                   | <b>1,990</b> | <b>1,536</b>             | <b>454</b> |
| Intangible Assets under development (Software) |              |                          | 8,762      |

## 15 OTHER NON-FINANCIAL ASSETS (UNSECURED AND CONSIDERED GOOD)

(₹ in Lakh)

| Particulars                                | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
|--------------------------------------------|----------------------|----------------------|---------------------|
| Capital Advances                           | 65                   | 593                  | 1,158               |
| Employee Advance                           | 12                   | 14                   | 13                  |
| Recoverable from employees (refer note 48) | 643                  | -                    | -                   |
| Advance to Related Parties (refer note 48) | 146                  | 153                  | 268                 |
| Advance to Vendors                         | 2                    | 157                  | 479                 |
| Gratuity Fund (net)                        | 683                  | 156                  | 222                 |
| Prepaid Expenses                           | 684                  | 2,188                | 895                 |
| Input tax credit Receivable                | 7,625                | 647                  | 82                  |
| <b>Total</b>                               | <b>9,860</b>         | <b>3,908</b>         | <b>3,117</b>        |

# Notes

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## 16 TRADE PAYABLES

There are no overdue amounts to Micro, Small and Medium Enterprises as at March 31, 2019 for which disclosure requirements under Micro, Small and Medium Enterprises Development Act, 2006 are applicable.

Trade Payables includes ₹ 3 Lakh (March 31, 2018 and April 1, 2017 : ₹ 1 Lakh and 10 lakh respectively) due to related parties. (Refer note 48).

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is given below.

| Particulars                                                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| a) Amount outstanding but not due as at year end                              | -                       | -                       | -                      |
| b) Amount due but unpaid as at the year end                                   | -                       | -                       | -                      |
| c) Amounts paid after appointed date during the year                          | -                       | -                       | -                      |
| d) Amount of interest accrued and unpaid as at year end                       | -                       | -                       | -                      |
| e) The amount of further interest due and payable even in the succeeding year | -                       | -                       | -                      |
| <b>Total</b>                                                                  | <b>-</b>                | <b>-</b>                | <b>-</b>               |

## 17 DEBT SECURITIES

(₹ in Lakh)

| Particulars                                                                                                                                                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>AT AMORTISED COST</b>                                                                                                                                         |                         |                         |                        |
| <b>Secured</b>                                                                                                                                                   |                         |                         |                        |
| Redeemable non convertible debentures                                                                                                                            | 4,234,394               | 2,854,697               | 2,850,114              |
| <b>Unsecured</b>                                                                                                                                                 |                         |                         |                        |
| Redeemable non convertible debentures (Subordinated issue)                                                                                                       | 220,200                 | 130,898                 | 147,758                |
| Commercial Papers (Net of unamortised discount as at March 31, 2019 : ₹ 1,682 Lakh (March 31, 2018 and April 1, 2017 ₹ 9,235 Lakh and ₹ 2,077 Lakh respectively) | 83,318                  | 595,765                 | 297,423                |
| <b>Total</b>                                                                                                                                                     | <b>4,537,912</b>        | <b>3,581,360</b>        | <b>3,295,295</b>       |

### 17.1 Terms of repayment and rate of interest in case of Debt Securities.

As At March 31, 2019

| Particulars                                                | Interest Rate  | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|------------------------------------------------------------|----------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                                             |                |           |           |          |             |
| Redeemable non convertible debentures                      | 5.50% - 11.55% | 2,321,155 | 1,051,575 | 861,664  | 4,234,394   |
| <b>Unsecured</b>                                           |                |           |           |          |             |
| Redeemable non convertible debentures (Subordinated issue) | 8.80% - 11.20% | 50,826    | 29,509    | 139,865  | 220,200     |
| Commercial Papers                                          | 6.62% - 9.00%  | 83,318    | -         | -        | 83,318      |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## As At March 31, 2018

| Particulars                                                | Interest Rate  | 0-3 Years | 3-5 Years | >5 Years  | Grand Total |
|------------------------------------------------------------|----------------|-----------|-----------|-----------|-------------|
| <b>Secured</b>                                             |                |           |           |           |             |
| Redeemable non convertible debentures                      | 5.50% - 11.55% | 1,333,134 | 279,941   | 1,241,622 | 2,854,697   |
| <b>Unsecured</b>                                           |                |           |           |           |             |
| Redeemable non convertible debentures (Subordinated issue) | 9.40% - 11.35% | 54,330    | 27,241    | 49,328    | 130,898     |
| Commercial Papers                                          | 7.05% - 8.05%  | 595,765   | -         | -         | 595,765     |

## As at April 1, 2017

| Particulars                                                | Interest Rate  | 0-3 Years | 3-5 Years | >5 Years  | Grand Total |
|------------------------------------------------------------|----------------|-----------|-----------|-----------|-------------|
| <b>Secured</b>                                             |                |           |           |           |             |
| Redeemable non convertible debentures                      | 5.50% - 11.55% | 1,059,025 | 520,253   | 1,270,835 | 2,850,113   |
| <b>Unsecured</b>                                           |                |           |           |           |             |
| Redeemable non convertible debentures (Subordinated issue) | 9.40% - 11.35% | 35,880    | 43,288    | 69,016    | 147,759     |
| Commercial Papers                                          | 6.70% - 8.60%  | 297,423   | -         | -         | 297,423     |

- 17.2 Secured Non-Convertible Debentures/ZCD are secured by way of first charge to and in favour of Debenture Trustees jointly ranking pari passu inter-se, on the Company's whole of the present and future book debts, housing loan instalments/receivables, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets, read with Note 18.3 hereinafter. They are further secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.
- 17.3 Redeemable non convertible debentures also include amount outstanding for Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating ₹ 102,449 Lakh (March 31, 2018 and April 1, 2017:- ₹ 236,535 lakh and ₹ 282,657 Lakh respectively), which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till March 31, 2019 amounting to ₹ 40,449 Lakh (March 31, 2018 and April 1, 2017:- ₹ 73,045 Lakh and ₹ 65,367 lakhs respectively) is included above.
- 17.4 Unsecured Redeemable Non Convertible Subordinated Debentures aggregating to ₹ 221,900 Lakh (March 31, 2018 and April 1, 2017:- ₹ 1,33,180 Lakh and ₹ 1,50,680 Lakh), outstanding as at March 31, 2019, are subordinated to present and future senior indebtedness of the Company. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity on various periods.
- 17.5 During the year ended March 31, 2019, the Company has issued and allotted the following securities by way of public issue, 10,94,47,863 Secured Redeemable Non-Convertible Debentures ("NCDs") having face value of ₹1,000 each aggregating to ₹ 10,94,479 lakh in terms of the Shelf Prospectus and Tranche 1 Prospectus dated May 14, 2018 ("Prospectus"). The said NCDs were allotted on June 4, 2018 and listed on BSE Limited and NSE Limited.
- 17.6 During the year ended March 31, 2019, the Company has raised an amount of ₹ 98,972 lakh on April 18, 2018 by issue of INR denominated USD settled 10,00,00,00,000 Notes due in the year 2023 under the US\$ 2,00,00,00,000 Medium Term Note Programme. These bonds were listed on London Stock Exchange (LSE-International Securities Market (ISM) Segment).

# Notes

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## 18 BORROWINGS (OTHER THAN DEBT SECURITIES)

| Particulars                                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>SECURED</b>                                                |                         |                         |                        |
| <b>At amortised cost</b>                                      |                         |                         |                        |
| <b>Term Loans</b>                                             |                         |                         |                        |
| from Banks                                                    | 3,175,938               | 3,682,780               | 3,281,427              |
| from National Housing Bank                                    | 243,493                 | 284,820                 | 328,851                |
| <b>Term Loans from other parties</b>                          |                         |                         |                        |
| External Commercial Borrowing                                 | 280,749                 | 295,412                 | 315,276                |
| <b>Cash credit facilities and Working Capital Demand Loan</b> |                         |                         |                        |
| Loans repayable on demand                                     | 119,656                 | 223,741                 | 111,012                |
| Collateralised debt obligations                               | 240,585                 | 15,023                  | -                      |
| <b>Total</b>                                                  | <b>4,060,421</b>        | <b>4,501,776</b>        | <b>4,036,566</b>       |
| <b>UNSECURED</b>                                              |                         |                         |                        |
| <b>At amortised cost</b>                                      |                         |                         |                        |
| Intercompany deposits                                         | -                       | 9,638                   | 6,496                  |
| <b>Total</b>                                                  | <b>-</b>                | <b>9,638</b>            | <b>6,496</b>           |
| <b>Grand Total(A)</b>                                         | <b>4,060,421</b>        | <b>4,511,414</b>        | <b>4,043,062</b>       |
| Borrowings in India                                           | 3,779,672               | 4,216,002               | 3,727,786              |
| Borrowings outside India                                      | 280,749                 | 295,412                 | 315,276                |
| <b>Total (B) to tally with (A)</b>                            | <b>4,060,421</b>        | <b>4,511,414</b>        | <b>4,043,062</b>       |

### 18.1 Collateralised debt obligation

Collateralised debt obligation represent amount received against Housing and other loan securitised, which does not qualify for derecognition. The Company is expected to recover the same within a period of 5 years. (Refer Note 8.2)

### 18.2 Terms of repayment and rate of interest in case of Borrowings:

#### As At March 31, 2019

| Particulars                                  | Interest Rate | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------------|---------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                               |               |           |           |          |             |
| Term loan from Banks                         | Floating*     | 1,878,704 | 817,814   | 479,419  | 3,175,938   |
| Term Loan from National Housing Bank         | 6.12%-8.95%   | 74,857    | 47,069    | 121,567  | 243,493     |
| Term Loan from External Commercial Borrowing | Floating**    | 261,238   | 19,511    | -        | 280,749     |

#### As At March 31, 2018

| Particulars                                  | Interest Rate | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------------|---------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                               |               |           |           |          |             |
| Term loan from Banks                         | Floating*     | 1,908,828 | 1,029,308 | 744,644  | 3,682,780   |
| Term Loan from National Housing Bank         | 6.12%-11.00%  | 92,564    | 47,155    | 145,101  | 284,820     |
| Term Loan from External Commercial Borrowing | Floating**    | 161,612   | 133,800   | -        | 295,412     |

# Notes

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As At April 1, 2017

| Particulars                                  | Interest Rate | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------------|---------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                               |               |           |           |          |             |
| Term loan from Banks                         | Floating*     | 1,626,217 | 937,338   | 717,872  | 3,281,427   |
| Term Loan from National Housing Bank         | 6.12%-11.00%  | 108,830   | 51,385    | 168,636  | 328,851     |
| Term Loan from External Commercial Borrowing | Floating**    | 80,653    | 229,302   | 5,321    | 315,276     |

\*(Linked with MCLR/Base Rate of respective banks)

\*\* (Linked with LIBOR)

- 18.3 All Secured loans, from the National Housing Bank (NHB), Other Banks, External Commercial Borrowing and Financial Institutions are secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu, inter-se, on the Company's whole of the present and future book debts, housing loan instalments/receivables, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets. They are further secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.
- 18.4 Loans repayable on demand and other short term loans comprising of Cash credit facilities from banks and are secured by a first charge by way of hypothecation of book debts of specific loan assets of the company and are further secured by negative lien on the underlying specific properties and / or secured by demand promissory notes. Certain Cash credit facilities are also secured by way of a first pari passu charge along with other secured loans read with Note 17.2. All cash credit facilities are repayable as per the contracted/ roll over term.
- 18.5 Pursuant to the refinancing arrangement with NHB, the Company has provided a non-disposal undertaking from the Promoters and Promoter Group with respect to their shareholdings in the Company and corporate guarantee from Wadhawan Global Capital Limited (promoter entity).
- 18.6 As described in Note 54, since in the first fortnight of July 2019, the consortium of bankers have agreed to enter into an Inter-creditor Agreement (ICA) for a potential restructuring of the Company's liabilities, the Company is confident that other lenders who may or may not have restrictive or compliance related covenants shall also be part of the proposed restructuring. Hence, no adjustment is considered necessary in respect of the covenants of borrowings.

## 19 DEPOSITS

| Particulars               | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------|-------------------------|-------------------------|------------------------|
| <b>AT AMORTISED COST</b>  |                         |                         |                        |
| <b>Public Deposits</b>    |                         |                         |                        |
| Fixed Deposits            | 623,585                 | 913,967                 | 607,451                |
| Other than Fixed Deposits | 2,077                   | 2,698                   | 3,016                  |
| Other Deposits            | 33,178                  | 48,579                  | 26,105                 |
| <b>Total</b>              | <b>658,840</b>          | <b>965,244</b>          | <b>636,572</b>         |

- 19.1 The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. The Company has accordingly appointed a SEBI approved trustee Company as trustee for the above by executing the trust deed. Accordingly, the public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.
- 19.2 Fixed Deposits and Other Deposits, including short term fixed deposits and short term other deposits, are repayable as per individual contracted maturities ranging from 12 to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.



# Notes

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## 20 SUBORDINATED LIABILITIES

| Particulars                            | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|----------------------------------------|-------------------------|-------------------------|------------------------|
| Unsecured                              |                         |                         |                        |
| Non-Convertible Debentures (Perpetual) | 113,581                 | 113,184                 | 63,996                 |
| <b>Total</b>                           | <b>113,581</b>          | <b>113,184</b>          | <b>63,996</b>          |

20.1 All subordinated liabilities are issued in India

### 20.2 As At March 31, 2019

| Particulars                            | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------|-----------------|-----------|-----------|----------|-------------|
| <b>Unsecured</b>                       |                 |           |           |          |             |
| Non-Convertible Debentures (Perpetual) | 9.85% to 12.75% | -         | -         | 113,581  | 113,581     |

### As At March 31, 2018

| Particulars                            | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------|-----------------|-----------|-----------|----------|-------------|
| <b>Unsecured</b>                       |                 |           |           |          |             |
| Non-Convertible Debentures (Perpetual) | 9.85% to 12.75% | -         | -         | 113,184  | 113,184     |

### As At April 1, 2017

| Particulars                            | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------|-----------------|-----------|-----------|----------|-------------|
| <b>Unsecured</b>                       |                 |           |           |          |             |
| Non-Convertible Debentures (Perpetual) | 9.85% to 12.75% | -         | -         | 63,996   | 63,996      |

## 21 OTHER FINANCIAL LIABILITIES

| Particulars                                             | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------------|-------------------------|-------------------------|------------------------|
| Interest accrued but not due on borrowings              | 281,320                 | 193,932                 | 164,784                |
| Unclaimed dividend                                      | 185                     | 169                     | 142                    |
| Unclaimed matured deposits and interest accrued thereon | 8,878                   | 10,341                  | 7,674                  |
| Security and other deposits received                    | 845                     | 432                     | 16                     |
| Creditors for Capital Expenditure                       | 884                     | 611                     | 3,098                  |
| Amounts payable on Securitised Loans                    | 105,174                 | 61,580                  | 35,644                 |
| Book Overdraft                                          | -                       | 217,184                 | -                      |
| Others                                                  | 11,483                  | 11,347                  | 1,930                  |
| <b>Total</b>                                            | <b>4,08,769</b>         | <b>4,95,596</b>         | <b>2,13,288</b>        |

21.1 As required under Section 124 of the Companies Act, 2013, the Company has transferred unclaimed dividend of the year 2010-11 ₹ 9 Lakh (₹ 7 Lakh) and towards unclaimed deposits and interest accrued thereon ₹ 26 Lakh (₹ 17 Lakh) to Investor Education & Protection Fund (IEPF) during the year. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end in respect of Unclaimed Matured Deposits and Unpaid Dividends. However, there has been a delay ranging from 1 to 16 days in transferring unclaimed public deposits aggregating ₹ 7 lakh.

# Notes

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21.2 Security and other deposits received includes amounts due to related parties ₹ 224 lakh (March 31, 2018 and April 1, 2017: ₹ 432 lakh and ₹ 1 lakh respectively). (refer note 48)

21.3 Amounts payable on Securitised Loans includes amounts due to related parties ₹ 15 lakh (March 31, 2018 and April 1, 2017: ₹ 20 lakh and ₹ 21 lakh respectively). (refer note 48).

21.4 Others includes amounts due to related parties ₹ 4,346 lakh (March 31, 2018 and April 1, 2017: ₹ 12 lakh and ₹ 12 lakh respectively). (refer note 48)

## 22 PROVISIONS

| Particulars                     | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------|-------------------------|-------------------------|------------------------|
| Provision for Employee Benefits | 1,015                   | 629                     | 67                     |
| <b>Total</b>                    | <b>1,015</b>            | <b>629</b>              | <b>67</b>              |

## 23 OTHER NON-FINANCIAL LIABILITIES

| Particulars           | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-----------------------|-------------------------|-------------------------|------------------------|
| Advance from Customer | 15,155                  | 13,113                  | 8,150                  |
| Statutory Remittances | 1,170                   | 3,379                   | 2,654                  |
| <b>Total</b>          | <b>16,325</b>           | <b>16,492</b>           | <b>10,804</b>          |

## 24. SHARE CAPITAL

| Particulars                                 | As at March 31, 2019 |               | As at March 31, 2018 |               | As at April 1, 2017 |               |
|---------------------------------------------|----------------------|---------------|----------------------|---------------|---------------------|---------------|
|                                             | Number               | ₹             | Number               | ₹             | Number              | ₹             |
| <b>AUTHORISED</b>                           |                      |               |                      |               |                     |               |
| Equity Shares of ₹ 10 each                  | 578,000,000          | 57,800        | 578,000,000          | 57,800        | 578,000,000         | 57,800        |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b> |                      |               |                      |               |                     |               |
| Equity Shares of ₹ 10 each                  | 313,823,024          | 31,382        | 313,658,847          | 31,366        | 313,152,205         | 31,315        |
|                                             | <b>313,823,024</b>   | <b>31,382</b> | <b>313,658,847</b>   | <b>31,366</b> | <b>313,152,205</b>  | <b>31,315</b> |

### a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

| Particulars                                               | As at March 31, 2019 |        | As at March 31, 2018 |        | As at April 1, 2017 |        |
|-----------------------------------------------------------|----------------------|--------|----------------------|--------|---------------------|--------|
|                                                           | Number               | ₹      | Number               | ₹      | Number              | ₹      |
| Equity shares outstanding as at the beginning of the year | 313,658,847          | 31,366 | 313,152,205          | 31,315 | 291,797,988         | 29,180 |
| Shares issued during the year                             | -                    | -      | -                    | -      | 21,230,070          | 2,123  |
| Shares allotted pursuant to exercise of stock options     | 164,177              | 16     | 506,642              | 51     | 124,147             | 12     |
| Equity shares outstanding as at the end of the year       | 313,823,024          | 31,382 | 313,658,847          | 31,366 | 313,152,205         | 31,315 |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## b) Terms / Rights attached to equity shares

The Company has only one class of shares i.e. equity. The shareholders have voting rights in the proportion of their shareholdings. The shareholders are entitled to dividend, if declared and paid by the Company. In the event of liquidation, these shareholders are entitled to receive remaining assets of the Company after distribution of all liabilities, in the proportion of their shareholdings.

## c) Details of shareholders holding more than 5 percent shares in the Company are given below:

| Particulars                     | As at March 31, 2019 |           | As at March 31, 2018 |           | As at April 1, 2017 |           |
|---------------------------------|----------------------|-----------|----------------------|-----------|---------------------|-----------|
|                                 | Number               | % holding | Number               | % holding | Number              | % holding |
| Wadhawan Global Capital Limited | 117,049,714          | 37.30%    | 117,049,714          | 37.32%    | 117,049,714         | 37.38%    |

## d) Employee Stock Option Plans:

Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by the Company. 14,22,590 equity share options were granted under 'ESOS-2008' in 2008-09 to the employees as approved by the Nomination and Remuneration Committee of directors of the Company at ₹ 53.65 per share, the reconsidered price approved in the EOGM dated March 31, 2009.

Consequent to issue of Bonus Shares by the Company in earlier years, the adjusted exercise price is ₹ 26.83 per Equity Share and the total number of options also increased in the same ratio.

Employee Stock Option Scheme 2009 (ESOS-2009) was implemented by the Company. 12,75,000 equity share options were granted under 'ESOS-2009, Plan II' in 2009-10 and additional 12,34,670 equity share options were approved to be granted under 'ESOS-2009, Plan III' in 2010-11 to the employees by the Nomination and Remuneration Committee of directors of the Company at ₹ 141/- per share, the price approved in the Nomination and Remuneration Committee meeting held on November 25, 2009. The ESOP 2009 Plan II lapsed on November 25, 2015 and the ESOP 2009 Plan III was completed on June 30, 2017 upon allotment of the balance equity shares under the said plan.

Consequent to issue of Bonus Shares by the Company in earlier years, the adjusted exercise price is ₹ 70.50 per Equity Share and the total number of options also increased in the same ratio.

Pursuant to the resolution passed by the Board of Directors of the Company, at its meeting held on 16th January, 2015 and the special resolution passed by the Members of the Company on February 23, 2015 through Postal Ballot, the DHFL Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR Plan 2015" / "the Plan") was approved in accordance with the provisions of SEBI (SBEB) Regulations, exercisable into not more than 51,46,023 fully paid-up equity shares in aggregate, having face value of ₹ 10/- each. Consequent to the bonus shares issued by the Company to its Members in the ratio 1:1 during the financial year 2015-16, the total number of employee Stock Appreciation Rights (SARs) also increased in the same ratio i.e. exercisable into not more than 1,02,92,046 fully paid up equity shares. During the financial year 2017-18, the Members of the Company, approved amendment to the DHFL ESAR Plan 2015, inter-alia, for increasing the number of equity shares that can be allotted thereunder to 2,67,82,046 equity shares. ESARs granted are as under:

| Particulars | Approval Date | No of ESARs | SAR Price (₹)                             |
|-------------|---------------|-------------|-------------------------------------------|
| Grant I     | 21-Mar-15     | 1,550,100   | 380.00 (₹ 190/- per SAR Post Bonus issue) |
| Grant II    | 17-Nov-16     | 2,081,545   | 230.80                                    |
| Grant III   | 13-Jul-17     | 3,247,100   | 434.90                                    |
| Grant IV    | 13-Jul-17     | 550,000     | 300.08                                    |
| Grant V     | 16-Oct-17     | 150,800     | 434.90                                    |
| Grant VI    | 22-Jan-18     | 71,900      | 434.02                                    |
| Grant VII   | 22-Mar-18     | 11,735,600  | 520.20                                    |
| Grant VIII  | 27-Jun-18     | 240,000     | 643.65                                    |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## Movement in options:

| Particulars                                                         | ESOS-2008 | ESAR 2015       |
|---------------------------------------------------------------------|-----------|-----------------|
|                                                                     |           | Grant I to VIII |
| Number of options / ESAR's outstanding at the beginning of the year | 30,380    | 18,032,328      |
| Number of options / ESAR's granted during the year                  | -         | 240,000         |
| Number of options / ESAR's forfeited / lapsed during the year       | 14,940    | 12,796,418      |
| Number of options / ESAR's Vested during the year                   | -         | 599,979         |
| Number of options / ESAR's Exercised during the year                | 15,440    | 240,250         |
| Number of shares arising as a result of exercise of options         | 15,440    | 148,737         |
| Money realized by exercise of options (in ₹)                        | 414,255   | 1,487,370       |
| Number of options outstanding at the end of the year                | -         | 5,235,660       |
| Number of options exercisable at the end of the year                | -         | 599,979         |
| Weighted Average exercise price & Option price (in ₹):              |           |                 |
| Pre Bonus                                                           | 53.65     | 380.00          |
| Post Bonus                                                          | 26.83     | 190.00 - 520.20 |

The Company follows fair value based method of accounting for determining compensation cost for its stock-based compensation scheme. The fair value of each stock options granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:-

| Scheme     | Grant Date | No. of options granted | Fair Value per Option |
|------------|------------|------------------------|-----------------------|
| Grant III  | 13-Jul-17  | 3,247,100              | 153.96                |
| Grant IV   | 13-Jul-17  | 550,000                | 153.96                |
| Grant V    | 16-Oct-17  | 150,800                | 221.77                |
| Grant VI   | 22-Jan-18  | 71,900                 | 280.39                |
| Grant VII  | 22-Mar-18  | 11,735,600             | 163.00                |
| Grant VIII | 27-Jun-18  | 240,000                | 196.64                |

The fair value has been calculated using the Black Scholes Option Pricing model, the Assumptions used in the model on a weighted average basis are as follows:

| Particulars                                                                    | 2018-19 | 2017-18 |
|--------------------------------------------------------------------------------|---------|---------|
| 1. Risk Free Interest Rate                                                     | 7.57%   | 7.05%   |
| 2. Expected Life                                                               | 2.95    | 4.13    |
| 3. Expected Volatility                                                         | 37%     | 41%     |
| 4. Dividend Yield                                                              | 1.32%   | 36.6%   |
| 5. Price of the underlying share in market at the time of the option grant (₹) | 643.65  | 502.46  |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## Other Details:

- 1) Weighted Average Market Price on the date of Exercise is ₹ 643.10 (FY 2017-18 ₹ 486.48)
- 2) Remaining Contractual life for ESAR granted and outstanding as on March 31, 2019

| Particulars | Remaining Contractual life for<br>unvested SARs outstanding<br>at the end of the year | Remaining Contractual life for<br>SARs exercisable at the<br>end of the year |
|-------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| Grant – I   | 2.88                                                                                  | 0.03                                                                         |
| Grant – II  | 3.71                                                                                  | 0.02                                                                         |
| Grant – III | 3.88                                                                                  | 2.21                                                                         |
| Grant – IV  | 3.88                                                                                  | 2.21                                                                         |
| Grant – V   | 4.15                                                                                  | -                                                                            |
| Grant – VI  | 4.42                                                                                  | -                                                                            |

Pursuant to the provision of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share based Employee Benefits) Regulation 2014 (hereinafter referred to as Employee Stock Appreciation Rights 2015 (DHFL ESAR Plan 2015) and pursuant to the intention of all the grantees for cancellation and discontinuation of the said ESAR Scheme and also the recommendation of the Member of Nomination and Remuneration committee and based on the approval of the board of directors of the Company, 1,19,75,600 (One crore nineteen lakh seventy five thousand six hundred only) ESAR granted under Grant VII and Grant VIII issued under the DHFL ESAR Plan 2015 to the eligible employee of the Company are cancelled w.e.f. 20th March, 2019.

## 25 OTHER EQUITY

| Particulars                                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------|-------------------------|-------------------------|------------------------|
| Capital Reserve                                   | -                       | -                       | 2,451                  |
| Securities Premium                                | 220,885                 | 220,637                 | 219,909                |
| Debenture Redemption Reserve                      | 117,000                 | 117,000                 | 117,000                |
| General Reserve                                   | 131,733                 | 135,171                 | 116,522                |
| Special Reserve                                   | 183,899                 | 183,899                 | 156,399                |
| Employee Stock Option Outstanding                 | 4,332                   | 3,044                   | 1,210                  |
| Other Comprehensive income-Cashflow hedge reserve | (3,832)                 | (5,637)                 | (5,720)                |
| Retained Earnings                                 | 124,807                 | 237,773                 | 184,138                |
| <b>TOTAL</b>                                      | <b>778,824</b>          | <b>891,887</b>          | <b>791,909</b>         |

### 25.1 Movement in Other Equity

| Particulars                                                             | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>CAPITAL RESERVE</b>                                                  |                         |                         |                        |
| At the beginning of the year                                            | -                       | 2,451                   |                        |
| Less: Utilised during the year                                          | -                       | 2,451                   |                        |
|                                                                         | -                       | -                       | <b>2,451</b>           |
| <b>SECURITIES PREMIUM</b>                                               |                         |                         |                        |
| At the beginning of the year                                            | 220,637                 | 219,909                 |                        |
| Add: On shares allotted upon exercise of stock options by the Employees | 245                     | 265                     |                        |
| Add: Received during the year                                           | 3                       | 463                     |                        |
|                                                                         | <b>220,885</b>          | <b>220,637</b>          | <b>219,909</b>         |

# Notes

forming part of the financial statements for the year ended March 31, 2019

| Particulars                                                                    | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>DEBENTURE REDEMPTION RESERVE</b>                                            |                         |                         |                        |
| At the beginning of the year                                                   | 117,000                 | 117,000                 | 117,000                |
| <b>GENERAL RESERVE</b>                                                         |                         |                         |                        |
| At the beginning of the year                                                   | 135,171                 | 116,522                 |                        |
| Less : Utilised during the year                                                | 3,438                   | 1,351                   |                        |
| Add : Transfer from Statement of Profit and Loss Account                       |                         | 20,000                  |                        |
| <b>Closing balance</b>                                                         | <b>131,733</b>          | <b>135,171</b>          | <b>116,522</b>         |
| <b>STATUTORY RESERVE (SPECIAL RESERVE)</b>                                     |                         |                         |                        |
| (As per Section 29C of The National Housing Bank Act, 1987)                    |                         |                         |                        |
| Opening Balance                                                                | 183,899                 | 156,399                 |                        |
| Add : Transfer from Statement of Profit and Loss Account                       |                         | 27,500                  |                        |
|                                                                                | <b>183,899</b>          | <b>183,899</b>          | <b>156,399</b>         |
| <b>EMPLOYEE STOCK OPTION OUTSTANDING</b>                                       |                         |                         |                        |
| At the beginning of the year                                                   | 22,183                  | 3,039                   |                        |
| Add: Additions on account of options granted during the year                   | 472                     | 25,512                  |                        |
| Less: Transferred to securities premium reserve upon exercise of stock options | (245)                   | (265)                   |                        |
| Less: Reduction on account of unvested options lapsed during the year          | (16,232)                | (6,050)                 |                        |
| Less: Reduction on account of vested options lapsed during the year            | (82)                    | (53)                    |                        |
|                                                                                | <b>6,096</b>            | <b>22,183</b>           | <b>3,039</b>           |
| Less: Deferred employee compensation                                           | (1,764)                 | (19,139)                | (1,829)                |
|                                                                                | 4,332                   | 3,044                   | 1,210                  |
| <b>OTHER COMPREHENSIVE INCOME-CASHFLOW HEDGE RESERVE</b>                       |                         |                         |                        |
| At the beginning of the year                                                   | (5,637)                 | (5,720)                 |                        |
| Add: Other comprehensive Income                                                | 1,805                   | 83                      |                        |
|                                                                                | <b>(3,832)</b>          | <b>(5,637)</b>          | <b>(5,720)</b>         |
| <b>RETAINED EARNINGS</b>                                                       |                         |                         |                        |
| Opening Balance                                                                | 237,773                 | 184,138                 |                        |
| Add/(less): Other Comprehensive Income                                         | 93                      | (217)                   |                        |
| Add:- Profit for the year                                                      | (103,605)               | 123,999                 |                        |
| Amount available for appropriations                                            | 134,261                 | 307,920                 |                        |
| <b>Appropriations</b>                                                          |                         |                         |                        |
| General Reserve                                                                | -                       | 20,000                  |                        |
| Statutory Reserve (u/s 29C of the NHB Act, 1987)                               | -                       | 27,500                  |                        |
| Interim Dividend Paid                                                          | -                       | 9,408                   |                        |
| Tax on Interim Dividend                                                        | -                       | 1,916                   |                        |
| Final Dividend Paid                                                            | 7,841                   | 9,407                   |                        |
| Tax on Final Dividend                                                          | 1,613                   | 1,916                   |                        |
|                                                                                | <b>9,454</b>            | <b>70,147</b>           |                        |
| <b>Closing Balance</b>                                                         | <b>124,807</b>          | <b>237,773</b>          | <b>184,138</b>         |
| <b>TOTAL</b>                                                                   | <b>778,824</b>          | <b>891,887</b>          | <b>791,909</b>         |



# Notes

forming part of the financial statements for the year ended March 31, 2019

## 25.2 Nature of Reserves

- Capital reserve represents reserves created pursuant to the business combination up to year end.
- Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.
- General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.
- Statutory reserve is the reserve created by transferring the sum not less than 20% of its net profit after tax in terms of Section 29C of the National Housing Bank Act, 1987.
- Stock options outstanding account relates to the stock options granted by the Company to employees under an Employee Stock options Plan.
- Retained earnings represents profits that the Company earned till date, less any transfers to General Reserve, Statutory Reserves, Dividends and other distributions paid to the shareholders.
- Debenture Redemption Reserve is the reserve created by transferring the sum from retained earning as per the requirement of the Companies Act, 2013. (Refer note 54)
- Cashflow hedge Reserve:- It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.

**25.3** Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017:

(₹ in lakh)

| Particulars                                                                                                                                                           | 2018-19        | 2017-18        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Balance at the beginning of the year</b>                                                                                                                           |                |                |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987                                                                                                   | 65,324         | 64,924         |
| 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 | 118,575        | 91,475         |
| <b>c) Total</b>                                                                                                                                                       | <b>183,899</b> | <b>156,399</b> |
| Addition during the year                                                                                                                                              |                |                |
| Add: a) Amount transferred u/s 29C of the NHB Act, 1987                                                                                                               | -              | 400            |
| 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  | -              | 27,100         |
| <b>c) Total</b>                                                                                                                                                       | <b>-</b>       | <b>27,500</b>  |
| <b>Balance at the end of the year</b>                                                                                                                                 |                |                |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987                                                                                                   | 65,324         | 65,324         |
| 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 | 118,575        | 118,575        |
| <b>c) Total</b>                                                                                                                                                       | <b>183,899</b> | <b>183,899</b> |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 26 INTEREST INCOME

(₹ in Lakh)

| Particulars                                           | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>ON FINANCIAL ASSETS MEASURED AT AMORTISED COST</b> |                                         |                                         |
| Interest on Loans                                     | 983,477                                 | 887,364                                 |
| Interest income from investments                      | 3,575                                   | 4,040                                   |
| Interest on deposits                                  | 21,510                                  | 7,656                                   |
| Other interest Income                                 | 36,317                                  | 29,255                                  |
|                                                       | <b>1,044,879</b>                        | <b>928,315</b>                          |
| <b>ON FINANCIAL ASSETS MEASURED AT FAIR VALUE</b>     |                                         |                                         |
| Interest on Loans                                     | 185,905                                 | 5,319                                   |
|                                                       | <b>185,905</b>                          | <b>5,319</b>                            |
| <b>Total</b>                                          | <b>1,230,784</b>                        | <b>933,634</b>                          |

## 27 DIVIDEND INCOME

(₹ in Lakh)

| Particulars                     | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------|-----------------------------------------|-----------------------------------------|
| Investment in Equity Instrument | 679                                     | 256                                     |
| Investment in Mutual Fund       | 556                                     | 13,475                                  |
| <b>Total</b>                    | <b>1,235</b>                            | <b>13,731</b>                           |

## 28 FEES AND COMMISSION INCOME

(₹ in Lakh)

| Particulars                           | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------------|-----------------------------------------|-----------------------------------------|
| Loan processing fee and other charges | 22,256                                  | 30,545                                  |
| Insurance Commission                  | 5,291                                   | 6,664                                   |
| <b>Total</b>                          | <b>27,547</b>                           | <b>37,209</b>                           |

### 28.1 Insurance Commission income includes amount received from:-

(₹ in Lakh)

| Particulars                                           | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| 1. DHFL Pramerica Life Insurance Company Ltd          | 2,783                                   | 3,119                                   |
| 2. Cholamandalam MS General Insurance Company Limited | 336                                     | 1,635                                   |
| 3. DHFL General Insurance Company Limited             | 2,172                                   | 1,910                                   |
| <b>Total</b>                                          | <b>5,291</b>                            | <b>6,664</b>                            |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 29 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(₹ in Lakh)

| Particulars                                              | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>MEASURED AT FVTPL</b>                                 |                                         |                                         |
| <b>Fair Valuation of Loan</b>                            |                                         |                                         |
| Unrealised                                               | (234,017)                               | -                                       |
| <b>Fair Valuation of Option in Equity Investment</b>     |                                         |                                         |
| Unrealised                                               | (28,916)                                |                                         |
| <b>Investment in equity shares measured at FVTPL</b>     |                                         |                                         |
| Realised                                                 | 491                                     | 885                                     |
| Unrealised                                               | (760)                                   | 2,208                                   |
|                                                          | <b>(269)</b>                            | <b>3,093</b>                            |
| <b>Investment in Preference shares measured at FVTPL</b> |                                         |                                         |
| Realised                                                 | 39                                      | -                                       |
| Unrealised                                               | 1,315                                   | 85                                      |
|                                                          | <b>1,354</b>                            | <b>85</b>                               |
| <b>Investment in mutual fund measured at FVTPL</b>       |                                         |                                         |
| Realised                                                 | 11,846                                  | 25,059                                  |
| Unrealised                                               | 39                                      | 13,634                                  |
|                                                          | <b>11,885</b>                           | <b>38,693</b>                           |
| <b>Investment in Security Receipts</b>                   |                                         |                                         |
| Unrealised                                               | 222                                     | -                                       |
| <b>Investment in Venture Capital Fund</b>                |                                         |                                         |
| Unrealised                                               | (3)                                     | (27)                                    |
| <b>Derivative Trading</b>                                |                                         |                                         |
| Realised                                                 | 3,907                                   | 174                                     |
| <b>Total</b>                                             | <b>(245,837)</b>                        | <b>42,018</b>                           |

## 30 NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Lakh)

| Particulars                | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------------|-----------------------------------------|-----------------------------------------|
| On assignment of portfolio | 29,388                                  | 46,489                                  |
| Sale of Bond and Debenture | (8,805)                                 | 1,230                                   |
| <b>Total</b>               | <b>20,583</b>                           | <b>47,719</b>                           |

## 31 OTHER OPERATING REVENUE

(₹ in Lakh)

| Particulars  | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|--------------|-----------------------------------------|-----------------------------------------|
| Others*      | 8,239                                   | 10,702                                  |
| <b>Total</b> | <b>8,239</b>                            | <b>10,702</b>                           |

\* Mainly includes cheque return charges and servicing fees pertaining to securitisation transactions

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 32 OTHER INCOME

(₹ in Lakh)

| Particulars          | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------|-----------------------------------------|-----------------------------------------|
| Rent Income          | 1,468                                   | 1,051                                   |
| Miscellaneous Income | 396                                     | 378                                     |
| <b>Total</b>         | <b>1,864</b>                            | <b>1,429</b>                            |

## 33 FINANCE COSTS

(₹ in Lakh)

| Particulars                                                                  | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Interest expenses on financial liabilities measured at amortised cost</b> |                                         |                                         |
| Interest on deposits                                                         | 76,711                                  | 74,004                                  |
| Interest on borrowings                                                       | 377,752                                 | 354,278                                 |
| Interest on debt securities                                                  | 432,088                                 | 310,738                                 |
| Interest on Subordinated Liabilities                                         | 12,364                                  | 10,691                                  |
| Interest on others                                                           | 18                                      | 4                                       |
| Finance charges                                                              | 40,352                                  | 22,480                                  |
| <b>Total</b>                                                                 | <b>939,285</b>                          | <b>772,195</b>                          |

## 34 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Lakh)

| Particulars                                                | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>On Financial instruments measured at Amortised Cost</b> |                                         |                                         |
| Loans                                                      | 94,088                                  | 62,968                                  |
| Investments                                                | 14,410                                  | -                                       |
| <b>Total</b>                                               | <b>108,498</b>                          | <b>62,968</b>                           |

## 35 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakh)

| Particulars                                    | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Salaries and Bonus                             | 44,225                                  | 31,928                                  |
| Contribution to Provident Fund and other Funds | 1,964                                   | 1,624                                   |
| Staff Training and Welfare Expenses            | 811                                     | 1,032                                   |
| Share Based Payments to employees              | 1,533                                   | 2,441                                   |
| <b>Total</b>                                   | <b>48,533</b>                           | <b>37,025</b>                           |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 36 OTHER EXPENSES

(₹ in Lakh)

| Particulars                                                                                       | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Rent                                                                                              | 5,988                                   | 5,039                                   |
| Rates and Taxes                                                                                   | 386                                     | 513                                     |
| Travelling and Conveyance                                                                         | 4,386                                   | 3,911                                   |
| Printing and Stationery                                                                           | 640                                     | 704                                     |
| Advertising                                                                                       | 7,489                                   | 8,052                                   |
| Training & Conference Expenses                                                                    | 185                                     | 298                                     |
| Business Sourcing Expense                                                                         | 10,238                                  | 7,138                                   |
| Insurance Charges                                                                                 | 574                                     | 594                                     |
| Legal & Professional Charges                                                                      | 7,133                                   | 4,294                                   |
| Communication Expense                                                                             | 1,857                                   | 1,519                                   |
| Repairs and Maintenance - Other than Buildings                                                    | 2,616                                   | 2,662                                   |
| Electricity Charges                                                                               | 974                                     | 911                                     |
| Directors' Fees and Commission                                                                    | 42                                      | 94                                      |
| Security Deposit written off                                                                      | 1,215                                   | -                                       |
| Loss on Sale of Property, plant and equipments                                                    | 5,178                                   | 61                                      |
| Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013 | 2,719                                   | 2,381                                   |
| Office Maintenance                                                                                | 1,628                                   | 1,431                                   |
| Recovery Expense                                                                                  | 1,383                                   | 942                                     |
| Bad debts written off                                                                             | 21,226                                  | 15,991                                  |
| Less: Provision utilized                                                                          | 21,226                                  | -                                       |
| General Office Expenses*                                                                          | 4,851                                   | 845                                     |
| <b>Total</b>                                                                                      | <b>59,482</b>                           | <b>41,389</b>                           |

\* Includes reversal of trade mark licence fees income of ₹ 3,999 lakh (Previous year ₹ Nil) based on change by regulators.

- 36.1** Company is required to spend money on Corporate Social Responsibility (CSR) activity as per CSR Rules under the Companies Act 2013. During the year Company has spent ₹ 2,719 Lakh (₹ 2,381 Lakh) the required sum being ₹ 2,659 Lakh (₹ 2,298 Lakh).

### Details of amount spent towards CSR given below:

(₹ in Lakh)

| Particulars                        | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------|-----------------------------------------|-----------------------------------------|
| Art and Culture                    | 2                                       | 15                                      |
| Early Childhood Care and Education | 1,654                                   | 934                                     |
| Education                          | 284                                     | 322                                     |
| Environment                        | 3                                       | 2                                       |
| Financial Literacy                 | 242                                     | 141                                     |
| Health and Medicine                | 9                                       | 26                                      |
| Rural development                  | 123                                     | 237                                     |
| Skill Development                  | 340                                     | 551                                     |
| Sports                             | -                                       | 58                                      |
| Others                             | 62                                      | 95                                      |
| <b>Grand Total</b>                 | <b>2,719</b>                            | <b>2,381</b>                            |

# Notes

forming part of the financial statements for the year ended March 31, 2019

**36.2** Remuneration of Non Executive Directors consist of ₹ 42 lacs (₹ 35 lacs) towards sitting fee and ₹ Nil (₹ 60 lacs) as commission including GST.

**36.3** Auditors Remuneration:-

(₹ in Lakh)

| Particulars                     | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------|-----------------------------------------|-----------------------------------------|
| Audit Fees                      | 250                                     | 150                                     |
| Tax Audit Fees                  | 11                                      | 11                                      |
| Certification and Other Matters | 270                                     | 84                                      |
| Service Tax/GST                 | 43                                      | 24                                      |
| <b>Grand Total</b>              | <b>574</b>                              | <b>269</b>                              |

\*Certification and other matters includes ₹ 169 lacs (P. Y. ₹ Nil) paid towards fees for public issue of Secured Non Convertible Debentures(NCD) and Masala Bond and debited to prepaid expenses and amortised over a period of NCD/Masala Bond.

## 37 TAXES

### a) Income tax expenses

The major components of income tax expenses

#### i) Profit and Loss section

(₹ in Lakh)

| Particulars          | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------|-----------------------------------------|-----------------------------------------|
| Current tax expenses | 53,832                                  | 48,362                                  |
| Deferred tax         | (66,725)                                | (2,259)                                 |
| <b>Total</b>         | <b>(12,893)</b>                         | <b>46,103</b>                           |

#### ii) Other comprehensive income section

(₹ in Lakh)

| Particulars          | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------|-----------------------------------------|-----------------------------------------|
| Current tax expenses | -                                       | -                                       |
| Deferred tax         | 737                                     | (52)                                    |
| <b>Total</b>         | <b>737</b>                              | <b>(52)</b>                             |



# Notes

forming part of the financial statements for the year ended March 31, 2019

## b) Reconciliation of effective tax rate

(₹ in Lakh)

| Particulars                                                                     | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| (Loss)/ Profit before tax                                                       | (116,498)                               | 170,102                                 |
| Enacted tax rate in India (including surcharge and cess)                        | 34.944%                                 | 34.608%                                 |
| Expected tax expenses                                                           | (40,709)                                | 58,869                                  |
| Effect of income that is exempt from taxation                                   | (478)                                   | (4,427)                                 |
| Effect of expenses that are not deductible in determining taxable profit        | 1,004                                   | 1,372                                   |
| Effect of income on investment which are treated as capital gains at lower rate | 1,619                                   | (1,621)                                 |
| Effect of differential rate for deferred tax                                    | 29,098                                  | 937                                     |
| Deduction under section 36(1)(viii) of the Income Tax Act 1961                  | -                                       | (9,785)                                 |
| Others                                                                          | (2,690)                                 | 706                                     |
| <b>Total</b>                                                                    | <b>(12,156)</b>                         | <b>46,051</b>                           |
| Tax expense recognised in profit and loss                                       | (12,893)                                | 46,103                                  |
| Tax expense recognised in other comprehensive income                            | 737                                     | (52)                                    |
| <b>Total</b>                                                                    | <b>(12,156)</b>                         | <b>46,051</b>                           |

## 38 EARNINGS PER SHARE

The following is the computation of earnings per share on basic and diluted earnings per equity share:

| Particulars                                                                                                       | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Net profit after tax attributable to equity shareholders (₹ In Lakh)                                              | (103,605)                               | 123,999                                 |
| Weighted average number of equity shares outstanding during the year (Nos)                                        | 313,769,497                             | 313,529,855                             |
| Add: Effect of potential issue of shares / stock rights *                                                         | -                                       | 14,22,586                               |
| Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos) | 313,769,497                             | 314,952,441                             |
| Face value per equity share (₹)                                                                                   | 10.00                                   | 10.00                                   |
| Basic earnings per equity share (₹)                                                                               | (33.02)                                 | 39.55                                   |
| Diluted earnings per equity share (₹)                                                                             | (33.02)                                 | 39.37                                   |

\* not considered when anti-dilutive

## 39 CONTINGENT LIABILITIES

(₹ in Lakh)

| Particulars                                                                                                                                                                                                                                                                                                               | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Guarantees provided by bank on behalf of Company for Securitisation, Public issue of NCDs and Representative Office                                                                                                                                                                                                       | 22,710                  | 10,730                  |
| Claims against the Company not acknowledged as debts                                                                                                                                                                                                                                                                      | 1,157                   | 1,891                   |
| Undertaking provided by the Company for meeting the shortfall in collection, if any, at the time of securitisation of receivables done prior to April 1, 2017 and outstanding as at March 31, 2019. The outflows would arise in the event of short collection, in the Cash inflows of the pool of securitised receivable. | 28,603                  | 28,608                  |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 40 COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2019 ₹ 980 Lakh (March 31, 2018 ₹ 4007 Lakh and April 1, 2017 ₹ 8380 Lakh respectively)

## 41 OPERATING LEASE

The Company has taken certain premises on cancellable operating lease basis. The tenure of such agreements ranges from 12 months to 120 months with options of renewal and premature termination of agreement Lease payments recognised in the Statement of Profit and Loss for the year in respect thereof are ₹ 4,370 Lakhs (Previous Year ₹ 3,967 Lakhs).

The Company has acquired premises under non-cancellable operating leases for periods ranging from 12 months to 108 months. Lease payments recognised in the Statement of Profit and Loss for the year in respect thereof are ₹ 1,618 Lakhs (Previous year ₹ 1,072 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows :

(₹ in Lakh)

| Particulars                                  | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|----------------------------------------------|-------------------------|-------------------------|------------------------|
| Not later than 1 Year                        | 508                     | 358                     | 394                    |
| Later than 1 Year and not later than 5 years | 633                     | 219                     | 401                    |
| More than 5 Years                            | 1                       | 14                      | 49                     |
| <b>Total</b>                                 | <b>1,142</b>            | <b>591</b>              | <b>844</b>             |

## 42 FINANCIAL INSTRUMENTS

### i Fair value hierarchy

The company uses the following hierarchy to determine the fair values of its financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

The Company's recognises transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

# Notes

forming part of the financial statements for the year ended March 31, 2019

## ii Accounting classifications and fair values

As at March 31, 2019

(₹ In Lakh)

| Particulars                             | Measured at FVTPL |               |                  |                  | Measured at Amortised cost | Others*       | Total             |
|-----------------------------------------|-------------------|---------------|------------------|------------------|----------------------------|---------------|-------------------|
|                                         | Level 1           | Level 2       | Level 3          | Total            |                            |               |                   |
| <b>FINANCIAL ASSETS</b>                 |                   |               |                  |                  |                            |               |                   |
| Cash and cash equivalents               | -                 | -             | -                | -                | 125,963                    | -             | 125,963           |
| Other bank Balances                     | -                 | -             | -                | -                | 174,101                    | -             | 174,101           |
| Derivative financial instruments        | -                 | 17,113        | -                | 17,113           | -                          | -             | 17,113            |
| Receivables                             | -                 | -             | -                | -                | 476                        | -             | 476               |
| Housing and other loans                 | -                 | -             | 3,162,815        | 3,162,815        | 6,634,882                  | -             | 9,797,697         |
| Investments                             | 10,404            | -             | 106,420          | 116,824          | 99,993                     | 18,205        | 235,022           |
| Other financial assets                  | -                 | -             | -                | -                | 109,123                    | -             | 109,123           |
| <b>Total Financial Assets</b>           | <b>10,404</b>     | <b>17,113</b> | <b>3,269,235</b> | <b>3,296,752</b> | <b>7,144,538</b>           | <b>18,205</b> | <b>10,459,495</b> |
| <b>FINANCIAL LIABILITIES</b>            |                   |               |                  |                  |                            |               |                   |
| Derivative financial instruments        | -                 | 1,335         | 28,916           | 30,251           | -                          | -             | 30,251            |
| Trade Payables                          | -                 | -             | -                | -                | 10,205                     | -             | 10,205            |
| Debt Securities                         | -                 | -             | -                | -                | 4,537,912                  | -             | 4,537,912         |
| Borrowings (Other than Debt Securities) | -                 | -             | -                | -                | 4,060,421                  | -             | 4,060,421         |
| Deposits                                | -                 | -             | -                | -                | 658,840                    | -             | 658,840           |
| Subordinated Liabilities                | -                 | -             | -                | -                | 113,581                    | -             | 113,581           |
| Other financial liabilities             | -                 | -             | -                | -                | 408,769                    | -             | 408,769           |
| <b>Total Financial Liabilities</b>      | <b>-</b>          | <b>1,335</b>  | <b>28,916</b>    | <b>30,251</b>    | <b>9,789,728</b>           | <b>-</b>      | <b>9,819,979</b>  |

\*Others includes investment in subsidiaries, associates and joint ventures which have been carried at cost

As at March 31, 2018

(₹ In Lakh)

| Particulars                             | Measured at FVTPL |               |                |                | Measured at Amortised cost | Others*       | Total             |
|-----------------------------------------|-------------------|---------------|----------------|----------------|----------------------------|---------------|-------------------|
|                                         | Level 1           | Level 2       | Level 3        | Total          |                            |               |                   |
| <b>FINANCIAL ASSETS</b>                 |                   |               |                |                |                            |               |                   |
| Cash and cash equivalents               | -                 | -             | -              | -              | 192,305                    | -             | 192,305           |
| Other bank Balances                     | -                 | -             | -              | -              | 103,041                    | -             | 103,041           |
| Derivative financial instruments        | -                 | 8,723         | -              | 8,723          | -                          | -             | 8,723             |
| Receivables                             | -                 | -             | -              | -              | 4,274                      | -             | 4,274             |
| Housing and other loans                 | -                 | -             | 65,670         | 65,670         | 9,245,792                  | -             | 9,311,462         |
| Investments                             | 418,897           | -             | 83,553         | 502,450        | 280,373                    | 25,805        | 808,628           |
| Other financial assets                  | -                 | -             | -              | -              | 76,648                     | -             | 76,648            |
| <b>Total Financial Assets</b>           | <b>418,897</b>    | <b>8,723</b>  | <b>149,223</b> | <b>576,843</b> | <b>9,902,433</b>           | <b>25,805</b> | <b>10,505,081</b> |
| <b>FINANCIAL LIABILITIES</b>            |                   |               |                |                |                            |               |                   |
| Derivative financial instruments        | -                 | 13,581        | -              | 13,581         | -                          | -             | 13,581            |
| Trade Payables                          | -                 | -             | -              | -              | 10,412                     | -             | 10,412            |
| Debt Securities                         | -                 | -             | -              | -              | 3,581,360                  | -             | 3,581,360         |
| Borrowings (Other than Debt Securities) | -                 | -             | -              | -              | 4,511,414                  | -             | 4,511,414         |
| Deposits                                | -                 | -             | -              | -              | 965,244                    | -             | 965,244           |
| Subordinated Liabilities                | -                 | -             | -              | -              | 113,184                    | -             | 113,184           |
| Other financial liabilities             | -                 | -             | -              | -              | 495,596                    | -             | 495,596           |
| <b>Total Financial Liabilities</b>      | <b>-</b>          | <b>13,581</b> | <b>-</b>       | <b>13,581</b>  | <b>9,677,210</b>           | <b>-</b>      | <b>9,690,791</b>  |

# Notes

forming part of the financial statements for the year ended March 31, 2019

\*Others includes investment in subsidiaries, associates and joint ventures which have been carried at cost

As at April 1, 2017

(₹ In Lakh)

| Particulars                             | Level 1        | Measured at FVTPL |               | Total          | Measured at Amortised cost | Others*       | Total            |
|-----------------------------------------|----------------|-------------------|---------------|----------------|----------------------------|---------------|------------------|
|                                         |                | Level 2           | Level 3       |                |                            |               |                  |
| <b>FINANCIAL ASSETS</b>                 |                |                   |               |                |                            |               |                  |
| Cash and cash equivalents               | -              | -                 | -             | -              | 279,493                    | -             | 279,493          |
| Other bank Balances                     | -              | -                 | -             | -              | 81,807                     | -             | 81,807           |
| Derivative financial instruments        | -              | 6,330             | -             | 6,330          | -                          | -             | 6,330            |
| Receivables                             | -              | -                 | -             | -              | 242                        | -             | 242              |
| Housing and other loans                 | -              | -                 | -             | -              | 7,228,396                  | -             | 7,228,396        |
| Investments                             | 268,950        | -                 | 12,418        | 281,368        | 1,054,039                  | 18,069        | 1,353,476        |
| Other financial assets                  | -              | -                 | -             | -              | 37,993                     | -             | 37,993           |
| <b>Total Financial Assets</b>           | <b>268,950</b> | <b>6,330</b>      | <b>12,418</b> | <b>287,698</b> | <b>8,681,970</b>           | <b>18,069</b> | <b>8,987,737</b> |
| <b>FINANCIAL LIABILITIES</b>            |                |                   |               |                |                            |               |                  |
| Derivative financial instruments        | -              | 11,698            | -             | 11,698         | -                          | -             | 11,698           |
| Trade Payables                          | -              | -                 | -             | -              | 4,820                      | -             | 4,820            |
| Debt Securities                         | -              | -                 | -             | -              | 3,295,295                  | -             | 3,295,295        |
| Borrowings (Other than Debt Securities) | -              | -                 | -             | -              | 4,043,062                  | -             | 4,043,062        |
| Deposits                                | -              | -                 | -             | -              | 636,572                    | -             | 636,572          |
| Subordinated Liabilities                | -              | -                 | -             | -              | 63,996                     | -             | 63,996           |
| Other financial liabilities             | -              | -                 | -             | -              | 213,288                    | -             | 213,288          |
| <b>Total Financial Liabilities</b>      | <b>-</b>       | <b>11,698</b>     | <b>-</b>      | <b>11,698</b>  | <b>8,257,033</b>           | <b>-</b>      | <b>8,268,731</b> |

\*Others includes investment in subsidiaries, associates and joint ventures which have been carried at cost

### iii Fair value of the financial assets that are measured at amortised cost

As at March 31, 2019

(₹ in lakh)

| Particulars                             | Carrying value   | Fair value    |          |                  |                  |
|-----------------------------------------|------------------|---------------|----------|------------------|------------------|
|                                         |                  | Level 1       | Level 2  | Level 3          | Total            |
| <b>FINANCIAL ASSETS</b>                 |                  |               |          |                  |                  |
| Investments                             | 99,993           | 96,303        | -        | 14,126           | 1,10,429         |
| <b>Total Financial Assets</b>           | <b>99,993</b>    | <b>96,303</b> | <b>-</b> | <b>14,126</b>    | <b>1,10,429</b>  |
| <b>FINANCIAL LIABILITIES</b>            |                  |               |          |                  |                  |
| Debt Securities                         | 4,151,593        | -             | -        | 3,997,562        | 3,997,562        |
| Borrowings (Other than Debt Securities) | 239,029          | -             | -        | 241,453          | 241,453          |
| Deposits                                | 658,840          | -             | -        | 697,504          | 697,504          |
| Subordinated Liabilities                | 113,581          | -             | -        | 115,138          | 115,138          |
| <b>Total Financial Liabilities</b>      | <b>5,163,043</b> | <b>-</b>      | <b>-</b> | <b>5,051,657</b> | <b>5,051,657</b> |

# Notes

forming part of the financial statements for the year ended March 31, 2019

As at March 31, 2018

(₹ in lakh)

| Particulars                             | Carrying value   | Fair value     |          |                  | Total            |
|-----------------------------------------|------------------|----------------|----------|------------------|------------------|
|                                         |                  | Level 1        | Level 2  | Level 3          |                  |
| <b>FINANCIAL ASSETS</b>                 |                  |                |          |                  |                  |
| Investments                             | 280,373          | 285,019        | -        | 9,399            | 294,418          |
| <b>Total Financial Assets</b>           | <b>280,373</b>   | <b>285,019</b> | <b>-</b> | <b>9,399</b>     | <b>294,418</b>   |
| <b>FINANCIAL LIABILITIES</b>            |                  |                |          |                  |                  |
| Debt Securities                         | 2,705,369        | -              | -        | 2,792,595        | 2,792,595        |
| Borrowings (Other than Debt Securities) | 279,432          | -              | -        | 288,670          | 288,670          |
| Deposits                                | 965,244          |                |          | 968,991          | 968,991          |
| Subordinated Liabilities                | 113,184          | -              | -        | 136,092          | 136,092          |
| <b>Total Financial Liabilities</b>      | <b>4,063,229</b> | <b>-</b>       | <b>-</b> | <b>4,186,348</b> | <b>4,186,348</b> |

As at April 1, 2017

(₹ in lakh)

| Particulars                             | Carrying value   | Fair value     |                |                  | Total            |
|-----------------------------------------|------------------|----------------|----------------|------------------|------------------|
|                                         |                  | Level 1        | Level 2        | Level 3          |                  |
| <b>FINANCIAL ASSETS</b>                 |                  |                |                |                  |                  |
| Investments                             | 1,072,108        | 254,056        | 789,174        | -                | 1,043,230        |
| <b>Total Financial Assets</b>           | <b>1,072,108</b> | <b>254,056</b> | <b>789,174</b> | <b>-</b>         | <b>1,043,230</b> |
| <b>FINANCIAL LIABILITIES</b>            |                  |                |                |                  |                  |
| Debt Securities                         | 2,707,687        | -              | -              | 2,499,358        | 2,499,358        |
| Borrowings (Other than Debt Securities) | 321,879          | -              | -              | 326,575          | 326,575          |
| Deposits                                | 636,572          |                |                | 666,296          | 666,296          |
| Subordinated Liabilities                | 63,996           | -              | -              | 80,242           | 80,242           |
| <b>Total Financial Liabilities</b>      | <b>3,730,134</b> | <b>-</b>       | <b>-</b>       | <b>3,572,471</b> | <b>3,572,471</b> |

## Notes:

- The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in current transaction between willing parties.
- The fair value of fixed rate financial liabilities are determined based on cash flows discounted using current borrowing rate.
- Housing and property loans measured at amortised costs are substantially repriced frequently, with interest rate reflecting current market price and hence the carrying value approximates their fair value.
- The Company considers that the carrying amounts recognised in the financial statements for financial assets and financial liabilities other than disclosed above approximate their fair values.

# Notes

forming part of the financial statements for the year ended March 31, 2019

**iv Valuation technique used to determine fair value of financial instruments measured at FVTPL:**

**a** The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted prices and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the Company and other valuation models. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

**b Financial instruments carried at fair value (level 3 in hierarchy):**

The fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model and market comparable method. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**v The following table presents the changes in level 3 financial instruments for the year ended March 31, 2019 and March 31, 2018:**

(₹ in lakh)

| Particulars                                        | Housing and property loans measured at FVTPL | Pass through certificate | Security receipts | Venture capital fund | Unquoted equity / preference investments | Derivative financial instruments |
|----------------------------------------------------|----------------------------------------------|--------------------------|-------------------|----------------------|------------------------------------------|----------------------------------|
| <b>As at April 01, 2017</b>                        | -                                            | -                        | -                 | 2,418                | 10,000                                   | -                                |
| Acquisitions                                       | 65,670                                       | -                        | 66,628            | -                    | 4,581                                    | -                                |
| Disposal                                           | -                                            | -                        | -                 | (47)                 | -                                        | -                                |
| Gains / (Losses) recognised in profit or loss      | -                                            | -                        | -                 | (27)                 | -                                        | -                                |
| <b>As at March 31, 2018</b>                        | <b>65,670</b>                                | <b>-</b>                 | <b>66,628</b>     | <b>2,344</b>         | <b>14,581</b>                            | <b>-</b>                         |
| Acquisitions                                       |                                              | 32,500                   |                   | -                    | -                                        | 28,916                           |
| Disposal                                           | (65,670)                                     | -                        | (3,618)           | (39)                 | -                                        | -                                |
| Reclassified from amortised cost category to FVTPL | 3,488,160                                    | -                        | -                 | -                    | -                                        | -                                |
| Gains / (Losses) recognized in profit or loss      | (325,345)                                    | (6,800)                  | 221               | (6)                  | 609                                      | -                                |
| <b>As at March 31, 2019</b>                        | <b>3,162,815</b>                             | <b>25,700</b>            | <b>63,231</b>     | <b>2,299</b>         | <b>15,190</b>                            | <b>28,916</b>                    |



# Notes

forming part of the financial statements for the year ended March 31, 2019

## vi Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (iv) above for the valuation techniques adopted.

(₹ in lakh)

| Particulars                                  | Fair value              |                         |                        |
|----------------------------------------------|-------------------------|-------------------------|------------------------|
|                                              | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
| Housing and property loans measured at FVTPL | 3,162,815               | 65,670                  | -                      |
| Pass through certificate                     | 25,700                  | -                       | -                      |
| Security receipts                            | 63,231                  | 66,628                  | -                      |
| Venture capital fund                         | 2,299                   | 2,344                   | 2,418                  |
| Unquoted equity / preference investments     | 15,190                  | 14,581                  | 10,000                 |
| Derivative financial instruments             | 28,916                  | -                       | -                      |

(₹ in lakh)

| Particulars                                  | Significant unobservable inputs (refer notes below) | Impact on Fair value       |                            |                            |                            |                           |                           |
|----------------------------------------------|-----------------------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|---------------------------|---------------------------|
|                                              |                                                     | As at<br>March 31,<br>2019 | As at<br>March 31,<br>2019 | As at<br>March 31,<br>2018 | As at<br>March 31,<br>2018 | As at<br>April 1,<br>2017 | As at<br>April 1,<br>2017 |
|                                              |                                                     | Increase<br>in FV          | Decrease<br>in FV          | Increase<br>in FV          | Decrease<br>in FV          | Increase<br>in FV         | Decrease<br>in FV         |
| Housing and property loans measured at FVTPL | a                                                   | 1,24,383                   | 1,17,880                   | 6,567                      | 6,567                      | -                         | -                         |
| Pass through certificate                     | a                                                   | 257                        | 257                        | -                          | -                          | -                         | -                         |
| Security receipts                            | b                                                   | 6,323                      | 6,323                      | 6,663                      | 6,663                      | -                         | -                         |
| Venture capital fund                         | b                                                   | 230                        | 230                        | 234                        | 234                        | 242                       | 242                       |
| Unquoted equity / preference investments     | c                                                   | 465                        | 462                        | 883                        | 878                        | 1,137                     | 955                       |
| Derivative financial instruments             | c                                                   | 8,736                      | (8,736)                    | -                          | -                          | -                         | -                         |

### Notes:

- The expected internal rate of return considered for the purpose of discounting the estimated cash flows. An increase in the rate will result in decrease in the fair value and vice-versa. The impact disclosed above is based on change in the rate of return by 100 basis points.
- The fair value is impacted by the change in the net asset value declared. The impact above has been determined based on 10% change in the net asset value.
- Valuation factor includes equity multiples such as PE ratio, estimated cash flows. The impact above has been determined based on approx 5% to 10% change in the valuation factor.

## 43 MATURITY PATTERN

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

# Notes

forming part of the financial statements for the year ended March 31, 2019

(₹ Lakh)

| Particulars                             | March 31, 2019   |                  |                   | March 31, 2018   |                  |                   | April 1, 2017    |                  |                  |
|-----------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
|                                         | Within 12 months | After 12 months  | Total             | Within 12 months | After 12 months  | Total             | Within 12 months | After 12 months  | Total            |
| <b>ASSETS</b>                           |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| <b>Financial assets</b>                 |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Cash and cash equivalents               | 125,963          | -                | 125,963           | 192,305          | -                | 192,305           | 279,493          | -                | 279,493          |
| Other bank Balances                     | 174,101          | -                | 174,101           | 92,011           | 11,030           | 103,041           | 63,507           | 18,300           | 81,807           |
| Derivative financial instruments        | 1,568            | 15,545           | 17,113            | 884              | 7,839            | 8,723             | 418              | 5,912            | 6,330            |
| Receivables                             | 476              | -                | 476               | 4,274            | -                | 4,274             | 242              | -                | 242              |
| Housing and Other loans                 | 2,248,271        | 7,549,426        | 9,797,697         | 1,804,950        | 7,506,512        | 9,311,462         | 1,212,749        | 6,015,647        | 7228396          |
| Investments                             | 89,130           | 145,892          | 235,022           | 637,867          | 170,761          | 808,628           | 1,283,057        | 70,419           | 1353476          |
| Other financial assets                  | 30,752           | 78,371           | 109,123           | 21,769           | 54,879           | 76,648            | 20,095           | 17,898           | 37993            |
| <b>Total Financial Assets</b>           | <b>2,670,261</b> | <b>7,789,234</b> | <b>10,459,495</b> | <b>2,754,060</b> | <b>7,751,021</b> | <b>10,505,081</b> | <b>2,859,561</b> | <b>6,128,176</b> | <b>8987737</b>   |
| <b>NON-FINANCIAL ASSETS</b>             |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Current Tax Assets (Net)                | -                | 37,020           | 37,020            | -                | 14,729           | 14,729            | -                | 8,462            | 8,462            |
| Deferred tax assets                     | -                | 44,281           | 44,281            | -                | 9,563            | 9,563             | -                | 19,244           | 19,244           |
| Property, plant and equipment           | -                | 78,293           | 78,293            | -                | 84,228           | 84,228            | -                | 20,435           | 20,435           |
| Capital Work-in-progress                | -                | -                | -                 | -                | -                | -                 | -                | 54615            | 54615            |
| Intangible assets under development     | -                | 10,401           | 10,401            | -                | 12,905           | 12,905            | -                | 8,762            | 8,762            |
| Other intangible assets                 | -                | 8,175            | 8,175             | -                | 751              | 751               | -                | 454              | 454              |
| Other non-financial assets              | 9,860            | -                | 9,860             | 3,908            | -                | 3,908             | 3,117            | -                | 3,117            |
| <b>Total Non-Financial Assets</b>       | <b>9,860</b>     | <b>178,170</b>   | <b>188,030</b>    | <b>3,908</b>     | <b>122,176</b>   | <b>126,084</b>    | <b>3,117</b>     | <b>111,972</b>   | <b>115,089</b>   |
| <b>Total Assets</b>                     | <b>2,680,121</b> | <b>7,967,404</b> | <b>10,647,525</b> | <b>2,757,968</b> | <b>7,873,197</b> | <b>10,631,165</b> | <b>2,862,678</b> | <b>6,240,148</b> | <b>9,102,826</b> |
| <b>LIABILITIES</b>                      |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| <b>Financial Liabilities</b>            |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Derivative financial instruments        | 148              | 30,103           | 30,251            | 1,376            | 12,205           | 13,581            | 775              | 10,923           | 11,698           |
| Trade Payables                          | 10,205           | -                | 10,205            | 10,412           | -                | 10,412            | 4,820            | -                | 4,820            |
| Debt Securities                         | 1,242,840        | 3,295,072        | 4,537,912         | 886,754          | 2,694,606        | 3,581,360         | 459,325          | 2,835,970        | 3,295,295        |
| Borrowings (Other than Debt Securities) | 787,032          | 3,273,389        | 4,060,421         | 867,164          | 3,644,250        | 4,511,414         | 684,202          | 3,358,860        | 4,043,062        |
| Deposits                                | 302,852          | 355,988          | 658,840           | 419,599          | 545,645          | 965,244           | 280,700          | 355,872          | 636,572          |
| Subordinated Liabilities                | -                | 113,581          | 113,581           | -                | 113,184          | 113,184           | -                | 63,996           | 63,996           |
| Other financial liabilities             | 395,179          | 13,590           | 408,769           | 475,822          | 19,774           | 495,596           | 196,130          | 17,158           | 213,288          |
| <b>Total Financial Liabilities</b>      | <b>2,738,256</b> | <b>7,081,723</b> | <b>9,819,979</b>  | <b>2,661,127</b> | <b>7,029,664</b> | <b>9,690,791</b>  | <b>1,625,952</b> | <b>6,642,779</b> | <b>8,268,731</b> |
| <b>Non-Financial Liabilities</b>        |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Provisions                              | 1,015            | -                | 1015              | 629              | -                | 629               | 67               | -                | 67               |
| Other non-financial liabilities         | 16,325           | -                | 16,325            | 16,492           | -                | 16,492            | 10,804           | -                | 10,804           |
| <b>Total Non-Financial Liabilities</b>  | <b>17,340</b>    | <b>-</b>         | <b>17,340</b>     | <b>17,121</b>    | <b>-</b>         | <b>17,121</b>     | <b>10,871</b>    | <b>-</b>         | <b>10,871</b>    |
| <b>Total liabilities</b>                | <b>2,755,596</b> | <b>7,081,723</b> | <b>9,837,319</b>  | <b>2,678,248</b> | <b>7,029,664</b> | <b>9,707,912</b>  | <b>1,636,823</b> | <b>6,642,779</b> | <b>8,279,602</b> |

## Notes:

- The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.
- For the purposes of the above disclosure, the maturity pattern of the loans measured at FVTPL has been determined based on the management's estimate of realization including through sale.

# Notes

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## 44 FINANCIAL RISK MANAGEMENT

### a Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

We manage liquidity risk in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Also refer Note 54 on the going concern consideration.

### Maturity Analysis of Financial assets and Financial Liabilities

As at March 31, 2019

| (₹ In Lakh)                             |                   |                   |                        |                        |                  |
|-----------------------------------------|-------------------|-------------------|------------------------|------------------------|------------------|
| Particulars                             | Carrying Value    | Due within 1 year | Due within 1 to 3 year | Due within 3 to 5 year | More than 5 year |
| <b>FINANCIAL ASSETS</b>                 |                   |                   |                        |                        |                  |
| Cash and cash equivalents               | 125,963           | 125,963           | -                      | -                      | -                |
| Other bank Balances                     | 174,101           | 174,101           | -                      | -                      | -                |
| Derivative financial instruments        | 17,113            | 1,568             | 12,000                 | 2,362                  | 1,183            |
| Receivables                             | 476               | 476               | -                      | -                      | -                |
| Housing and Other loans                 | 9,797,697         | 2,248,271         | 3,266,121              | 3,325,600              | 957,705          |
| Investments                             | 235,022           | 89,130            | -                      | -                      | 145,892          |
| Other financial assets                  | 109,123           | 30,752            | 24,936                 | 24,936                 | 28,499           |
| <b>Total</b>                            | <b>10,459,495</b> | <b>2,670,261</b>  | <b>3,303,057</b>       | <b>3,352,898</b>       | <b>1,133,279</b> |
| <b>FINANCIAL LIABILITIES</b>            |                   |                   |                        |                        |                  |
| Derivative financial instruments        | 30,251            | 148               | 1,094                  | 93                     | 28,916           |
| Trade Payables                          | 10,205            | 10,205            | -                      | -                      | -                |
| Debt Securities                         | 4,537,912         | 1,242,840         | 1,212,457              | 1,081,085              | 1,001,530        |
| Borrowings (Other than Debt Securities) | 4,060,421         | 787,032           | 1,653,009              | 953,313                | 667,067          |
| Deposits                                | 658,840           | 302,852           | 313,372                | 30,468                 | 12,148           |
| Subordinated Liabilities                | 113,581           |                   |                        |                        | 113,581          |
| Other financial liabilities             | 408,769           | 395,179           | 9,943                  | 917                    | 2,730            |
| <b>Total</b>                            | <b>9,819,979</b>  | <b>2,738,256</b>  | <b>3,189,875</b>       | <b>2,065,876</b>       | <b>1,825,972</b> |
| <b>Net</b>                              | <b>639,516</b>    | <b>(67,995)</b>   | <b>113,182</b>         | <b>1,287,022</b>       | <b>(692,693)</b> |

# Notes

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As at March 31, 2018

| (₹ In Lakh)                             |                   |                   |                        |                        |                  |
|-----------------------------------------|-------------------|-------------------|------------------------|------------------------|------------------|
| Particulars                             | Carrying Value    | Due within 1 year | Due within 1 to 3 year | Due within 3 to 5 year | More than 5 year |
| <b>FINANCIAL ASSETS</b>                 |                   |                   |                        |                        |                  |
| Cash and cash equivalents               | 192,305           | 192,305           | -                      | -                      | -                |
| Other bank Balances                     | 103,041           | 92,011            | 11,030                 | -                      | -                |
| Derivative financial instruments        | 8,723             | 884               | 3,889                  | 3,950                  | -                |
| Receivables                             | 4,274             | 4,274             | -                      | -                      | -                |
| Housing and Other loans                 | 9,311,462         | 1,804,950         | 3,036,086              | 3,227,064              | 1,243,362        |
| Investments                             | 808,628           | 637,867           | -                      | -                      | 170,761          |
| Other financial assets                  | 76,648            | 21,769            | 17,243                 | 17,243                 | 20,393           |
| <b>Total</b>                            | <b>10,505,081</b> | <b>2,754,060</b>  | <b>3,068,248</b>       | <b>3,248,257</b>       | <b>1,434,516</b> |
| <b>FINANCIAL LIABILITIES</b>            |                   |                   |                        |                        |                  |
| Derivative financial instruments        | 13,581            | 1,376             | 6,054                  | 6,151                  | -                |
| Trade Payables                          | 10412             | 10412             | -                      | -                      | -                |
| Debt Securities                         | 3,581,360         | 886,754           | 1,096,475              | 307,182                | 1,290,949        |
| Borrowings (Other than Debt Securities) | 4,511,414         | 867,164           | 1,529,219              | 1,225,286              | 889,745          |
| Deposits                                | 965,244           | 419,599           | 455,347                | 71,882                 | 18,416           |
| Subordinated Liabilities                | 113,184           |                   |                        |                        | 113,184          |
| Other financial liabilities             | 495,596           | 475,822           | 15,752                 | 2,369                  | 1,653            |
| <b>Total</b>                            | <b>9,690,791</b>  | <b>2,661,127</b>  | <b>3,102,847</b>       | <b>1,612,870</b>       | <b>2,313,947</b> |
| <b>Net</b>                              | <b>814,290</b>    | <b>92,933</b>     | <b>(34,599)</b>        | <b>1,635,387</b>       | <b>(879,431)</b> |

As at April 1, 2017

| (₹ In Lakh)                             |                  |                   |                        |                        |                    |
|-----------------------------------------|------------------|-------------------|------------------------|------------------------|--------------------|
| Particulars                             | Carrying Value   | Due within 1 year | Due within 1 to 3 year | Due within 3 to 5 year | More than 5 year   |
| <b>FINANCIAL ASSETS</b>                 |                  |                   |                        |                        |                    |
| Cash and cash equivalents               | 279,493          | 279,493           | -                      | -                      | -                  |
| Other bank Balances                     | 81,807           | 63,507            | 18,300                 |                        |                    |
| Derivative financial instruments        | 6,330            | 418               | 1,200                  | 4,604                  | 108                |
| Receivables                             | 242              | 242               | -                      | -                      | -                  |
| Housing and Other loans                 | 7,228,396        | 1,212,749         | 2,472,184              | 2,545,982              | 997,481            |
| Investments                             | 1,353,476        | 1,283,057         | -                      | -                      | 70,419             |
| Other financial assets                  | 37,993           | 20,095            | 5,004                  | 5,003                  | 7,891              |
| <b>Total</b>                            | <b>8,987,737</b> | <b>2,839,466</b>  | <b>2,491,684</b>       | <b>2,550,586</b>       | <b>1,068,008</b>   |
| <b>FINANCIAL LIABILITIES</b>            |                  |                   |                        |                        |                    |
| Derivative financial instruments        | 11,698           | 775               | 2,218                  | 8,508                  | 197                |
| Trade Payables                          | 4,820            | 4,820             | -                      | -                      | -                  |
| Debt Securities                         | 3,295,295        | 459,325           | 931,291                | 564,469                | 1,340,210          |
| Borrowings (Other than Debt Securities) | 4,043,062        | 684,202           | 1,249,006              | 1,218,025              | 891,829            |
| Deposits                                | 636,572          | 280,700           | 288,001                | 55,331                 | 12,540             |
| Subordinated Liabilities                | 63,996           |                   |                        |                        | 63,996             |
| Other financial liabilities             | 213,288          | 196,130           | 13,951                 | 2,340                  | 867                |
| <b>Total</b>                            | <b>8,268,731</b> | <b>1,625,952</b>  | <b>2,484,467</b>       | <b>1,848,673</b>       | <b>2,309,639</b>   |
| <b>Net</b>                              | <b>719,006</b>   | <b>1,213,514</b>  | <b>7,217</b>           | <b>701,913</b>         | <b>(1,241,631)</b> |

Notes:

- 1 The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.
- 2 For the purposes of the above disclosure, the maturity pattern of the loans measured at FVTPL has been determined based on the management's estimate of realization including through sale.

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## b Interest Risk

Our core business is deposit taking, borrowing and lending as permitted by the National Housing Bank. These activities expose us to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance Sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. In order to mitigate this risk, the Company strives to optimise its borrowings between short-term and long-term debt, and also between floating and fixed-rate instruments. It prepares interest rate risk reports periodically, and shares the findings with National Housing Bank. Further, to ensure that exposure to fluctuations in interest rates is kept within acceptable limits, the Company follows a prudent policy on the management of its assets and liabilities. Interest rate swaps are used on a limited basis for hedging interest rate mismatches, the ALCO periodically reviews the treasury operations, as well as the pricing of products, at specific intervals.

The Company also hedges interest rate risks by way of derivatives instruments like Interest rate swaps.

### Exposure to interest rate risk

The Company's exposures to interest rates on financial assets and financial liabilities are detailed as under:

(₹ in Lakh)

| Particulars               | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------|-------------------------|-------------------------|------------------------|
| <b>LOANS (GROSS):</b>     |                         |                         |                        |
| Fixed rate instruments    | 738,755                 | 235,023                 | 171,682                |
| Floating rate instruments | 6,016,026               | 9,149,436               | 7,148,795              |
| <b>Total</b>              | <b>6,754,781</b>        | <b>9,384,459</b>        | <b>7,320,477</b>       |
| <b>BORROWINGS:</b>        |                         |                         |                        |
| Fixed rate instruments    | 5,299,210               | 4,472,922               | 3,785,444              |
| Floating rate instruments | 4,071,544               | 4,698,280               | 4,253,481              |
| <b>Total</b>              | <b>9,370,754</b>        | <b>9,171,202</b>        | <b>8,038,925</b>       |

### Interest Rate Sensitivity

The following table demonstrates the net sensitivity to a reasonably possible change in interest rate (all other variables being constant) of the Statement of Profit and Loss (after taxes) and equity:

(₹ in Lakh)

| Particulars              | Basis Points | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|--------------------------|--------------|-----------------------------------------|-----------------------------------------|
| Increase by basis points | 50           | 6,325                                   | 14,479                                  |
| Decrease by basis points | (50)         | 6,325                                   | 14,479                                  |

### Exchange Rate Risk

The Board of Directors of the Company has an approved Foreign Exchange and Interest Rate Risk Management Policy Document. The Company manages the currency risk in accordance with the guidelines prescribed.

# Notes

forming part of the financial statements for the year ended March 31, 2019

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative contracts such as foreign exchange forward, cross currency contracts, interest rate swaps, foreign currency futures, options and swaps to hedge its exposure to movements in foreign exchange rates and interest rates. The use of these foreign exchange and forward contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes. The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The exposure in foreign currency in respect of the External Commercial Borrowings has been fully hedged by foreign currency swap contract is as under (Also refer Note 6 in respect of details of derivative contracts):

| As at          | ₹ in Lakh | USD in Lakh |
|----------------|-----------|-------------|
| March 31, 2019 | 280,749   | 4,117       |
| March 31, 2018 | 295,412   | 4,594       |
| April 1, 2017  | 315,276   | 4,933       |

## Hedging Policy

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

## Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

## Hedging Instrument

| (₹ in Lakh)                          |                 |                                               |                                                    |                                  |                                                                    |                                                                                                                              |
|--------------------------------------|-----------------|-----------------------------------------------|----------------------------------------------------|----------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| Particulars                          | Notional amount | Carrying amount of hedging instruments Assets | Carrying amount of hedging instruments liabilities | Line in the balance sheet        | Weighted average contract / strike price of the hedging instrument | Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss |
| <b>March 31, 2019</b>                |                 |                                               |                                                    |                                  |                                                                    |                                                                                                                              |
| INR USD - Currency Swaps             | 294,293         | 10,198                                        | 809                                                | Derivative Financial Instruments | Weighted Average 64.25 Ranging between 59.75 to 67.25              | 21,252                                                                                                                       |
| INR USD - Forward exchange contracts | 18,861          | -                                             | 526                                                | Derivative Financial Instruments | Weighted Average 74.52 Ranging between 71.20 to 85.                | -                                                                                                                            |
| <b>Total</b>                         | <b>313,154</b>  | <b>10,198</b>                                 | <b>1,335</b>                                       |                                  |                                                                    | <b>21,252</b>                                                                                                                |



# Notes

forming part of the financial statements for the year ended March 31, 2019

(₹ in Lakh)

| Particulars              | Notional amount | Carrying amount of hedging instruments Assets | Carrying amount of hedging instruments liabilities | Line in the balance sheet        | Weighted average contract / strike price of the hedging instrument | Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss |
|--------------------------|-----------------|-----------------------------------------------|----------------------------------------------------|----------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>March 31, 2018</b>    |                 |                                               |                                                    |                                  |                                                                    |                                                                                                                              |
| INR USD - Currency Swaps | 299,443         | 1,718                                         | 13,581                                             | Derivative Financial Instruments | Weighted Average 64.25 Ranging between 59.75 to 67.25              | (3,690)                                                                                                                      |
| <b>Total</b>             | <b>299,443</b>  | <b>1,718</b>                                  | <b>13,581</b>                                      |                                  |                                                                    | <b>(3,690)</b>                                                                                                               |
| <b>April 1, 2017</b>     |                 |                                               |                                                    |                                  |                                                                    |                                                                                                                              |
| INR USD - Currency Swaps | 319,927         | 3,102                                         | 11,275                                             | Derivative Financial Instruments | Weighted Average 64.25 Ranging between 59.75 to 67.25              | -                                                                                                                            |
| <b>Total</b>             | <b>319,927</b>  | <b>3,102</b>                                  | <b>11,275</b>                                      |                                  |                                                                    | <b>-</b>                                                                                                                     |

## Hedged Item

(₹ in Lakh)

| Particulars                    | Change in the value of hedged item used as the basis for recognising hedge ineffectiveness | Cash flow hedge reserve as at - (Debit)/ Credit - | Cost of hedging as at | Foreign Currency Monetary Items Translation Reserve |
|--------------------------------|--------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------|-----------------------------------------------------|
| <b>March 31, 2019</b>          |                                                                                            |                                                   |                       |                                                     |
| External Commercial Borrowings | 17,804                                                                                     | (3,832)                                           | -                     | NA                                                  |
| <b>March 31, 2018</b>          |                                                                                            |                                                   |                       |                                                     |
| External Commercial Borrowings | 2,967                                                                                      | (5,637)                                           | -                     | NA                                                  |
| <b>April 1, 2017</b>           |                                                                                            |                                                   |                       |                                                     |
| External Commercial Borrowings | 2,572                                                                                      | (5,720)                                           | -                     | NA                                                  |

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

| Particulars                                   | Hedging gains or losses recognised in other comprehensive income |                |               |
|-----------------------------------------------|------------------------------------------------------------------|----------------|---------------|
|                                               | March 31, 2019                                                   | March 31, 2018 | April 1, 2017 |
| Forward exchange contracts and Currency swaps | 1,805                                                            | 83             | (5,720)       |

## Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

# Notes

forming part of the financial statements for the year ended March 31, 2019

## Hedging Instrument

(₹ in Lakh)

| Particulars                     | Notional amount | Carrying amount - Asset | Line in the balance sheet | Change in fair value used for measuring ineffectiveness for the period |
|---------------------------------|-----------------|-------------------------|---------------------------|------------------------------------------------------------------------|
| <b>Interest Rate Swap as at</b> |                 |                         |                           |                                                                        |
| March 31, 2019                  | 190,000         | 3,281                   | Derivative                | -                                                                      |
| March 31, 2018                  | -               | -                       | Financial                 | NA                                                                     |
| April 1, 2017                   | -               | -                       | Instruments               | NA                                                                     |

## Hedged Item

(₹ in Lakh)

| Particulars                       | Notional amount | Carrying amount - Asset | Line in the balance sheet | Change in fair value used for measuring ineffectiveness for the period |
|-----------------------------------|-----------------|-------------------------|---------------------------|------------------------------------------------------------------------|
| <b>Fixed rate borrowing as at</b> |                 |                         |                           |                                                                        |
| March 31, 2019                    | 190,000         | 3,294                   | Debt Securities           | -                                                                      |
| March 31, 2018                    | -               | -                       |                           | NA                                                                     |
| April 1, 2017                     | -               | -                       |                           | NA                                                                     |

The impact of the fair value hedges in the statement of profit and loss:

| Particulars        | Hedge ineffectiveness recognised in statement of profit and loss - Gain/ (Loss) |                |               | Line in the statement of profit and loss that includes hedge ineffectiveness |
|--------------------|---------------------------------------------------------------------------------|----------------|---------------|------------------------------------------------------------------------------|
|                    | March 31, 2019                                                                  | March 31, 2018 | April 1, 2017 |                                                                              |
| Interest Rate Swap | (13)                                                                            | -              | -             | Finance Cost                                                                 |

## c 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 the Credit Policy approved by the Board of Directors. The Credit Policy 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 and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home loans and Other property loans. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

### Credit Risk Assessment Methodology:

#### Housing and other property loans:

Company's customers for retail loans are primarily Lower and middle income, salaried and self-employed individuals.

The Company's credit officers evaluate credit proposals on the basis of approved operating policies. The criteria typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

# Notes

forming part of the financial statements for the year ended March 31, 2019

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers.

The Company has an established credit appraisal procedure leading to appropriate identification of credit risk for wholesale mortgage loans which involves critical assessment of quantitative and qualitative parameters subject to review and approval basis approved operating policies. A significant portion of wholesale mortgage loans are secured by a lien over appropriate assets of the borrower.

Company monitor's borrower account behavior as well as static data regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising its product programs, target market definitions and credit assessment criteria to meet the twin objectives of combining volume growth and maintenance of asset quality.

The loans are secured by the mortgage of the borrowers' property.

## Loan to developers:

The Company has a framework for the appraisal and execution of project finance transactions. The Company believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Company has a security interest and first lien on all the fixed assets. Security interests typically include property as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

The Company requires the borrower to submit periodic reports and continue to monitor the credit exposure until loans are fully repaid.

The Company's current credit risk grading framework comprises the following categories:

| Category | Description                                     | Basis for recognising expected credit losses |
|----------|-------------------------------------------------|----------------------------------------------|
| Stage 1  | 0-30 days past due loans classified as stage 1  | 12-month ECL                                 |
| Stage 2  | 31-90 days past due loans classified as stage 2 | Lifetime ECL                                 |
| Stage 3  | > 90 days past due loans classified as stage 3  | Lifetime ECL – credit-impaired               |

The key elements in calculation of ECL are as follows:

PD - 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 period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on seasoned historical portfolio data using the survival analysis methodology.

EAD - The Exposure at Default includes repayments scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on seasoned historical portfolio data.

# Notes

forming part of the financial statements for the year ended March 31, 2019

An analysis of changes in the gross carrying amount (excluding adjustment to carrying value on account of application of effective interest rate) and the corresponding ECL allowances in relation to lending is, as follows:

## a Housing and Other Property Loan

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

Reconciliation of Loan balances is given below:

(₹ in Lakh)

| Particulars                                  | March 31, 2019   |                |                |                  | March 31, 2018   |                |               |                  |
|----------------------------------------------|------------------|----------------|----------------|------------------|------------------|----------------|---------------|------------------|
|                                              | Stage 1          | Stage 2        | Stage 3        | Total            | Stage 1          | Stage 2        | Stage 3       | Total            |
| <b>Gross carrying amount opening balance</b> | <b>6,895,953</b> | <b>441,024</b> | <b>84,575</b>  | <b>7,421,552</b> | <b>5,705,351</b> | <b>156,574</b> | <b>53,891</b> | <b>5,915,816</b> |
| New assets added during the year             | 2,259,050        | 81,022         | -              | 2,340,072        | 3,678,077        | -              | -             | 3,678,077        |
| Assets derecognised under direct assignment  | (1,747,976)      | (1,668)        | -              | (1,749,644)      | (1,149,519)      | -              | -             | (1,149,519)      |
| Repayment of Loans (excluding write offs)    | (2,368,674)      | (53,807)       | (24,737)       | (2,447,218)      | (4,390,731)      | (40,056)       | (19,092)      | (4,449,879)      |
| Transfers to / from Stage 1                  | 1,442,948        | (27,310)       | 41,591         | 1,457,229        | 3,238,542        | (22,591)       | 3,489         | 3,219,440        |
| Transfers to / from Stage 2                  | (67,484)         | 81,137         | (1,322)        | 12,331           | (165,937)        | 356,776        | (924)         | 189,915          |
| Transfers to / from Stage 3                  | (90,307)         | (60,013)       | 163,036        | 12,716           | (27,526)         | (11,616)       | 43,164        | 4,022            |
| Considered at Fair Value                     | (683584)         | (339599)       | (1076)         | (1024259)        | -                | -              | -             | -                |
| Amounts written off                          | 4,772            | 1,536          | 4,986          | 11,294           | 7,696            | 1,937          | 4,047         | 13,680           |
| <b>Gross carrying amount closing balance</b> | <b>5,644,698</b> | <b>122,322</b> | <b>267,053</b> | <b>6,034,073</b> | <b>6,895,953</b> | <b>441,024</b> | <b>84,575</b> | <b>7,421,552</b> |

Reconciliation of ECL balance is given below:

(₹ in Lakh)

| Particulars                                                 | March 31, 2019 |               |               |                 | March 31, 2018 |               |               |               |
|-------------------------------------------------------------|----------------|---------------|---------------|-----------------|----------------|---------------|---------------|---------------|
|                                                             | Stage 1        | Stage 2       | Stage 3       | Total           | Stage 1        | Stage 2       | Stage 3       | Total         |
| <b>Opening balance</b>                                      | <b>24,146</b>  | <b>13,448</b> | <b>28,454</b> | <b>66,048</b>   | <b>21,958</b>  | <b>848</b>    | <b>20,240</b> | <b>43,046</b> |
| ECL remeasurements due to changes in EAD/ assumptions (net) | (6,153)        | 1,003         | (9,099)       | (14,249)        | (4,181)        | (1,774)       | (5,111)       | (11,066)      |
| Transfers to / from Stage 1                                 | 4,812          | (1,073)       | 15,298        | 19,037          | 6,756          | (1,001)       | 934           | 6,689         |
| Transfers to / from Stage 2                                 | (225)          | 3,188         | (486)         | 2,477           | (346)          | 15,804        | (247)         | 15,211        |
| Transfers to / from Stage 3                                 | (301)          | (2,358)       | 59,967        | 57,308          | (57)           | (515)         | 11,555        | 10,983        |
| on Considered at Fair Value                                 | (2,280)        | (13,343)      | (396)         | (16,019)        | -              | -             | -             | -             |
| on amounts written off                                      | 16             | 60            | 1,834         | 1,910           | 16             | 86            | 1,083         | 1,185         |
| <b>Closing balance</b>                                      | <b>20,015</b>  | <b>925</b>    | <b>95,572</b> | <b>1,16,512</b> | <b>24,146</b>  | <b>13,448</b> | <b>28,454</b> | <b>66,048</b> |

## Notes:

- The Expected Credit Loss shown above is computed on Exposure At Default (EAD) which comprises of the principal loan amount, EMI/PEMI and interest receivables.
- Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 834 Lakh (As at March 31, 2018 and April 1, 2017 : ₹ 453 Lakh and ₹ 188 Lakh respectively).

# Notes

forming part of the financial statements for the year ended March 31, 2019

## b Loans to Developers

Reconciliation of Loan balances is given below:

(₹ in Lakh)

| Particulars                                  | March 31, 2019   |                |               |                  | March 31, 2018   |                |               |                  |
|----------------------------------------------|------------------|----------------|---------------|------------------|------------------|----------------|---------------|------------------|
|                                              | Stage 1          | Stage 2        | Stage 3       | Total            | Stage 1          | Stage 2        | Stage 3       | Total            |
| <b>Gross carrying amount opening balance</b> | <b>1,611,628</b> | <b>252,799</b> | <b>32,936</b> | <b>1,897,363</b> | <b>1,142,304</b> | <b>194,487</b> | <b>64,196</b> | <b>1,400,987</b> |
| New assets added during the year             | 784,695          | 6,152          | -             | 790,847          | 819,154          | 90,403         | -             | 909,557          |
| Assets derecognised under direct assignment  | 135,300          | -              | -             | 135,300          | -                | -              | -             | -                |
| Repayment of Loans (excluding write offs)    | (163,989)        | (57,721)       | (27,970)      | (249,680)        | (1,726,671)      | 761,204        | (40,996)      | (1,006,463)      |
| Transfers to / from Stage 1                  | (262,897)        | 262,897        | -             | -                | 1,502,801        | (882,858)      | 7,750         | 627,693          |
| Transfers to / from Stage 2                  | -                | -              | -             | -                | (56,006)         | 93,028         | -             | 37,022           |
| Transfers to / from Stage 3                  | -                | -              | (4,436)       | (4,436)          | (4,284)          | (3,465)        | (325)         | (8,074)          |
| Considered at Fair Value                     | (1,994,632)      | (464,126)      | (5,214)       | (2,463,972)      | (65,670)         | -              | -             | (65,670)         |
| Amounts written off                          | 37,507           | -              | 9,933         | 47,440           | -                | -              | 2,311         | 2,311            |
| <b>Gross carrying amount closing balance</b> | <b>147,612</b>   | <b>1</b>       | <b>5,249</b>  | <b>152,862</b>   | <b>1,611,628</b> | <b>252,799</b> | <b>32,936</b> | <b>1,897,363</b> |

Reconciliation of ECL balance is given below:

(₹ in Lakh)

| Particulars                                                 | March 31, 2019 |               |               |               | March 31, 2018 |               |               |               |
|-------------------------------------------------------------|----------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
|                                                             | Stage 1        | Stage 2       | Stage 3       | Total         | Stage 1        | Stage 2       | Stage 3       | Total         |
| <b>Opening balance</b>                                      | <b>43,467</b>  | <b>11,150</b> | <b>15,807</b> | <b>70,424</b> | <b>25,848</b>  | <b>6,453</b>  | <b>15,232</b> | <b>47,533</b> |
| ECL remeasurements due to changes in EAD/ assumptions (net) | 22,445         | (2,275)       | (15,275)      | 4,895         | (35,286)       | 68,600        | 753           | 34,067        |
| Transfers to / from Stage 1                                 | (7,805)        | 11,596        | -             | 3,791         | 57,745         | (71,118)      | (142)         | (13,515)      |
| Transfers to / from Stage 2                                 | -              | -             | -             | -             | (2,152)        | 7,494         | -             | 5,342         |
| Transfers to / from Stage 3                                 | -              | -             | (2,423)       | (2,423)       | (165)          | (279)         | 6             | (438)         |
| on Considered at Fair Value                                 | (59,221)       | (20,471)      | (2,847)       | (82,539)      | (2,523)        | -             | -             | (2,523)       |
| on amounts written off                                      | 1,114          | -             | 5,424         | 6,538         | -              | -             | (42)          | (42)          |
| <b>Closing balance</b>                                      | <b>-</b>       | <b>-</b>      | <b>686</b>    | <b>686</b>    | <b>43,467</b>  | <b>11,150</b> | <b>15,807</b> | <b>70,424</b> |

### Notes:

- The Expected Credit Loss shown above is computed on Exposure At Default (EAD) which comprises of the principal loan amount, EMI/PEMI and interest receivables.
- Above includes Expected Credit Loss provision on Loan commitment amount to Nil (As at March 31, 2018 and April 1, 2017: ₹ 4,767 Lakh and ₹ 2,481 Lakh respectively).

# Notes

forming part of the financial statements for the year ended March 31, 2019

## c Inter Corporate Deposits

Reconciliation of Inter Corporate loan balances is given below:

(₹ in Lakh)

| Particulars                           | March 31, 2019 |         |         |           | March 31, 2018 |         |         |           |
|---------------------------------------|----------------|---------|---------|-----------|----------------|---------|---------|-----------|
|                                       | Stage 1        | Stage 2 | Stage 3 | Total     | Stage 1        | Stage 2 | Stage 3 | Total     |
| Gross carrying amount opening balance | 22,023         | 1,776   | 38,944  | 62,743    | 1,200          | -       | 1,447   | 2,647     |
| New assets added during the year      | 606,125        | -       | -       | 606,125   | 893,327        | -       | -       | 893,327   |
| Repayment of Loans                    | (103,599)      | -       | -       | (103,599) | (833,231)      | -       | -       | (833,231) |
| Transfers to / from Stage 1           | (28,286)       | 28,286  | -       | -         | -              | -       | -       | -         |
| Transfers to / from Stage 2           | -              | (1,776) | 1,776   | -         | (1,776)        | 1,776   | -       | -         |
| Transfers to / from Stage 3           | (485,209)      | -       | 485,209 | -         | (37,497)       | -       | 37,497  | -         |
| Gross carrying amount closing balance | 11,054         | 28,286  | 525,929 | 565,269   | 22,023         | 1,776   | 38,944  | 62,743    |

Reconciliation of ECL balance is given below:

(₹ in Lakh)

| Particulars                                                 | March 31, 2019 |         |         |          | March 31, 2018 |         |         |         |
|-------------------------------------------------------------|----------------|---------|---------|----------|----------------|---------|---------|---------|
|                                                             | Stage 1        | Stage 2 | Stage 3 | Total    | Stage 1        | Stage 2 | Stage 3 | Total   |
| Opening balance                                             | 675            | 54      | 1,447   | 2,176    | 36             | -       | 1,447   | 1,483   |
| ECL remeasurements due to changes in EAD/ assumptions (net) | 13,892         | -       | -       | 13,892   | 1842           | -       | -       | 1,842   |
| Transfers to / from Stage 1                                 | (782)          | 863     | -       | 81       | -              | -       | -       | -       |
| Transfers to / from Stage 2                                 | -              | (54)    | -       | (54)     | (54)           | 54      | -       | -       |
| Transfers to / from Stage 3                                 | (13,413)       | -       | -       | (13,413) | (1,149)        | -       | -       | (1,149) |
| Closing balance                                             | 372            | 863     | 1,447   | 2,682    | 675            | 54      | 1,447   | 2,176   |

Note:

The Expected Credit Loss shown above is computed on Exposure At Default (EAD) which comprises of the principal loan amount and outstanding interest receivables.

## d Reconciliation of ECL balance on loan to others are as given below:

₹ In lakh

|                      |    |
|----------------------|----|
| As at April 1, 2017  | 19 |
| Add: on addition     | -  |
| Less: on deletion    | -  |
| As at March 31, 2018 | 19 |
| Add: on addition     | -  |
| Less: on deletion    | -  |
| As at March 31, 2019 | 19 |

## e Concentration of Loans & Advances

| Particulars                                                                                              | As at<br>31-03-2019 | As at<br>31-03-2018 |
|----------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Total Exposure to twenty largest borrowers/customers*                                                    | 13,97,757           | 12,33,282           |
| Percentage of Exposures to twenty largest borrowers /Customers to total Exposure on Borrowers /Customers | 14.95%              | 13.42%              |

\*Includes loans which are fair valued as at March 31, 2019



# Notes

forming part of the financial statements for the year ended March 31, 2019

## 45 IMPAIRMENT ALLOWANCE FOR LOAN AGAINST FIXED DEPOSIT IS NIL AND THEREFORE RELATED DISCLOSURES AS REQUIRED BY IND AS 109 ARE NOT GIVEN IN THE FINANCIAL STATEMENT.

### Capital Management

The Company's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and Liquid investments) divided by Total 'equity' (as shown in the balance sheet). Also refer Note 54 on going concern consideration.

| Particulars                                                   | Amount    |
|---------------------------------------------------------------|-----------|
| Total borrowings net of cash and cash equivalents (₹ in Lakh) | 92,44,791 |
| Total Equity (₹ in Lakh)                                      | 8,10,206  |
| Debt Equity Ratio                                             | 11.41     |

## 46 SEGMENT REPORTING

As per requirements of Ind AS 108 on 'Operating Segments', based on evaluation of financial information for allocation resources and assessing performance, the Company has identified a single segment i.e. providing loans for purchase or constructions of residential houses including all related activities. Accordingly, there are no separate reportable segments as per Ind AS 108.

The Company has its operations majorly within India and all revenue is generated within India.

### 47 a Employee benefits

Defined Contribution Plan

The company makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined. Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss are as follows:

| Particulars                    | (₹ in Lakh)                       |                                   |
|--------------------------------|-----------------------------------|-----------------------------------|
|                                | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| Contribution to provident fund | 1,049                             | 921                               |
| Contribution to pension fund   | 484                               | 360                               |

### b Defined Obligation Benefit

The company provides gratuity to its employees which are defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

#### Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

# Notes

forming part of the financial statements for the year ended March 31, 2019

## Interest risk:

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

## 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 plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The following table sets out the funded status of the Gratuity and the amount recognised in the Financial Statements:

### i Changes in Defined Benefit Obligation

(₹ in Lakh)

| Particulars                             | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|-----------------------------------------|-----------------------------------|-----------------------------------|
| Liability at the beginning of the year  | 1,699                             | 1,221                             |
| Current Service Cost                    | 378                               | 248                               |
| Past Service Cost                       | -                                 | 80                                |
| Interest cost                           | 134                               | 93                                |
| Benefits paid                           | (237)                             | (243)                             |
| Actuarial (gain) /losses                | (151)                             | 300                               |
| <b>Liability at the end of the year</b> | <b>1,823</b>                      | <b>1,699</b>                      |

### ii Changes in Fair Value of Plan Assets

(₹ in Lakh)

| Particulars                                             | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---------------------------------------------------------|-----------------------------------|-----------------------------------|
| Fair Value of Plan Assets at the beginning of the year  | 1,856                             | 1,443                             |
| Expected Return on Plan Assets                          | 146                               | 109                               |
| Contributions                                           | 723                               | 483                               |
| Benefits Paid                                           | (197)                             | (179)                             |
| Actuarial (loss)                                        | (22)                              | (1)                               |
| <b>Fair Value of Plan Assets at the end of the year</b> | <b>2,506</b>                      | <b>1,855</b>                      |

### iii Reconciliation of Fair Value of Assets and Obligations

(₹ in Lakh)

| Particulars                                                    | As at March 31, 2019 | As at March 31, 2018 |
|----------------------------------------------------------------|----------------------|----------------------|
| Fair value of Plan Assets                                      | 2,506                | 1,855                |
| Present Value of Obligation                                    | 1,823                | 1,699                |
| <b>Net Asset / (Liability) recognized in the Balance Sheet</b> | <b>683</b>           | <b>156</b>           |

# Notes

forming part of the financial statements for the year ended March 31, 2019

## iv Expenses recognized in Statement of Profit and Loss

(₹ in Lakh)

| Particulars                                                                            | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|----------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Current Service Cost                                                                   | 378                               | 248                               |
| Net interest on net defined benefit assets                                             | 134                               | 93                                |
| Past Service Cost                                                                      | -                                 | 80                                |
| Expected Return on Plan Assets                                                         | (146)                             | (109)                             |
| <b>Expenses recognized in the statement of profit and loss under employee benefits</b> | <b>366</b>                        | <b>312</b>                        |

## v Expenses recognized in Other Comprehensive Income

(₹ in Lakh)

| Particulars                                                             | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|-------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Actuarial (Gain)/Loss on Obligation for the Period                      | (151)                             | 299                               |
| Return on Plan Assets, Excluding Interest Income                        | 22                                | 2                                 |
| <b>(Income) / Expenses recognized in the other comprehensive income</b> | <b>(129)</b>                      | <b>301</b>                        |

## vi Expected benefit payments

(₹ in Lakh)

| Particulars         | As at March 31, 2019 | As at March 31, 2018 |
|---------------------|----------------------|----------------------|
| 1st Following Year  | 102                  | 43                   |
| 2nd Following Year  | 89                   | 61                   |
| 3rd Following Year  | 82                   | 69                   |
| 4th Following Year  | 108                  | 62                   |
| 5th Following Year  | 127                  | 93                   |
| Sum of Year 6 to 10 | 739                  | 679                  |

## vii Actuarial Assumptions

| Particulars                                       | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---------------------------------------------------|-----------------------------------|-----------------------------------|
| Mortality Table (LIC)                             | 2006-08                           | 2006-08                           |
| Discount Rate (P. A.)                             | 7.59%                             | 7.87%                             |
| Expected rate of return on plan asset (per annum) | 7.59%                             | 7.87%                             |
| Rate of Escalation in Salary (P.A.)               | 6%                                | 6%                                |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by actuary.

The expected rate of return on plan asset is determined considering several applicable factors, mainly the composition of plan asset held, assessed risks, historical result of return on plan assets and the Company's policy for plan assets management.

# Notes

forming part of the financial statements for the year ended March 31, 2019

## Effect of change in assumptions

| (₹ in Lakh)                                             |                  |            |
|---------------------------------------------------------|------------------|------------|
| Particulars                                             | Plan Liabilities | Plan Asset |
| Projected Benefit Obligation on Current Assumptions     | 1,823            | 1,699      |
| Delta Effect of +1% Change in Rate of Discounting       | (172)            | (186)      |
| Delta Effect of -1% Change in Rate of Discounting       | 202              | 221        |
| Delta Effect of +1% Change in Rate of Salary Increase   | 183              | 223        |
| Delta Effect of -1% Change in Rate of Salary Increase   | (165)            | (191)      |
| Delta Effect of +1% Change in Rate of Employee Turnover | 22               | 25         |
| Delta Effect of -1% Change in Rate of Employee Turnover | (26)             | (30)       |

## viii Amount recognised in current year and previous year

### Gratuity :

| (₹ in Lakh)                              |                                   |                                   |
|------------------------------------------|-----------------------------------|-----------------------------------|
| Particulars                              | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| Defined benefit obligation               | (1,823)                           | (1,699)                           |
| Fair value of plan asset                 | 2,506                             | 1,856                             |
| Surplus in the plan                      | 683                               | 156                               |
| Actuarial (gain)/loss on plan obligation | (151)                             | 300                               |
| Actuarial (loss) on plan asset           | (22)                              | (1)                               |

## 48. AS PER IND AS 24 ON “RELATED PARTY DISCLOSURE” DETAILS OF TRANSACTIONS WITH RELATED PARTIES AS DEFINED THEREIN ARE GIVEN BELOW :

### A) List of related parties where control exists:

#### (i) Subsidiaries

- DHFL Advisory & Investments Private Limited
- DHFL Holdings Limited

### B) List of related parties with whom transactions have taken place during the year and relationship:

#### (i) Joint Ventures

- DHFL Pramerica Asset Managers Private Limited
- DHFL Pramerica Trustees Private Limited

#### (ii) Associate Companies

- Avanse Financial Services Limited
- Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)<sup>(1)</sup>
- Aadhar Housing Finance Limited (Erstwhile)<sup>(1)</sup>

# Notes

forming part of the financial statements for the year ended March 31, 2019

## (iii) Enterprises over which KMP are able to exercise significant influence

- a. Arthveda Fund Management Private Limited
- b. Wadhawan Holdings Private Limited
- c. Dish Hospitality Private Limited
- d. WGC Management Services Private Limited
- e. Wadhawan Sports Private Limited
- f. Essential Hospitality Private Limited
- g. DHFL General Insurance Limited (w.e.f. 1st Nov, 2017)
- h. DHFL Pramerica Life Insurance Company Limited
- i. Wadhawan Global Capital Limited
- j. DHFL Changing Lives Foundation (w.e.f. 1st Nov, 2017)

## (iv) Key Management Personnel

- a. Mr. Kapil Wadhawan
- b. Mr Dheeraj Wadhawan
- c. Mr. Harshil Mehta (Upto 13th February, 2019)
- d. G P Kohli (Non -executive Director)
- e. Mannil Venugopalan (Non -executive Director)
- f. Srinath Sridharan (Non -executive Director)
- g. V K Chopra (Non -executive Director)

## (v) Relatives of Key Managerial Personnel

- a. Mrs Aruna Wadhawan

- (1) In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27, 2017, Erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.

## A) DETAILS OF TRANSACTIONS :

| Nature of Transactions                               | Subsidiaries |         | Joint Ventures |         | Associate Companies/<br>Others* |         | Key Management<br>Personnel |         |
|------------------------------------------------------|--------------|---------|----------------|---------|---------------------------------|---------|-----------------------------|---------|
|                                                      | 2018-2019    | 2017-18 | 2018-2019      | 2017-18 | 2018-2019                       | 2017-18 | 2018-2019                   | 2017-18 |
| <b>1) Investments</b>                                |              |         |                |         |                                 |         |                             |         |
| Investments Made                                     | 1            | -       | -              | -       | -                               | 7,736   | -                           | -       |
| <b>2) Loans, Advances, Deposits and other assets</b> |              |         |                |         |                                 |         |                             |         |
| Given **                                             | 6            | 25      | -              | -       | 3,075                           | 2,920   | 1,343                       |         |
| Returned/Written Off                                 | 25           | -       | -              | -       | 1,215                           | -       | 767                         | 0       |

# Notes

forming part of the financial statements for the year ended March 31, 2019

| Nature of Transactions                                                        | Subsidiaries |         | Joint Ventures |         | Associate Companies/<br>Others* |         | Key Management<br>Personnel |         |
|-------------------------------------------------------------------------------|--------------|---------|----------------|---------|---------------------------------|---------|-----------------------------|---------|
|                                                                               | 2018-2019    | 2017-18 | 2018-2019      | 2017-18 | 2018-2019                       | 2017-18 | 2018-2019                   | 2017-18 |
| <b>3) Borrowings, Security Deposits and other liabilities</b>                 |              |         |                |         |                                 |         |                             |         |
| Received                                                                      | -            | -       | -              | -       | 0                               | 416     | -                           | -       |
| Repayment/Adjusted                                                            | -            | -       | -              | -       | 208                             |         | -                           | -       |
| <b>4) Income</b>                                                              |              |         |                |         |                                 |         |                             |         |
| Commission                                                                    | -            | -       | 41             | 3       | 4,955                           | 5,029   | -                           | -       |
| Trademark Licence Fees                                                        | -            | -       | -              | -       | 3,999                           | 4,384   | -                           | -       |
| Dividend                                                                      | -            | -       | -              | -       | 161                             | 73      | -                           |         |
| Interest                                                                      | 13           | -       | -              | -       | 353                             | 57      | 2                           | 2       |
| Rent & Maintenance                                                            | -            | -       | 3              | 6       | 1,417                           | 1,042   |                             |         |
| Other Income                                                                  | -            | -       | -              | -       | 389                             | 113     | 0                           | 0       |
| Technical Fees                                                                | -            | -       | -              | -       | 5                               | 8       | -                           | -       |
| Servicing fees                                                                | -            | -       | -              | -       | 17                              | -       | -                           | -       |
| <b>5) Expenditure</b>                                                         |              |         |                |         |                                 |         |                             |         |
| Remuneration                                                                  | -            | -       | -              | -       |                                 | -       | 1,068                       | 918     |
| Rent Expenses                                                                 | -            | -       | -              | -       | 1,995                           | 1,895   | -                           | -       |
| Brokerage and Marketing Fees                                                  | -            | -       | -              | -       | 17                              | 32      | -                           | -       |
| Insurance Charges                                                             | -            | -       | -              | -       | 612                             | 65      | -                           | -       |
| Service Charges                                                               | -            | -       | -              | -       |                                 | 1       | -                           | -       |
| Canteen Expenses                                                              | -            | -       | -              | -       | 140                             | 115     | -                           | -       |
| Electricity Expenses                                                          | -            | -       | -              | -       | 2                               | -       | -                           | -       |
| CSR Expenses                                                                  | -            | -       | -              | -       | 1,654                           | 579     | -                           | -       |
| Professional Charges                                                          | -            | -       | -              | -       | 1                               | -       | -                           | -       |
| Directors Sitting Fees                                                        | -            | -       | -              | -       | -                               | -       | 39                          | 22      |
| <b>6) Sale of Loans (Securitisation)</b>                                      | -            | -       | -              | -       | 37,894                          | -       | -                           | -       |
| <b>7) Purchase/Sale of Securities (Net)</b>                                   | -            | -       | -              | -       | 22,787                          | -       | -                           | -       |
| <b>8) Sale &amp; Purchase PPE</b>                                             | -            | -       | -              | -       | 7                               | -       | -                           | -       |
| <b>INCOME RECEIVED FROM :</b>                                                 |              |         |                |         |                                 |         |                             |         |
| <b>1) Commission</b>                                                          |              |         |                |         |                                 |         |                             |         |
| DHFL Pramerica Life Insurance Co Ltd                                          | -            | -       | -              | -       | 2,783                           | 3,119   | -                           | -       |
| DHFL Pramerica Asset Managers Pvt Ltd                                         | -            | -       | 41             | 3       | -                               | -       | -                           | -       |
| DHFL General Insurance Ltd                                                    | -            | -       | -              | -       | 2,172                           | 1,910   | -                           | -       |
| <b>2) Trademark Licence Fees</b>                                              |              |         |                |         |                                 |         |                             |         |
| DHFL General Insurance Ltd                                                    | -            | -       | -              | -       | (3,999)                         | 4,384   | -                           | -       |
| <b>3) Dividend</b>                                                            |              |         |                |         |                                 |         |                             |         |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd) | -            | -       | -              | -       | 161                             | 73      | -                           | -       |



# Notes

forming part of the financial statements for the year ended March 31, 2019

| Nature of Transactions                                                                      | Subsidiaries |         | Joint Ventures |         | Associate Companies/<br>Others* |         | Key Management<br>Personnel |         |
|---------------------------------------------------------------------------------------------|--------------|---------|----------------|---------|---------------------------------|---------|-----------------------------|---------|
|                                                                                             | 2018-2019    | 2017-18 | 2018-2019      | 2017-18 | 2018-2019                       | 2017-18 | 2018-2019                   | 2017-18 |
| <b>4) Interest</b>                                                                          |              |         |                |         |                                 |         |                             |         |
| DHFL Advisory & Investments P Ltd                                                           | 13           | -       | -              | -       | -                               | -       | -                           | -       |
| Wadhawan Holding Pvt Ltd                                                                    | -            | -       | -              | -       | 338                             | 57      | -                           | -       |
| Wadhawan Global Capital Ltd                                                                 | -            | -       | -              | -       | 15                              | -       | -                           | -       |
| Mr. Harshil Mehta                                                                           | -            | -       | -              | -       | -                               | -       | 2                           | 2       |
| <b>5) Rent &amp; Maintenance Charges</b>                                                    |              |         |                |         |                                 |         |                             |         |
| DHFL Pramerica Asset Managers Pvt Ltd                                                       | -            | -       | 3              | 6       | -                               | -       | -                           | -       |
| Arthveda Fund Management Pvt Ltd                                                            | -            | -       | -              | -       | 2                               | 66      | -                           | -       |
| Aadhar Housing Finance Ltd (Formerly<br>DHFL Vysya)                                         | -            | -       | -              | -       | 163                             | 152     | -                           | -       |
| Avanse Financial Services Ltd                                                               | -            | -       | -              | -       | 506                             | 307     | -                           | -       |
| WGC Management Services Pvt Ltd                                                             | -            | -       | -              | -       | 229                             | 218     | -                           | -       |
| DHFL General Insurance Ltd                                                                  | -            | -       | -              | -       | 502                             | 299     | -                           | -       |
| DHFL Pramerica Life Insurance Company<br>Ltd                                                | -            | -       | -              | -       | 15                              | -       | -                           | -       |
| <b>6) Other Income</b>                                                                      |              |         |                |         |                                 |         |                             |         |
| Mr. Harshil Mehta                                                                           | -            | -       | -              | -       | -                               | -       | 0                           | 0       |
| Aadhar Housing Finance Limited<br>(Formerly known as DHFL Vysya Housing<br>Finance Limited) | -            | -       | -              | -       | 200                             | 96      | -                           | -       |
| Avanse Financial Services Pvt Ltd                                                           | -            | -       | -              | -       | 189                             | 17      | -                           | -       |
| <b>7) Technical Fees</b>                                                                    |              |         |                |         |                                 |         |                             |         |
| Avanse Financial Services Pvt Ltd                                                           | -            | -       | -              | -       | 5                               | 8       | -                           | -       |
| <b>8) Service Charges</b>                                                                   |              |         |                |         |                                 |         |                             |         |
| Aadhar Housing Finance Ltd                                                                  | -            | -       | -              | -       | 17                              | -       | -                           | -       |
| <b>EXPENDITURE :</b>                                                                        |              |         |                |         |                                 |         |                             |         |
| <b>1) Rent, Rates &amp; Taxes</b>                                                           |              |         |                |         |                                 |         |                             |         |
| Wadhawan Holdings Private Limited                                                           | -            | -       | -              | -       | 258                             | 241     | -                           | -       |
| Essential Hospitality Private Limited                                                       | -            | -       | -              | -       | 1,736                           | 1,654   | -                           | -       |
| Arthveda Fund Management Private<br>Limited                                                 | -            | -       | -              | -       | -                               | -       | -                           | -       |
| <b>2) Remuneration</b>                                                                      |              |         |                |         |                                 |         |                             |         |
| Mr. Kapil Wadhawan                                                                          | -            | -       | -              | -       | -                               | -       | 321                         | 399     |
| Mr. Harshil Mehta                                                                           | -            | -       | -              | -       | -                               | -       | 747                         | 519     |
| Directors Sitting Fees                                                                      |              |         |                |         |                                 |         |                             |         |
| Dheeraj Wadhawan                                                                            | -            | -       | -              | -       | -                               | -       | 5                           | 5       |
| G P Kohli                                                                                   | -            | -       | -              | -       | -                               | -       | 14                          | 8       |
| Mannil Venugopalan                                                                          | -            | -       | -              | -       | -                               | -       | 8                           | 3       |

# Notes

forming part of the financial statements for the year ended March 31, 2019

| Nature of Transactions                                                                      | Subsidiaries |         | Joint Ventures |         | Associate Companies/<br>Others* |         | Key Management<br>Personnel |         |
|---------------------------------------------------------------------------------------------|--------------|---------|----------------|---------|---------------------------------|---------|-----------------------------|---------|
|                                                                                             | 2018-2019    | 2017-18 | 2018-2019      | 2017-18 | 2018-2019                       | 2017-18 | 2018-2019                   | 2017-18 |
| Srinath Sridharan                                                                           | -            | -       | -              | -       | -                               | -       | 1                           | -       |
| V K Chopra                                                                                  | -            | -       | -              | -       | -                               | -       | 8                           | 5       |
| Vijaya Sampath                                                                              | -            | -       | -              | -       | -                               | -       | 3                           | 2       |
| <b>3) Brokerage and Marketing Fees</b>                                                      |              |         |                |         |                                 |         |                             |         |
| Avanse Financial Services Ltd                                                               | -            | -       | -              | -       | 17                              | 32      | -                           | -       |
| <b>4) Insurance Charges</b>                                                                 |              |         |                |         |                                 |         |                             |         |
| DHFL Pramerica Life Insurance Co Ltd                                                        | -            | -       | -              | -       | 92                              | 65      | -                           | -       |
| DHFL General Insurance Ltd                                                                  | -            | -       | -              | -       | 520                             | -       | -                           | -       |
| <b>5) Canteen Expenses</b>                                                                  |              |         |                |         |                                 |         |                             |         |
| Dish Hospitality Private Limited                                                            | -            | -       | -              | -       | 140                             | 115     | -                           | -       |
| <b>6) Professional Charges</b>                                                              |              |         |                |         |                                 |         |                             |         |
| Aadhar Housing Finance Limited<br>(Formerly known as DHFL Vysya Housing<br>Finance Limited) | -            | -       | -              | -       | 1                               | 1       | -                           | -       |
| <b>7) Interest Paid</b>                                                                     |              |         |                |         |                                 |         |                             |         |
| DHFL Pramerica Life Insurance Co Ltd                                                        | -            | -       | -              | -       | -                               | -       | -                           | -       |
| <b>8) Electricity Expenses</b>                                                              |              |         |                |         |                                 |         |                             |         |
| Arthveda Fund Management Private<br>Limited                                                 | -            | -       | -              | -       | 2                               | -       | -                           | -       |
| <b>9) CSR Expenses</b>                                                                      |              |         |                |         |                                 |         |                             |         |
| DHFL Changing Lives Foundation                                                              | -            | -       | -              | -       | 1,654                           | 579     | -                           | -       |
| <b>ASSETS \ LIABILITIES :</b>                                                               |              |         |                |         |                                 |         |                             |         |
| <b>1) Investments Made</b>                                                                  |              |         |                |         |                                 |         |                             |         |
| Avanse Financial Services Ltd                                                               | -            | -       | -              | -       | -                               | -       | -                           | -       |
| DHFL Holding Ltd                                                                            | 1            | -       | -              | -       | -                               | -       | -                           | -       |
| <b>2) Loans, Advances, Deposits paid and<br/>other assets</b>                               |              |         |                |         |                                 |         |                             |         |
| DHFL Pramerica Life Insurance Co Ltd                                                        | -            | -       | -              | -       | 11                              | -       | -                           | -       |
| DHFL Advisory & Investments P Ltd                                                           | 6            | 25      | -              | -       | -                               | -       | -                           | -       |
| DHFL Holding Ltd                                                                            | 0            | -       | -              | -       | -                               | -       | -                           | -       |
| DHFL General Insurance Ltd                                                                  | -            | -       | -              | -       | 64                              | 100     | -                           | -       |
| Wadhawan Holding Private Ltd                                                                | -            | -       | -              | -       | -                               | 2,820   | -                           | -       |
| Mr. Harshil Mehta                                                                           | -            | -       | -              | -       | -                               | -       | 1,343                       | -       |
| Wadhawan Global Capital Ltd                                                                 | -            | -       | -              | -       | 3,000                           | -       | -                           | -       |

# Notes

forming part of the financial statements for the year ended March 31, 2019

| Nature of Transactions                                     | Subsidiaries |         | Joint Ventures |         | Associate Companies/<br>Others* |         | Key Management<br>Personnel |         |
|------------------------------------------------------------|--------------|---------|----------------|---------|---------------------------------|---------|-----------------------------|---------|
|                                                            | 2018-2019    | 2017-18 | 2018-2019      | 2017-18 | 2018-2019                       | 2017-18 | 2018-2019                   | 2017-18 |
| <b>3) Loans &amp; Advances Received Back / Written Off</b> |              |         |                |         |                                 |         |                             |         |
| DHFL Advisory & Investments Pvt Ltd                        | 25           | -       | -              | -       | -                               | -       | -                           | -       |
| Essential Hospitality Private Ltd (Security Deposit)       | -            | -       | -              | -       | 1,215                           | -       | -                           | -       |
| Mr. Harshil Mehta                                          | -            | -       | -              | -       | -                               | -       | 767                         | 0       |
| <b>4) Security Deposit Received</b>                        |              |         |                |         |                                 |         |                             |         |
| Avanse Financial Services Ltd                              | -            | -       | -              | -       | 0                               | 208     | -                           | -       |
| DHFL General Insurance Ltd                                 | -            | -       | -              | -       | -                               | 208     | -                           | -       |
| <b>5) Repayment of Borrowings/ Deposits</b>                |              |         |                |         |                                 |         |                             |         |
| Avanse Financial Services Ltd                              | -            | -       | -              | -       | 0                               | -       | -                           | -       |
| DHFL General Insurance Ltd                                 | -            | -       | -              | -       | 208                             | -       | -                           | -       |
| <b>6) Sale of Loans (Securitisation)</b>                   |              |         |                |         |                                 |         |                             |         |
| Aadhar Housing Finance Ltd                                 | -            | -       | -              | -       | 37,894                          | -       | -                           | -       |
| <b>7) Sale / (Purchase) of Securities (Net)</b>            |              |         |                |         |                                 |         |                             |         |
| Aadhar Housing Finance Ltd                                 | -            | -       | -              | -       | 22,787                          | -       | -                           | -       |
| <b>8) Sale/ (Purchase) PPE (Net)</b>                       |              |         |                |         |                                 |         |                             |         |
| Avanse Financial Services Ltd                              | -            | -       | -              | -       | (0)                             | -       | -                           | -       |
| Aadhar Housing Finance Ltd                                 | -            | -       | -              | -       | 7                               | -       | -                           | -       |

## B) Details of transactions :

(₹ in lakh)

| Nature of Transactions                                                 | Subsidiaries |         |         | Joint Ventures |         |         | Associate Companies/Others* |         |         | Key Management Personnel |         |         |
|------------------------------------------------------------------------|--------------|---------|---------|----------------|---------|---------|-----------------------------|---------|---------|--------------------------|---------|---------|
|                                                                        | 2018-19      | 2017-18 | 2016-17 | 2018-19        | 2017-18 | 2016-17 | 2018-19                     | 2017-18 | 2016-17 | 2018-19                  | 2017-18 | 2016-17 |
| <b>CLOSING BALANCES</b>                                                | 146          | 153     | 128     | 2              | 1       | 10      | 2,463                       | 8,934   | 2,246   | 643                      | 67      | 67      |
| a) Loans, Advances, Deposits, trade receivables (net) and other assets | 146          | 153     | 128     | 2              | 1       | 10      | 2,463                       | 8,934   | 2,246   | 643                      | 67      | 67      |
| b) Borrowings / Security Deposits (Net)                                | -            | -       | -       | -              | -       | -       | 224                         | 432     | 17      | -                        | -       | -       |
| c) Investments                                                         | 7,502        | 7,501   | 7,501   | 3,775          | 3,775   | 3,775   | 14,529                      | 14,529  | 6,793   | -                        | -       | -       |
| <b>CLOSING BALANCES :</b>                                              |              |         |         |                |         |         |                             |         |         |                          |         |         |
| 1) Loans, Advances, Deposits and other assets                          |              |         |         |                |         |         |                             |         |         |                          |         |         |
| DHFL Advisory & Investments Pvt Ltd                                    | 146          | 153     | 128     | -              | -       | -       | -                           | -       | -       | -                        | -       | -       |
| Wadhawan Holding Private Ltd                                           | -            | -       | -       | -              | -       | -       | 2,958                       | 2,820   | -       | -                        | -       | -       |
| Essential Hospitality Private Ltd                                      | -            | -       | -       | -              | -       | -       | -                           | 1,215   | 1,215   | -                        | -       | -       |
| DHFL Holding Ltd                                                       | 0            | -       | -       | -              | -       | -       | -                           | -       | -       | -                        | -       | -       |

# Notes

forming part of the financial statements for the year ended March 31, 2019

(₹ in lakh)

| Nature of Transactions                                                        | Subsidiaries |         |         | Joint Ventures |         |         | Associate Companies/Others* |         |         | Key Management Personnel |         |         |
|-------------------------------------------------------------------------------|--------------|---------|---------|----------------|---------|---------|-----------------------------|---------|---------|--------------------------|---------|---------|
|                                                                               | 2018-19      | 2017-18 | 2016-17 | 2018-19        | 2017-18 | 2016-17 | 2018-19                     | 2017-18 | 2016-17 | 2018-19                  | 2017-18 | 2016-17 |
| Wadhawan Global Capital Ltd                                                   | -            | -       | -       | -              | -       | -       | 3,015                       | -       | -       | -                        | -       | -       |
| DHFL General Insurance Ltd                                                    | -            | -       | -       | -              | -       | -       | 164                         | 100     | -       | -                        | -       | -       |
| DHFL Pramerica Life Insurance Co. Ltd                                         | -            | -       | -       | -              | -       | 10      | 21                          | 10      | -       | -                        | -       | -       |
| Mr. Harshil Mehta                                                             | -            | -       | -       | -              | -       | -       | -                           | -       | -       | 643                      | 67      | 67      |
| <b>2) Trade Receivable and other assets</b>                                   |              |         |         |                |         |         |                             |         |         |                          |         |         |
| Aadhar Housing Finance Limited (Refer Note 9)                                 | -            | -       | -       | -              | -       | -       | 237                         | 105     | -       | -                        | -       | -       |
| DHFL Pramerica Life Insurance Co Ltd                                          | -            | -       | -       | -              | -       | -       | 33                          | 954     | 150     | -                        | -       | -       |
| DHFL Pramerica Asset Managers Pvt Ltd                                         | -            | -       | -       | 2              | 1       | 0       | -                           | -       | -       | -                        | -       | -       |
| Arthveda Fund Management Private Ltd                                          | -            | -       | -       | -              | -       | -       | -                           | -       | 30      | -                        | -       | -       |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance LTD) | -            | -       | -       | -              | -       | -       | -                           | 606     | 922     | -                        | -       | -       |
| Avanse Financial Services Ltd                                                 | -            | -       | -       | -              | -       | -       | 163                         | 5       | -       | -                        | -       | -       |
| DHFL General Insurance Ltd                                                    | -            | -       | -       | -              | -       | -       | -                           | 3,120   | -       | -                        | -       | -       |
| WGC Management Services Pvt Ltd                                               | -            | -       | -       | -              | -       | -       | 41                          | -       | -       | -                        | -       | -       |
| <b>3) Security Deposit Received</b>                                           |              |         |         |                |         |         |                             |         |         |                          |         |         |
| Avanse Financial Services Ltd                                                 | -            | -       | -       | -              | -       | -       | 208                         | 208     | 0       | -                        | -       | -       |
| DHFL General Insurance Ltd                                                    | -            | -       | -       | -              | -       | -       | -                           | 208     | -       | -                        | -       | -       |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd) | -            | -       | -       | -              | -       | -       | 16                          | 16      | 16      | -                        | -       | -       |
| <b>4) Trade Payable and Other liabilities</b>                                 |              |         |         |                |         |         |                             |         |         |                          |         |         |
| Dish Hospitality Private Ltd                                                  | -            | -       | -       | -              | -       | -       | 3                           | 1       | 10      | -                        | -       | -       |
| Wadhawan Holding Private Ltd                                                  | -            | -       | -       | -              | -       | -       | 25                          | -       | 40      | -                        | -       | -       |
| (Erstwhile) Aadhar Housing Finance Ltd                                        | -            | -       | -       | -              | -       | -       | -                           | -       | 21      | -                        | -       | -       |
| DHFL General Insurance Ltd                                                    | -            | -       | -       | -              | -       | -       | 4,126                       | -       | -       | -                        | -       | -       |

# Notes

forming part of the financial statements for the year ended March 31, 2019

(₹ in lakh)

| Nature of Transactions                                                        | Subsidiaries |         |         | Joint Ventures |         |         | Associate Companies/Others* |         |         | Key Management Personnel |         |         |
|-------------------------------------------------------------------------------|--------------|---------|---------|----------------|---------|---------|-----------------------------|---------|---------|--------------------------|---------|---------|
|                                                                               | 2018-19      | 2017-18 | 2016-17 | 2018-19        | 2017-18 | 2016-17 | 2018-19                     | 2017-18 | 2016-17 | 2018-19                  | 2017-18 | 2016-17 |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd) | -            | -       | -       | -              | -       | -       | 15                          | -       | -       | -                        | -       | -       |
| <b>5) Investments</b>                                                         |              |         |         |                |         |         |                             |         |         |                          |         |         |
| DHFL Advisory & Investments P Ltd                                             | 7,501        | 7,501   | 7,501   | -              | -       | -       | -                           | -       | -       | -                        | -       | -       |
| DHFL Pramerica Asset Managers Pvt Ltd                                         | -            | -       | -       | 3,770          | 3,770   | 3,770   | -                           | -       | -       | -                        | -       | -       |
| DHFL Pramerica Trustee Pvt Ltd                                                | -            | -       | -       | 5              | 5       | 5       | -                           | -       | -       | -                        | -       | -       |
| Erstwhile Aadhar Housing Finance Ltd                                          | -            | -       | -       | -              | -       | -       | -                           | -       | 1,490   | -                        | -       | -       |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd) | -            | -       | -       | -              | -       | -       | 1,805                       | 1,805   | 315     | -                        | -       | -       |
| Avanse Financial Services Ltd                                                 | -            | -       | -       | -              | -       | -       | 12,724                      | 12,724  | 4,988   | -                        | -       | -       |
| DHFL Holding Ltd                                                              | 1            | -       | -       | -              | -       | -       | -                           | -       | -       | -                        | -       | -       |

\*Other includes Enterprises over which KMP are able to exercise significant influence.

## Notes :

- 1) Related party relationship is as identified by the Company and relied upon by the Auditors.
- 2) The figures of income and expenses are net of service tax/ Goods and Services tax.
- 3) Transactions with the related parties are disclosed only till the relationship exists.
- 4) Previous years figures have been regrouped, rearranged and reclassified wherever necessary.
- 5) Term loans from banks and loans from NHB are further guaranteed by personal guarantees of Mr Kapil Wadhawan and Mr Dheeraj Wadhawan.
- 6) Loans from NHB are further guaranteed by personal guarantee of Mrs Aruna Wadhawan and Corporate Guarantee of Wadhawan Global Capital Private Limited.
- 7) Managerial remuneration excludes the contribution for gratuity as the incremental liability has been accounted by the Company as a whole.
- 8) There are no provisions for doubtful debts or amount written off or written back for debts due from or due to related parties.
- 9) The above transactions excludes receivable/ payable in respect of assignment transactions entered into by the Company where either the Company or the associate company is acting as collection agent.
- 10) Also refer note 6.3
- 11) Zero denotes amount less than ₹ 50,000

# Notes

forming part of the financial statements for the year ended March 31, 2019

## 49 AS A PART OF THE COMPANY'S EFFORT TO SELL DOWN ITS NON-CORE INVESTMENTS IN ASSOCIATES TO GENERATE LIQUIDITY, THE COMPANY HAS ENTERED INTO BINDING SHARE PURCHASE AGREEMENT FOR –

- a sale of 23,01,090 (9.15%) equity shares held in Aadhar Housing Finance Limited (AHFL) to private equity funds managed by Blackstone on 02nd February 2019 for a total consideration of ₹ 20,895 lakh. After obtaining applicable regulatory and other approval ₹ 16,363 lakh has been received by the Company on 10th June 2019 and balance of ₹ 4,532 lakh is expected over the period of next 6 months.
- b sale of 1,92,50,719 (30.63%) equity shares held by the Company in Avanse Financial Services Limited (Avanse) to Olive Vine Investments Limited an affiliate of Warburg Pincus Group on 16th March 2019 for a consideration of ₹ 30,352 lakh.
- c sale of its entire shareholding in DHFL Pramerica Asset Managers Private Limited,, to M/s PGLH of Delaware Inc. vide agreement dated 21st February '19, subject to related regulatory approvals. As per the same purchase consideration shall be based on the Asset under Management (AUM).

**50** In the last week of January, 2019, News portal Cobrapost.com made allegations against the Company's management and its promoters. The Company received a series of questions from the portal shortly before the allegations were made public. The Audit Committee appointed an independent firm of Chartered Accountants (Independent Chartered Accountants) to review the allegations and report to the Committee. The report by Independent Chartered Accountants restricted its scope to the allegations which in their opinion pertained to the Company, highlighted certain procedural lapses and documentation deficiencies inter alia the fact that the end use monitoring of the funds loaned had not been performed despite a specific mandate by the finance Committee as part of the loan sanction conditions. The Statutory Auditors post their review of the Independent Chartered Accountants report, provided their observations and suggestions on the scope, coverage and findings by the Independent Chartered Accountants in the report as well as additional areas that needed to be covered. The management is in the process of determining the action to address the comments of the Statutory Auditors. As stated in the Action taken report tabled before the Audit Committee on 29th March, 2019, the Company has sought written explanations from the loanees for loans where end use monitoring was not effected. The Company is yet to receive responses from the loanees after which a decision on remedial measures including recalling the monies advanced will be made. The Company is undertaking fresh valuation in respect of the loans including underlying securities that were a subject matter of the allegations, from reputed valuation specialists and have been advised by the lawyers that agreements entered into with the loanees are legally enforceable. Necessary adjustments to the carrying values of the loans advanced will be made upon conclusion of the above actions.

**51** The unsecured Inter Corporate Deposit (ICD) aggregating ₹ 565,269 lakh were outstanding as at March 31, 2019 and includes ICDs (net) of ₹ 482,014 lakh granted during the year. Of these, ICDs aggregating ₹ 40,870 lakh have since been repaid while ICDs aggregating ₹ 393,699 lakh are expected to be repaid shortly. Balance ICDs aggregating to ₹ 130,700 lakh are being converted into secured term loans. There are documentation deficiencies with respect to grant / rollover of ICDs which are being rectified. The ICDs have been advanced towards regular business activities and were either extended as a temporary loan pending full valuation of project funding or short term corporate requirements. Pending conclusion of these actions, the Management believes that no adjustments are required to the carrying value of the ICDs.

**52** In respect of certain Project / Mortgage loans, the management is actively engaged with the loanees to remediate certain lacunae in loan documentation and expects to complete this exercise by September 2019. The management believes that deficiencies in documentation will not affect the enforceability of the underlying security. The Company is confident that the loans extended are secured and recoverable basis the cash flow arising from such project / mortgage loans. Pending completion of this exercise, no adjustments have been made to the carrying values of these loans aggregating to ₹ 2,407,772 lakh which has been largely dealt with in a manner stated in Note 55.

**53** During the year, the housing finance sector has been under duress which has been compounded by the liquidity crunch in the real estate sector. Consequent to this, there have been instances where cheques received from the borrowers particularly from the project and mortgage loan customers were not banked at the instance of the borrowers. Entries for receipts were however accounted for in the customer accounts which were subsequently reversed. As at the year end, the collections recorded in this manner aggregated ₹ 187,526 lakh have been remediated at the year-end and the corresponding loans have been dealt with in a manner as stated in Note 55.



# Notes

forming part of the financial statements for the year ended March 31, 2019

- 54** The Company is undergoing substantial financial stress since second half of the current financial year. The Company has suffered consistent downgrades in its credit ratings since February 2019. On 5th June 2019, the credit rating was reduced to 'default grade' despite there being no default till that date. The Company's ability to raise funds has been substantially impaired and the business has been brought to a standstill with there being minimal / virtually no disbursements. These developments may raise a significant doubt on the ability of the Company to continue as a going concern.

The Company is taking active steps to monetize its assets and is in discussions with multiple Indian banks and international financial institutions to sell off its retail as well as wholesale portfolio. It is in discussions with the consortium of bankers / lenders to restructure its borrowings and will take all the necessary steps to ensure that it meets its financial commitments. There have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The Company on July 1, 2019 had a meeting with the consortium of bankers wherein the bankers agreed to enter into an Inter-creditor Agreement (ICA) for a potential restructuring of company's liabilities. In view thereof, the requirements in respect of creation of debenture redemption reserve and the corresponding deposit in liquid assets shall be assessed upon conclusion of the restructuring plan. The Company is in the process of submitting a resolution plan to the lenders and the lenders are expected to give an in-principle approval to the plan by end of July 2019. The ability of the Company to continue as a going concern is predicated upon its ability to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of all the actions that are currently underway, these financial statements have been prepared on the basis that the Company is a going concern.

- 55** Due to the current business environment, the Company no longer holds the project loans, SRA loans and wholesale mortgage loan portfolio for the purposes of solely collecting the principal and interest. The Management envisages to monetise the wholesale loan portfolio. Consequently, the said loans aggregating ₹ 3,488,160 lakh (including ₹ 1,648,717 lakh related to note 53) have been reclassified as Fair Value Through Profit or Loss (FVTPL) as at March 31, 2019 due to the change in business model. As required under Ind AS 109, these assets have been fair valued as at March 31, 2019 based on internal valuations which involve management's judgment and assumptions at ₹ 3,162,815 lakh and the resultant fair value loss aggregating ₹ 325,345 lakh (gross of reversal of provision) has been charged to the Statement of Profit and Loss.

- 56** The Company had commenced implementation of Expected Credit Loss (ECL) model as part of its Ind AS transition. During the course of the audit, deficiencies have been identified in the historical data used for the purpose of determination of the ECL provision. The Company is in the process of remediating the same, though does not consider the resultant impact to be material. Additionally, the Company has also taken external bureau supportive information (i.e. CIBIL score range band – Probability of default (PD) analysis) of our portfolio in comparison to Industry standards, which indicates that the PD of the Company's Portfolio is better than the Industry standard. Further, based on the Company's borrower profile and CIBIL score the Company is convinced of its assumptions supporting ECL calculation.

- 57** The Company has received a letter dated July 3, 2019, from the National Housing Bank containing observations emanating from the inspection carried out by NHB for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. There are observations in the letter inter-alia being impact on the Capital Adequacy Ratio of the Company as at March 31, 2018 reduced to 10.24%. NHB has directed the Company to provide a specific response to all the observations within a period of 21 days. The management does not concur with the observation of the NHB and will provide an appropriate response within the stipulated time. As mentioned in the note 55 above, on account of classification of project loans, SRA loans and wholesale mortgage loans as Fair Value through Profit or Loss (FVTPL) due to the change in business model as at March 31, 2019, has resulted in a charge of fair value loss aggregating to ₹ 325,345 Lakh (gross of reversal of provision) to the Statement of Profit and Loss. While the management does not agree with the observations of the NHB and will provide an appropriate response within the stipulated time, these financials statements have been prepared without providing the disclosures to be made in the financial statements as mandated under the NHB Guidelines. Necessary disclosures will be compiled and provided to the stakeholders at a later date upon conclusion of the matter. In view of these financial statements being prepared using Indian Accounting Standards (Ind AS) while the NHB observations relate to numbers compiled on the basis of regulatory guidelines, the Management believes that the aforesaid observations may not have any implications on the financial statements.

# Notes

forming part of the financial statements for the year ended March 31, 2019

- 58** The Company has recognized net deferred tax asset of ₹ 44,281 lakh as at March 31, 2019. Ind AS 12 – 'Income Taxes' requires the Company to determine the probability of sufficient future taxable income to utilize the deferred tax asset. Considering the factors described in Note 54, the Company is of the view that no adjustment is required to the carrying value of the deferred tax asset.
- 59** The Company has incurred expenditure aggregating ₹ 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. Considering the factors described in Note 54, the Company is of the view that no adjustment is required to be made to the carrying value of the intangible asset under development pursuant to the requirements of Ind AS 36 on Impairment of Assets.
- 60** The National Housing Bank has imposed penalty of ₹ 0.65 lakh plus applicable taxes due to short provisioning on account of wrong assets classification of 12 rescheduled/ restructured Slum Redevelopment Project loans and 1 non housing loan amounting ₹ 89,307 lakh in terms of paragraph 29(6) of the Housing Finance Companies (NHB) Directions, 2010 in respect of financial year ended March 31, 2017.
- 61** There are no subsequent events other than disclosed in notes to the financial statements

## 62 APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Directors of the Company on July 22, 2019.

For and on behalf of the Board  
**Kapil Wadhawan**  
*Chairman & Managing Director*  
 (DIN – 00028528)

**Alok Kumar Misra**  
 (DIN – 00163959)  
*Director*

**Sunjoy Joshi**  
 (DIN – 00449318)  
*Director*

**Dheeraj Wadhawan**  
 (DIN – 00096026)  
*Director*

**Dr. Deepali Pant Joshi**  
 (DIN – 07139051)  
*Director*

**Srinath Sridharan**  
 (DIN – 03359570)  
*Director*

## Disclosures Required by the National Housing Bank

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank. These figures may not be traceable to the Financial Statements as at March 31, 2019. The differences are arising as the disclosures are made as per the regulatory requirements vis a vis the financial statements prepared as per Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

As required under above guidelines, read with additional requirements / guidelines with reference to the interpretation of various terms / classifications, the following additional disclosures are given by the Management. These notes have not been reviewed by the joint Statutory Auditors of the Company, refer note no. 57 of the Standalone Financial Statements.

### 1 MINIMUM DISCLOSURES

The following additional disclosures have been given in terms of Notification no. NHB.HFC.CG DIR.1/MD&CEO/2016 dated February 9, 2017 issued by the National Housing Bank.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies regarding key areas of operations are disclosed as note no 2 to the Standalone Financial Statement for the year ended March 31, 2019.

### 3 DISCLOSURES :

#### 3.1 Capital

|                                                            | (₹ in Lakh) |            |
|------------------------------------------------------------|-------------|------------|
| Particulars                                                | 31.03.2019  | 31.03.2018 |
| i) CRAR (%)                                                | 14.07%      | 15.29%     |
| ii) CRAR – Tier I Capital                                  | 9.40%       | 11.52%     |
| iii) CRAR – Tier II Capital                                | 4.67%       | 3.77%      |
| iv) Amount of Subordinated debit raised as Tier II Capital | 173,286.00  | 89,666     |
| v) Amount raised by issue of perpetual Debt Instruments    | 113,581.00  | 116,070    |

Note : Refer Note No. 57 of the Standalone Financial Statements.

#### 3.2 Reserve Fund U/s 29 C of NHB Act, 1987

|                                                                                                                                                                                  | (₹ in Lakh)    |                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Particulars                                                                                                                                                                      | 31.03.2019     | 31.03.2018     |
| <b>Balance at the beginning of the year</b>                                                                                                                                      |                |                |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987                                                                                                              | 65,324         | 64,924         |
| 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            | 118,575        | 91,475         |
| <b>c) Total</b>                                                                                                                                                                  | <b>183,899</b> | <b>156,399</b> |
| <b>Addition during the year</b>                                                                                                                                                  |                |                |
| Add: a) Amount transferred u/s 29C of the NHB Act, 1987                                                                                                                          | -              | 400            |
| 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             | -              | 27,100         |
| Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987                                                                                             | -              | -              |
| b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987 | -              | -              |
| <b>c) Total</b>                                                                                                                                                                  | <b>-</b>       | <b>27,500</b>  |
| <b>Balance at the end of the year</b>                                                                                                                                            |                |                |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987                                                                                                              | 65,324         | 65,324         |
| 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            | 118,575        | 118,575        |
| <b>c) Total</b>                                                                                                                                                                  | <b>183,899</b> | <b>183,899</b> |

## Disclosures Required by the National Housing Bank

### 3.3 Investments

| (₹ in Lakh)                                                                  |            |            |
|------------------------------------------------------------------------------|------------|------------|
| Particulars                                                                  | 31.03.2019 | 31.03.2018 |
| <b>3.3.1 Value of Investments</b>                                            |            |            |
| (i) Gross Value of Investments                                               | 247,037    | 807,651    |
| (a) In India                                                                 | 247,037    | 807,651    |
| (b) Outside India                                                            |            |            |
| (ii) Provision for Depreciation                                              | 7,500      | -          |
| (a) In India                                                                 | 7,500      | -          |
| (b) Outside India                                                            | -          | -          |
| (iii) Net value of Investments                                               | 239,537    | 807,651    |
| (a) In India                                                                 | 239,537    | 807,651    |
| (b) Outside India                                                            | -          | -          |
| <b>3.3.2 Movement of provisions held towards depreciation on Investments</b> |            |            |
| (1) Opening Balance                                                          | -          | -          |
| (i) Add: Provisions Made during the year                                     | 7,500      | -          |
| (ii) Less : write-off/written bank of excess provisions during the year      | -          | -          |
| (2) Closing Balance                                                          | 7,500      | -          |

### 3.4 Derivatives :

#### 3.4.1 Forward Rate agreement (FRA)/ Interest Rate Swap (IRS)

| (₹ in Lakh)                                                                                                  |            |            |
|--------------------------------------------------------------------------------------------------------------|------------|------------|
| Particulars                                                                                                  | 31.03.2019 | 31.03.2018 |
| i) The notional principal of swap agreements                                                                 | 777,006    | 595,348    |
| ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements | 16,195     | 9,023      |
| iii) Collateral required by the HFC upon entering into swaps                                                 | -          | 3,020      |
| iv) Concentration of credit risk arising from the swaps \$                                                   | NA**       | NA**       |
| v) The fair value of the swap book @                                                                         | 13,281     | (4,812)    |

\*\*As the company has contracts with multiple banks hence Concentration of credit risk is not applicable

#### 3.4.2 Exchange Traded Interest Rate (IR) Derivative

The company has not entered into any exchange traded Interest rate Derivative during the financial year 2018 -2019.

#### 3.4.3 Disclosures on Risk Exposure in Derivatives

##### A Qualitative Disclosure

The currency risk on the borrowings is actively managed mainly through a combination of principal only swaps, forward contracts. As a part of Asset Liability Management, the Company has entered into interest rate swaps wherein it has converted its fixed rate rupee liabilities into floating rate linked to various benchmarks. The Company uses derivate contracts such as foreign exchange forward, cross currency contracts, interest rate swaps, foreign currency futures, options and swaps to hedge its exposure to movements in foreign exchange and interest rates. The use of these derivative contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes

To hedge its risks on the principal and/ or interest amount for foreign currency borrowings on its balance sheet, the Company has currently used cross currency derivatives, forwards and principal only swaps. Additionally, the Company has entered into Interest Rate Swaps (IRS) to hedge its basis risk on fixed rate borrowings and LIBOR risk on its foreign currency borrowings.

## Disclosures Required by the National Housing Bank

Financial Risk Management of the Company constitutes the Audit Committee, Asset Liability Committee (ALCO), Risk management and hedging team (front office), mid office, back office and internal auditors. The Treasury front-office enters into derivative transactions with various counterparties. The Company has an independent back-office. The Company periodically monitors various counterparty risk and market risk limits, within the risk architecture and processes of the Company.

### B Quantitative Disclosure

| (₹ in Lakh)                                |                      |                           |
|--------------------------------------------|----------------------|---------------------------|
| Particulars                                | Currency Derivatives | Interest Rate Derivatives |
| i) Derivatives (Notional Principal Amount) | 302,257              | 474,750                   |
| ii) Market to Market Positions [1]         | 5,702                | 7,579                     |
| (a) Assets (+)                             | 8,579                | 7,616                     |
| (b) Liability (-)                          | (2,877)              | (37)                      |
| iii) Credit Exposure                       | -                    | -                         |
| iv) Unhedged Exposures                     | -                    | -                         |

### 3.5 Securitisation

3.5.1 Details of outstanding amount of securitised assets as per books of the SPVs sponsored by the Company and total amount of exposures retained by the Company as on March 31, 2019 towards the Minimum Retention Requirements (MRR):

| (₹ in Lakh)                                                                                                      |              |
|------------------------------------------------------------------------------------------------------------------|--------------|
| Particulars                                                                                                      | No. / Amount |
| 1. No of SPVs sponsored / with Transaction on securitisation                                                     | 16           |
| 2. Total amount of securitised assets as per books of the SPVs sponsored                                         | 230,011      |
| 3. Total amount of exposures retained towards the MRR as on the date of balance sheet                            | 16,245       |
| (I) Off-balance sheet exposures towards Credit Concentration                                                     |              |
| a) Cash Collateral                                                                                               | 32,386       |
| b) Investment in Class 'B' PTCs                                                                                  | -            |
| (II) On-balance sheet exposures towards Credit Concentration                                                     | 16,245       |
| a) Cash Collateral                                                                                               | 2,119        |
| b) Investment in Class 'B' PTCs                                                                                  | 14,126       |
| 4. Amount of exposures to securitisation transactions other than MRR                                             |              |
| (I) Off-balance sheet exposures towards Credit Concentration                                                     |              |
| a) Exposure to own Securitization                                                                                | -            |
| i)                                                                                                               | -            |
| ii)                                                                                                              | -            |
| b) Exposure to third party securitization                                                                        | -            |
| i)                                                                                                               | -            |
| ii)                                                                                                              | -            |
| (II) On-balance sheet exposures towards Credit Concentration - Exposure to own securitizations - Cash Collateral |              |
| a) Exposure to own Securitization                                                                                | -            |
| i)                                                                                                               | -            |
| ii)                                                                                                              | -            |
| b) Exposure to third party securitization                                                                        | -            |
| i)                                                                                                               | -            |
| ii)                                                                                                              | -            |

## Disclosures Required by the National Housing Bank

### 3.5.2 Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

| (₹ in Lakh)                                                                                                |            |            |
|------------------------------------------------------------------------------------------------------------|------------|------------|
| Particulars                                                                                                | 31.03.2019 | 31.03.2018 |
| i) No. of accounts                                                                                         | 1          | 809        |
| ii) Aggregate value (net of provisions) of accounts sold to SC / RC                                        | 15.25      | 90,014     |
| iii) Aggregate consideration                                                                               | 15.00      | 82,434     |
| iv) Additional consideration realized in respect of accounts transferred in earlier years(b) Liability (-) | -          | -          |
| v) Aggregate (gain) / loss over net book value                                                             | 0.25       | 7,580      |

### 3.5.3 Detail of Assignment transactions undertaken by HFC's

| (₹ in Lakh)                                                                               |            |            |
|-------------------------------------------------------------------------------------------|------------|------------|
| Particulars                                                                               | 31.03.2019 | 31.03.2018 |
| i) No. of accounts                                                                        | 42         | 24         |
| ii) Aggregate value (Net of Provisions) of accounts assigned                              | 1,742,136  | 1,149,519  |
| iii) Aggregate consideration                                                              | 1,742,136  | 1,149,519  |
| iv) Additional consideration realized in respect of accounts transferred in earlier years | Nil        | Nil        |
| v) Aggregate (gain)/loss over net book value for the year                                 | Nil        | Nil        |

### 3.5.4 Details of non-performing financial assets purchased / sold

#### A. Detail of non-performing financial assets purchased

| (₹ in Lakh)                                                     |            |            |
|-----------------------------------------------------------------|------------|------------|
| Particulars                                                     | 31.03.2019 | 31.03.2018 |
| 1 (a) No of accounts purchases during the year                  | NIL        | NIL        |
| (b) Aggregate Outstanding                                       | NIL        | NIL        |
| 2 (a) of these, number of accounts restructured during the year | NIL        | NIL        |
| (b) Aggregate Outstanding                                       | NIL        | NIL        |

#### B. Detail of Non-performing Financial Assets Sold :

| (₹ in Lakh)                        |            |            |
|------------------------------------|------------|------------|
| Particulars                        | 31.03.2019 | 31.03.2018 |
| 1 No of accounts Sold              | 1          | 809        |
| 2 Aggregate Outstanding            | 17.94      | 914.20     |
| 3 Aggregate Consideration received | 15.00      | 824.34     |

### 3.6 Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)

| Maturity Buckets              | Liabilities      |                      |                  |                              |
|-------------------------------|------------------|----------------------|------------------|------------------------------|
|                               | Deposits         | Borrowings from Bank | Market Borrowing | Foreign Currency Liabilities |
| Upto 30/31 days (one month)   | 10,735           | 249,912              | 19,655           | -                            |
| Over 1 month & up to 2 month  | 29,915           | 36,284               | 414,227          | -                            |
| Over 2 month & up to 3 month  | 66,060           | 79,234               | 205,383          | -                            |
| Over 3 month & up to 6 month  | 137,736          | 154,522              | 125,436          | 14,794                       |
| Over 6 month & up to 12 month | 223,841          | 310,595              | 137,845          | 14,794                       |
| Over 1 Year & up to 3 Years   | 472,022          | 1,402,974            | 1,108,250        | 131,357                      |
| Over 3 Year & up to 5 Years   | 74,161           | 1,079,513            | 315,614          | 135,531                      |
| Over 5 Year & up to 7 Years   | 5,723            | 547,532              | 701,059          | -                            |
| Over 7 Year & up to 10 Years  | 13,374           | 298,859              | 590,486          | -                            |
| Over 10 Years                 | 381              | 45,468               | 118,270          | -                            |
| <b>Total</b>                  | <b>1,033,949</b> | <b>4,204,894</b>     | <b>3,736,226</b> | <b>296,476</b>               |



## Disclosures Required by the National Housing Bank

| Maturity Buckets              | Assets           |                |                         |
|-------------------------------|------------------|----------------|-------------------------|
|                               | Advance          | Investments    | Foreign Currency Assets |
| Upto 30/31 days (one month)   | 170,086          | 687,908        | -                       |
| Over 1 month & up to 2 month  | 45,856           | -              | -                       |
| Over 2 month & up to 3 month  | 46,240           | -              | -                       |
| Over 3 month & up to 6 month  | 141,019          | -              | -                       |
| Over 6 month & up to 12 month | 291,821          | 17,285         | -                       |
| Over 1 Year & up to 3 Years   | 1,237,280        | -              | -                       |
| Over 3 Year & up to 5 Years   | 1,409,463        | -              | -                       |
| Over 5 Year & up to 7 Years   | 1,065,563        | -              | -                       |
| Over 7 Year & up to 10 Years  | 965,054          | 66,526         | -                       |
| Over 10 Years                 | 3,820,850        | 35,931         | -                       |
| <b>Total</b>                  | <b>9,193,232</b> | <b>807,650</b> | <b>-</b>                |

### 3.7 Exposure

#### 3.7.1 Exposure to Real Estate Sector

(₹ in Lakh)

| Category                                                                                                                                                                                                                                                                                                                                                  | 31.03.2019 | 31.03.2018 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|
| <b>a) Direct Exposure</b>                                                                                                                                                                                                                                                                                                                                 |            |            |
| <b>(i) Residential Mortgages -</b>                                                                                                                                                                                                                                                                                                                        |            |            |
| Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Individual Housing loans upto ₹ 15 Lakh may be shown separately)                                                                                                                                                                | 7,791,376  | 8,105,810  |
| Individual Housing loans upto ₹ 15 Lakh (Included In above)                                                                                                                                                                                                                                                                                               | 2,013,421  | 2,428,274  |
| <b>(ii) Commercial Real Estate -</b>                                                                                                                                                                                                                                                                                                                      |            |            |
| Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits | 1,107,348  | 677,304    |
| <b>(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -</b>                                                                                                                                                                                                                                                            |            |            |
| a) Residential                                                                                                                                                                                                                                                                                                                                            | 14,126.00  | 9,400.00   |
| b) Commercial Real Estate                                                                                                                                                                                                                                                                                                                                 | -          | -          |
| <b>b) Indirect Exposure</b>                                                                                                                                                                                                                                                                                                                               |            |            |
| Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)                                                                                                                                                                                                                                               | -          | -          |

## Disclosures Required by the National Housing Bank

### 3.7.2 Exposure to Capital Market

(₹ in Lakh)

| Particulars                                                                                                                                                                                                                                                                                                                                             | 31.03.2019    | 31.03.2018    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| i) Direct Investment in equity shares, Convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate Debt                                                                                                                                                            | 13,833        | 29,346        |
| ii) Advance against shares/bonds/debentures or other securities or on clean basis to individual for the investment in shares (including IPOs/ESOPs), Convertible bonds, convertible debentures and units of equity -oriented mutual funds.                                                                                                              | -             | -             |
| iii) Advance for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security.                                                                                                                                                                                 | -             | -             |
| iv) Advance for any other purposes to the extent secured by collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e where the primary security other than shares /Convertible bonds/convertible debentures/ Unit of equity oriented Mutual funds ' does not fully cover the advances. | -             | -             |
| v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and Market makers;                                                                                                                                                                                                                                    | -             | -             |
| vi) Loans Sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;                                                                                                                       | -             | -             |
| vii) Bridge loans to companies against expected equity flows/issues;                                                                                                                                                                                                                                                                                    | -             | -             |
| viii) All exposures to venture Capital funds (Both registered and unregistered)                                                                                                                                                                                                                                                                         | 1,893         | 1,895         |
| <b>Total Exposure to Capital Market</b>                                                                                                                                                                                                                                                                                                                 | <b>15,726</b> | <b>31,241</b> |

### 3.7.3 Details of financing of parent company products

Not Applicable

### 3.7.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL)

The Company has not exceeded the prudential exposure limits during the year with reference to Single Borrower Limit (SGL) / Group Borrower Limit (GBL).

### 3.7.5 Unsecured Advances

The Company does not finance any projects (including infrastructure projects) where the collateral being an intangible security i.e. rights, licenses, authorisations.

## 4 MISCELLANEOUS

### 4.1 Registration obtained from other financial sector regulators

- a) The Company has obtained a Corporate Agent (Composite) license bearing registration no. CA0052 from insurance Regulatory and Development Authority of India (IRDAI)
- b) Other Registration with:
  - i) Financial Intelligence Unit, India (FIU) vide Registration No. FIHFC00010
  - ii) Association of Mutual Funds in India (AMFI) vide registration no. ARN-101515, as AMFI Registered Mutual Fund Advisor.

## Disclosures Required by the National Housing Bank

### 4.2 Disclosure of Penalties imposed by NHB and other regulators

During FY 2018-19, NHB has imposed penalty of ₹ 0.65 lakh plus applicable taxes due to short provisioning on account of wrong assets classification of some rescheduled / restructured Slum Redevelopment Project loans and non housing loans. Refer Note No. 60

### 4.3 Related party Transactions

All Related Party Transactions have been reported in Note No. 48. The policy on dealing with Related party transactions have been placed on website as well as in annual report.

### 4.4 Rating assigned by Credit Rating Agencies and migration of rating

| Rating Particulars                   | Rating Agency | March 31, 2019                                                  | March 31, 2018           |
|--------------------------------------|---------------|-----------------------------------------------------------------|--------------------------|
| Short-term debt/<br>commercial paper | ICRA          | ICRA A2+; Under Watch with Negative Implications                | ICRA A1+                 |
|                                      | CRISIL        | CRISIL A2+ (Under Rating Watch with Negative Implications)      | CRISIL A1+               |
| IPDIs                                | CARE          | CARE BBB+ (Under Credit watch with developing implications)     | CARE AA; Stable          |
|                                      | BRICKWORKS    | BWR A+ (Under Credit Watch with Negative Implications)          | BWR AA+; Stable          |
| Subordinated debt                    | CARE          | CARE A- (Under Credit watch with developing implications)       | CARE AA+; Stable         |
|                                      | BRICKWORKS    | BWR AA- (Under Credit Watch with Negative Implications)         | BWR AAA; Stable          |
| NCDs                                 | CARE          | CARE A (Under Credit watch with developing implications)        | CARE AAA; Stable         |
|                                      | BRICKWORKS    | BWR AA- (Under Credit Watch with Negative Implications)         | BWR AAA; Stable          |
| NCDs (Public Issue)                  | CARE          | CARE A (Under Credit watch with developing implications)        | CARE AAA; Stable         |
|                                      | BRICKWORKS    | BWR AA- (Under Credit Watch with Negative Implications)         | BWR AAA; Stable          |
| Long-term Bank<br>Loans              | CARE          | CARE A (Under Credit watch with developing implications)        | CARE AAA; Stable         |
| Public (Fixed)<br>Deposits           | CARE          | CARE A (FD) (Under Credit watch with developing implications)   | CARE AAA (FD);<br>Stable |
|                                      | BRICKWORKS    | BWR FAA- (Under Credit Watch with Negative Implications)        | BWR FAAA; Stable         |
| Structured<br>Obligations            | CARE          | CARE AAA (SO) (Under Credit watch with developing implications) | CARE AAA (SO)            |
|                                      | ICRA          | ICRA AAA(SO); Under Watch with Developing Implications          | ICRA AAA(SO)             |
|                                      | CRISIL        | CRISIL AAA (SO)                                                 | CRISIL AAA (SO)          |

### 4.5 Remuneration of Directors

Please refer Form No. MGT 9 for Directors Remuneration details.

### 4.6 Management

The prescribed information is suitably set-out in Management Discussion and Analysis which forms part of annual report.

### 4.7 Net Profit or Loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on current year's Profit and Loss.

### 4.8 Revenue Recognition

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

### 4.9 Accounting Standard 21 – Consolidated Financial Statements (CFS)

Refer Note No. 2, Significant Accounting Policies forming part of consolidated Financial Statement for the relevant disclosures.

# Disclosures Required by the National Housing Bank

## 5 ADDITIONAL DISCLOSURES

### 5.1 Provisions and contingencies

(₹ in Lakh)

| Particulars                                                                        | 31.03.2019 | 31.03.2018 |
|------------------------------------------------------------------------------------|------------|------------|
| i) Provisions for depreciation on Investment                                       | 7,500      | -          |
| ii) Provisions made towards Income Tax                                             | (35,638)   | 58,449     |
| iii) Provisions towards NPA                                                        | 38,855     | 27,151     |
| iv) Provisions for Standard Assets (with detail like teaser loan, CRE, CRE-RH etc) | 305,477    | 14,289     |
| v) Other Provision and Contingencies(with details)                                 | 28,892     | 540        |

(₹ in Lakh)

| Break up of Provision and contingencies shown under the head expenditure in profit and loss account | Housing Loan |            | Non-Housing Loan |            |
|-----------------------------------------------------------------------------------------------------|--------------|------------|------------------|------------|
|                                                                                                     | 31.03.2019   | 31.03.2018 | 31.03.2019       | 31.03.2018 |
| <b>Standard Assets</b>                                                                              |              |            |                  |            |
| a) Total Outstanding Amount                                                                         | 6,085,470    | 6,634,555  | 2,645,781        | 2,470,583  |
| b) Provisions made                                                                                  | 34,273       | 31,593     | 26,252           | 24,521     |
| <b>Sub-Standard Assets</b>                                                                          |              |            |                  |            |
| a) Total Outstanding Amount                                                                         | 137,889      | 21,084     | 48,078           | 8,981      |
| b) Provisions made                                                                                  | 20,683       | 3,163      | 7,212            | 1,347      |
| <b>Doubtful Assets- Category -I</b>                                                                 |              |            |                  |            |
| a) Total Outstanding Amount                                                                         | 22,101       | 8,918      | 11,404           | 4,197      |
| b) Provisions made                                                                                  | 5,525        | 2,229      | 2,851            | 1,049      |
| <b>Doubtful Assets- Category -II</b>                                                                |              |            |                  |            |
| a) Total Outstanding Amount                                                                         | 7,045        | 19,270     | 4,779            | 7,541      |
| b) Provisions made                                                                                  | 2,818        | 7,709      | 1,913            | 3,029      |
| <b>Doubtful Assets- Category -III</b>                                                               |              |            |                  |            |
| a) Total Outstanding Amount                                                                         | 10,008       | 10,481     | 3,247            | 7,622      |
| b) Provisions made                                                                                  | 10,008       | 10,481     | 3,247            | 7,622      |
| <b>Loss Assets</b>                                                                                  |              |            |                  |            |
| a) Total Outstanding Amount                                                                         | -            | -          | -                | -          |
| b) Provisions made                                                                                  | -            | -          | -                | -          |
| <b>Total</b>                                                                                        |              |            |                  |            |
| a) Total Outstanding Amount                                                                         | 6,262,513    | 6,694,308  | 2,713,289        | 2,498,924  |
| b) Provisions made                                                                                  | 73,307       | 55,175     | 41,475           | 37,568     |

Note : A Provision of ₹ 3,01,162 Lakh were also provided in addition to the above. Refer Note No. 55

### 5.2 Draw Down from Reserves

There was no draw down from the Statutory / Special Reserve during the year.

## Disclosures Required by the National Housing Bank

### 5.3 Concentration of Public Deposits, Advances, Exposures and NPAs

#### 5.3.1 Concentration of Public Deposits (For Public Deposit taking /holding HFCs)

(₹ in Lakh)

| Particulars                                                                                                        | 31.03.2019 | 31.03.2018 |
|--------------------------------------------------------------------------------------------------------------------|------------|------------|
| Total Deposits to twenty Depositors                                                                                | 281,716    | 133,150    |
| Percentage of Deposits of twenty largest borrowers /Customers to total Exposure of the HFC on Borrowers /Customers | 40.97%     | 13.00%     |

#### 5.3.2 Concentration of Loans & Advances

(₹ in Lakh)

| Particulars                                                                                                         | 31.03.2019 | 31.03.2018 |
|---------------------------------------------------------------------------------------------------------------------|------------|------------|
| Total Exposure to twenty largest borrowers/customers                                                                | 1,391,077  | 1,233,282  |
| Percentage of Exposures to twenty largest borrowers /Customers to total Exposure of the HFC on Borrowers /Customers | 15.50%     | 13.42%     |

#### 5.3.3 Concentration of all Exposure ( Including off-balance sheet exposure)

(₹ in Lakh)

| Particulars                                                                                                         | 31.03.2019 | 31.03.2018   |
|---------------------------------------------------------------------------------------------------------------------|------------|--------------|
| Total Exposure to twenty largest borrowers/customers                                                                | 1,645,938  | 1,334,980.33 |
| Percentage of Exposures to twenty largest borrowers /Customers to total Exposure of the HFC on Borrowers /Customers | 17.14%     | 13.83%       |

#### 5.3.4 Concentration of NPAs

(₹ in Lakh)

| Particulars                            | 31.03.2019 | 31.03.2018 |
|----------------------------------------|------------|------------|
| Total Exposure to top ten NPA accounts | 9,698      | 17,646     |

Note: Certain Loans are being classified as fair through Profit and Loss, Refer Note No. 55 & 57 of the Standalone Financial Statements.

#### 5.3.5 Sector wise NPA

| Sector                       | Percentage to total Advances |
|------------------------------|------------------------------|
| <b>A. Housing Loans:</b>     |                              |
| 1. Individuals               | 4.25%                        |
| 2. Builders/Project Loans    | 0.00%                        |
| 3. Corporates                | 0.00%                        |
| 4. Others Loans              | 0.00%                        |
| <b>B. Non-Housing Loans:</b> |                              |
| 1. Individuals               | 0.00%                        |
| 2. Builders/Project Loans    | 0.00%                        |
| 3. Corporates                | 0.00%                        |
| 4. Others Loans              | 2.57%                        |

Note: Certain Loans are being classified as fair through Profit and Loss, Refer Note No. 55 & 57 of the Standalone Financial Statements.

## Disclosures Required by the National Housing Bank

### 5.4 Movement of NPAs

| Particulars                                                                   | 31.03.2019 | 31.03.2018 |
|-------------------------------------------------------------------------------|------------|------------|
| I) Net NPAs to Net Advances (%)                                               | 2.12%      | 0.56%      |
| II) Movement of NPAs (Gross)                                                  |            |            |
| a) Opening balance                                                            | 88,094     | 67,844     |
| b) Additions during the year                                                  | 201,174    | 48,285     |
| c) Reduction during the year                                                  | 44,717     | 28,034     |
| d) Closing balance                                                            | 244,551    | 88,094     |
| III) Movement of NPAs (Net)                                                   |            |            |
| a) Opening balance                                                            | 51,032     | 41,942     |
| b) Additions during the year                                                  | 162,319    | 21,134     |
| c) Reduction during the year                                                  | 23,492     | 12,043     |
| d) Closing balance                                                            | 189,859    | 51,032     |
| IV) Movement of Provisions for NPAs (Excluding provisions on Standard assets) |            |            |
| a) Opening balance                                                            | 37,062     | 25,902     |
| b) Additions during the year                                                  | 38,855     | 27,151     |
| c) Reduction during the year                                                  | 21,225     | 15,991     |
| d) Closing balance                                                            | 54,692     | 37,062     |

Note: Certain Loans are being classified as fair through Profit and Loss, Refer Note No. 55 & 57 of the Standalone Financial Statements.

### 5.5 Overseas Assets

(₹ in Lakh)

| Particulars | 31.03.2019 | 31.03.2018 |
|-------------|------------|------------|
|             | NIL        | NIL        |
|             | NIL        | NIL        |

The Company does not have any overseas assets

### 5.6 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any sponsored SPVs which needs to be consolidated as per Accounting norms

| Name of SPV Sponsored |          |
|-----------------------|----------|
| Domestic              | Overseas |
| NIL                   | NIL      |

## 6 DISCLOSURE OF COMPLAINTS

### 6.1 Customers Complaints

| Particulars                                              | 31.03.2019 | 31.03.2018 |
|----------------------------------------------------------|------------|------------|
| a) No of Complaints Pending at the beginning of the year | 13         | 6          |
| b) No of Complaints received during the year             | 1,295      | 1,091      |
| c) No of complaints redressed during the year            | 1,305      | 1,084      |
| d) No of complaints pending at the end of the year       | 3          | 13         |



# Independent Auditors' Report

**To The Members of  
Dewan Housing Finance Corporation Limited**

**Report on the Audit of Consolidated Ind AS Financial Statements**

**DISCLAIMER OF OPINION**

We were engaged to audit the accompanying Consolidated Ind AS financial statements of Dewan Housing Finance Corporation Limited ("the Parent" or "the Company") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit / loss in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the accompanying Consolidated Ind AS financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Ind AS financial statements.

**BASIS FOR DISCLAIMER OF OPINION**

1. We refer to note 51 of the Consolidated Ind AS financial statements with regards to the Unsecured Inter-corporate Deposits (ICD) outstanding as at March 31, 2019 aggregating ₹ 5,65,269 lakh. As stated in the note, there are significant deficiencies in the grant and rollover of ICD, inter-alia, non-availability of evaluation of credit worthiness of the borrowers, commercial rationale forming basis of granting of the ICD. The note also states that the Company is working towards remediating these deficiencies and that no adjustment is required to the carrying value thereof. We have not been provided sufficient appropriate audit evidence to support the management's assessment and hence are unable to evaluate on the recoverability of the ICD and the consequential effect on Consolidated Ind AS financial statements. Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.
2. We refer to note 50 of the Consolidated Ind AS financial statements that states the allegations of fraud that were made by the newportal Cobrapost.com (the Allegations), inter alia, alleging diversion of funds. As stated in the note, the Audit Committee appointed an independent firm of Chartered Accountants to investigate the Allegations and report to them. We provided to the Audit Committee our suggestions on the scope and coverage as well as additional areas that needed to be covered to ensure comprehensiveness of the coverage of the investigation

and our observations on the findings by Independent firm of Chartered Accountants in the report. These have not been taken into consideration in the final report of the independent firm of Chartered Accountants. As stated in the note, the Management is in the process of determining the actions to address our comments and has stated that adjustments, if any, to the carrying values of the loans advanced will be made upon conclusion of these actions. The report of the independent firm of Chartered Accountants has not been adopted or approved by the Audit Committee. Further, we understand that various regulatory authorities / lenders are currently carrying out their own investigation and they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the Allegations.

We are therefore unable to determine if these allegations would have an impact on these Consolidated Ind AS financial statements including whether any adjustments to the carrying value of loans granted, any restatement of prior years' financial statements, related parties and other disclosures and compliances are required. Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.

3. In respect of certain loans and Pass-through Certificates (PTC) aggregating ₹ 32,45,240 lakh and ₹ 25,700 lakh, respectively, granted or invested by the Company during the year and in earlier years and outstanding as at March 31, 2019:
  - a. As stated in note 53 of the Consolidated Ind AS financial statements, multiple accounting entries were initially recorded in certain customer accounts for receipts despite the cheques or negotiable instrument not been deposited in the bank(s) and these have been subsequently reversed. The gross value of such loans aggregate ₹ 16,48,717 lakh (includes certain loans aggregating ₹ 13,11,283 lakh which are also included in paragraph 3.b). Also refer our comments in paragraph 1.b of 'Report on Other Legal and Regulatory Requirements' section below.
  - b. We have not been provided sufficient information and explanations to our enquiries in relation to credit, legal and technical evaluation and evidence for end use monitoring as stated in the loan agreement and specified by the Finance Committee, wherever applicable, in respect of project loans and mortgage loans aggregating ₹ 24,07,772 lakh (Includes loans aggregating ₹ 13,11,283 lakh also included in paragraph 3.b). Also refer our comments in paragraph 1.a of 'Report on Other Legal and Regulatory Requirements' section below.
  - c. As stated in note 55, the management has elected to measure loans aggregating ₹ 31,62,815 lakh (includes certain loans aggregating ₹ 26,62,781 lakh which are also included in paragraph 3.a and 3.b) and Pass-through

Certificates (PTC) aggregating ₹ 25,700 lakh at Fair Value Through Profit or Loss (FVTPL) based on internal valuations which involve management's judgement and assumptions. We have not been provided sufficient appropriate audit evidence and all of the necessary information and explanations in respect of the fair values changes of ₹ 3,25,345 lakh (gross of reversal of provision) and ₹ 6,800 lakh so recognized in the Statement of Profit and Loss on these loans and PTC, respectively.

In view of the foregoing, we have been unable to obtain sufficient appropriate audit evidence to support the values of the loans and PTC and we are unable to determine if these matters would have an impact on these Consolidated Ind AS Financial Statements including whether any adjustments to the carrying value of the loans and PTC, restatement of prior years' financial statements, related parties and other disclosures and compliances are required.

4. We refer to note 57 of the Consolidated Ind AS Financial Statements regarding the observations made by National Housing Bank (NHB) in its inspection for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. Pending management evaluation and response to the observations of the NHB, we are unable to determine if these observations would have an impact on these Consolidated Ind AS Financial Statements including whether any adjustments to the carrying value of the loans granted, any restatement of prior years' financial statements, related parties and other disclosures and compliances are required.
5. We refer to note 56 of the financial statements. As stated in the note, during the course of the audit, deficiencies have been identified in the historical data used for the purpose of calculating provisioning based on the Expected credit loss (ECL) model in respect of loans carried at amortized cost. We are unable to comment on the assumptions made in the ECL model and consequently to determine if this matter would have an impact on these Consolidated Ind AS Financial Statements including the adequacy of the ECL provision.
6. As stated in note 58, the Company has recognized net deferred tax asset of ₹ 44,281 lakh as at March 31, 2019. The Company is required to perform an assessment as required by Ind AS 12 – 'Income Taxes' which requires the Company to determine the probability of future taxable income to utilize the deferred tax asset. However, we have not been provided sufficient appropriate evidence to validate the Company's assessment about the carrying value of the deferred tax asset and consequential adjustments required, if any, to these Consolidated Ind AS financial statements.
7. As stated in note 59, the Company has incurred expenditure aggregating ₹ 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. The Company has not performed an impairment assessment as required by Ind AS 36 – 'Impairment of Assets' which requires the Company to determine whether the economic benefit in respect of this intangible asset shall be available to the

Company in subsequent periods taking into consideration the uncertainty in respect of its plan to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of foregoing, we have not been provided sufficient appropriate evidence about the carrying value of the intangible asset under development and adjustments required, if any, to these Consolidated Ind AS financial statements.

8. In view of the possible effects of the matters described in paragraphs 1 to 7 above, we are unable to comment on the Company's compliance of the covenants in respect of all borrowings and consequential implications including disclosures, if any, to these Consolidated Ind AS financial statements.
9. Also refer our comments under 'Material uncertainty related to Going Concern' below.

### **MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

We refer to note 54 of the Consolidated Ind AS financial statements, the Company has incurred loss aggregating ₹ 1,03,605 lakh during the year and has net current liabilities of ₹ 75,475 lakh as at March 31, 2019. Further, the Company's credit rating has been reduced to 'default grade' subsequent to the year-end which may substantially impair its ability to raise or generate funds to repay its obligations. The matters described in the Basis for Disclaimer of Opinion section above and para 1 of Report on Other Legal and Regulatory Requirements section below may also have an impact on the Company's ability to continue as a going concern. All these developments raise a significant doubt on the ability of the Company to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities including potential liabilities in the normal course of business. The Company is in the process of monetizing its assets and has submitted a draft resolution plan to the consortium of bankers for restructuring its borrowings and also there have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The ability of the Company to continue as a going concern inter alia is dependent upon its ability to monetize its assets, secure funding from the bankers or investors, restructure its liabilities and recommence its operations, which are not wholly within control of the Company.

The Management has prepared these Consolidated Ind AS financial statements using going concern basis of accounting based on their assessment of the successful outcome of above referred actions and accordingly no adjustments have been made to the carrying value of the assets and liabilities and their presentation and classification in the Balance Sheet.

### **RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Ind AS Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity

of the Group including its Associates and joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and joint ventures 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

### **AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS**

Our responsibility is to conduct an audit of the Group's Consolidated Ind AS financial statements in accordance with Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these Consolidated Ind AS financial statements.

We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **OTHER MATTERS**

We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 7,129 lakh as at March 31, 2019, total revenues of ₹ 3 lakh and net cash outflows amounting to ₹ 0.59 lakh for the year ended on that date, as considered in the Consolidated Ind AS financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 520 lakh for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by

the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures is based solely on the reports of the other auditors.

### **REPORTING ON COMPARATIVES IN CASE OF FIRST IND AS FINANCIAL STATEMENTS**

The comparative financial information of the Group for the year ended March 31 2018 and the transition date opening balance sheet as at April 1, 2017 included in these Consolidated Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by one of the joint auditors whose report for the year ended March 31, 2018 and March 31, 2017 dated April 30, 2018 and May 3, 2017 respectively expressed an unmodified opinion on those Consolidated financial statements, and have been restated to comply with Ind AS. We were engaged to jointly audit the adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. In view of the matters reported in paragraphs 2, 3, 4 and 5 of the 'Basis for Disclaimer of Opinion' section above, we are unable to comment whether any further Ind AS adjustments are required to the balances in respect of the years ended March 31, 2018 and 2017.

### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by Section 143(1), we report that:
  - a. We are unable to comment whether the loans referred in paragraph 3.b in the Basis for Disclaimer of Opinion section above have been properly secured and hence these loans may have been granted in a manner that is prejudicial to the interest of the Company or its members, for the reasons stated therein. Further, in respect to loans referred to in paragraphs 1, 2 and 3.b in the Basis for Disclaimer of Opinion section above, we are unable to comment whether the terms on which these have been made are prejudicial to the interest of the Company or its members, for the reasons stated therein.
  - b. We refer to the matter described in paragraph 3.a in the Basis for Disclaimer of Opinion section above, regarding multiple accounting entries which were initially recorded in certain customer accounts for receipts despite the cheques or negotiable instruments not been deposited in the bank(s) and subsequently reversed, which initial recording are represented merely by book entries and in our opinion may be prejudicial to the interest of the Company.
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and joint ventures referred to in the Other Matters section above, we report, to the extent applicable, that:
  - a) As described in the Basis for Disclaimer of Opinion section above, we have sought but were unable to

obtain all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether 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 and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Shareholders' Equity dealt with by this Report are in agreement with the relevant books of account for the purpose of preparation of the consolidated financial statements.
- d) Due to the possible effects of the matter described in the Basis for Disclaimer of Opinion section above, we are unable to state whether, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) The matter described in the Basis for Disclaimer of Opinion section above and in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) On the basis of the written representations received from the directors of the Parent, taken on record by the Board of Directors of the Company, and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- g) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Disclaimer of Opinion section above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies, associate companies and joint venture companies incorporated in India. Our report expresses adverse opinion on the Group's

internal financial controls over financial reporting for the reasons stated therein.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- j) Other than the possible effects of the matter described in the Basis for Disclaimer of Opinion paragraph above, 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 Group has disclosed the impact of pending litigations on its financial position in its Consolidated Ind AS financial statements;
  - ii. The Group has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India except that there has been a delay ranging from 1 to 16 days in transferring unclaimed public deposits aggregating ₹ 7 lakh.

For **CHATURVEDI & SHAH LLP**

*Chartered Accountants*

(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**

*Partner*

Membership No. 102749

UDIN - 19102749AAABPU2017

For **DELOITTE HASKINS & SELLS LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**

*Partner*

Membership No. 102912

UDIN - 19102912AAAABS8038

Mumbai, dated: July 22, 2019



# Annexure “A” to the Independent Auditors’ Report

(Referred to in paragraph 2(h) under ‘Report on Other Legal and Regulatory Requirements’ of our report of even date)

## **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Dewan Housing Finance Corporation Limited (“the Parent” or “the Company”) and its subsidiary companies (the Parent and its subsidiaries together referred to as “the Group”), its associate companies and joint ventures, which are companies incorporated in India, as of March 31, 2019 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

## **MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)”. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## **AUDITOR’S RESPONSIBILITY**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our adverse audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India.

## **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

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

## **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, 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 over

financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **BASIS FOR ADVERSE OPINION**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the Parent's internal financial controls over financial reporting as at March 31, 2019:

- (a) The internal controls for compliance with the policies project/ mortgage loans were not operating effectively considering lack of documentation/ documentation deficiency (including requisite approvals) for certain project/ mortgage loans.
- (b) Inadequate internal financial controls over financial reporting over recording appropriate entries when entries have been passed in customer and bank accounts despite cheques/negotiable instruments not being deposited in the bank(s).
- (c) The Company did not have appropriate internal controls for compliance with the policies and systems (including related documentation) for issuance and rollover of the ICDs.
- (d) The Company did not have appropriate internal controls for determination and review of the fair value calculations in respect of project and wholesale mortgage loans.
- (e) The Company did not have appropriate internal controls for assessment of probability of utilization of the deferred tax asset.
- (f) The Company did not have appropriate internal controls for assessment of impairment in respect of intangible assets under development.
- (g) Inadequate entity level controls with regards to assessment and closure of the matters emanating out of allegations against the Company including identification of related parties and consequential disclosures.
- (h) The Company did not have appropriate internal controls for ensuring compliance of sanctioned terms of project loans including monitoring of the end use of the funds by the borrowers, as included in sanction terms and specified by the Finance Committee, and non-initiation of action as stipulated in the loan agreements despite breach of certain contracted terms.
- (i) The Company did not have appropriate internal controls for review of the historical data of non-performing assets used for the purpose of developing the expected credit loss model for loans carried at amortised cost.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

### **ADVERSE OPINION**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, possible effects of the matters described in the disclaimer of opinion paragraph of our report on the Consolidated Ind AS financial statements and in view of the material weaknesses described in Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Parent and its subsidiary companies, associate companies and joint ventures which are companies incorporated in India have not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Ind AS financial statements of the Group for the year ended March 31, 2019, and these material weaknesses have affected our opinion on the said Consolidated Ind AS financial statements of the Group and we have issued a disclaimer of opinion on the Consolidated Ind AS financial statements of the Group.

### **OTHER MATTERS**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary companies, and two joint ventures, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

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

For **CHATURVEDI & SHAH LLP**  
Chartered Accountants  
(Firm's Registration No. 101720W/W-100355)

**Jignesh Mehta**  
Partner  
Membership No. 102749

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W- 100018)

**Abhijit A. Damle**  
Partner  
Membership No. 102912

Mumbai, dated: July 22, 2019



# Consolidated Balance Sheet

as at March 31, 2019

(₹ in Lakh)

|                                                                                             | Notes | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|------------------------|
| <b>ASSETS</b>                                                                               |       |                         |                         |                        |
| <b>Financial assets</b>                                                                     |       |                         |                         |                        |
| Cash and Cash Equivalents                                                                   | 5     | 125,967                 | 192,309                 | 279,494                |
| Other Bank Balances                                                                         | 5     | 174,101                 | 103,041                 | 81,807                 |
| Derivative Financial Instruments                                                            | 6     | 17,113                  | 8,723                   | 6,330                  |
| Receivables                                                                                 | 7     | 476                     | 4,274                   | 247                    |
| Housing and Other loans:-                                                                   | 8     |                         |                         |                        |
| At amortised cost                                                                           |       | 6,634,882               | 9,245,792               | 7,228,396              |
| At Fair Value                                                                               |       | 3,162,815               | 65,670                  | -                      |
|                                                                                             |       | <b>9,797,697</b>        | <b>9,311,462</b>        | <b>7,228,396</b>       |
| Investments                                                                                 | 9     | 248,722                 | 812,033                 | 1,352,367              |
| Other Financial Assets                                                                      | 10    | 109,125                 | 76,648                  | 37,993                 |
| <b>Total Financial Assets</b>                                                               |       | <b>10,473,201</b>       | <b>10,508,490</b>       | <b>8,986,634</b>       |
| <b>Non-Financial assets</b>                                                                 |       |                         |                         |                        |
| Current Tax Assets (Net)                                                                    | 11    | 37,020                  | 14,730                  | 8,463                  |
| Deferred Tax Assets                                                                         | 12    | 43,396                  | 9,563                   | 19,244                 |
| Property, Plant and Equipment                                                               | 13    | 78,293                  | 84,228                  | 20,435                 |
| Capital Work-in-progress                                                                    | 13    | -                       | -                       | 54,615                 |
| Intangible Assets under Development                                                         | 14    | 10,401                  | 12,905                  | 8,762                  |
| Other Intangible Assets                                                                     | 14    | 8,175                   | 751                     | 454                    |
| Other Non-Financial Assets                                                                  | 15    | 9,714                   | 3,780                   | 2,989                  |
| <b>Total Non-Financial Assets</b>                                                           |       | <b>186,999</b>          | <b>125,957</b>          | <b>114,962</b>         |
| <b>Total Assets</b>                                                                         |       | <b>10,660,200</b>       | <b>10,634,447</b>       | <b>9,101,596</b>       |
| <b>LIABILITIES AND EQUITY</b>                                                               |       |                         |                         |                        |
| <b>LIABILITIES</b>                                                                          |       |                         |                         |                        |
| <b>Financial Liabilities</b>                                                                |       |                         |                         |                        |
| Derivative Financial Instruments                                                            | 6     | 30,251                  | 13,581                  | 11,698                 |
| Trade Payables                                                                              | 16    |                         |                         |                        |
| (i) Total outstanding dues of micro enterprises and small enterprises                       |       | -                       | -                       | -                      |
| (ii) Total outstanding dues of creditors other than micro enterprises and small enterprises |       | 10,211                  | 10,414                  | 4,822                  |
| Debt Securities                                                                             | 17    | 4,567,050               | 3,608,092               | 3,319,820              |
| Borrowings (Other than Debt Securities)                                                     | 18    | 4,060,421               | 4,511,414               | 4,043,062              |
| Deposits                                                                                    | 19    | 658,840                 | 965,244                 | 636,572                |
| Subordinated Liabilities                                                                    | 20    | 113,581                 | 113,184                 | 63,996                 |
| Other Financial Liabilities                                                                 | 21    | 408,769                 | 495,596                 | 213,288                |
| <b>Total Financial Liabilities</b>                                                          |       | <b>9,849,123</b>        | <b>9,717,525</b>        | <b>8,293,258</b>       |
| <b>Non-Financial Liabilities</b>                                                            |       |                         |                         |                        |
| Provisions                                                                                  | 22    | 1,015                   | 629                     | 67                     |
| Other Non-Financial Liabilities                                                             | 23    | 16,325                  | 16,492                  | 10,804                 |
| <b>Total Non-Financial Liabilities</b>                                                      |       | <b>17,340</b>           | <b>17,121</b>           | <b>10,871</b>          |
| <b>Total Liabilities</b>                                                                    |       | <b>9,866,463</b>        | <b>9,734,646</b>        | <b>8,304,129</b>       |
| <b>EQUITY</b>                                                                               |       |                         |                         |                        |
| <b>Equity</b>                                                                               |       |                         |                         |                        |
| Other Equity                                                                                | 24    | 31,382                  | 31,366                  | 31,315                 |
|                                                                                             | 25    | 762,355                 | 868,435                 | 766,152                |
| <b>Total Equity</b>                                                                         |       | <b>793,737</b>          | <b>899,801</b>          | <b>797,467</b>         |
| <b>Total Liabilities and Equity</b>                                                         |       | <b>10,660,200</b>       | <b>10,634,447</b>       | <b>9,101,596</b>       |

The accompanying notes form an integral part of the financial statements

Interms of our report attached  
**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Jignesh Mehta**  
Partner  
ICAI MN : 102749

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI FRN : 117366W/W-100018

**Abhijit A. Damle**  
Partner  
ICAI MN : 102912

For and on behalf of the Board  
**Kapil Wadhawan**  
Chairman & Managing Director  
DIN – 00028528

**Alok Kumar Misra**  
DIN – 00163959  
Director

**Sunjoy Joshi**  
DIN – 00449318  
Director

**Dheeraj Wadhawan**  
DIN – 00096026  
Director

**Dr. Deepali Pant Joshi**  
DIN – 07139051  
Director

**Srinath Sridharan**  
DIN – 03359570  
Director

Place: Mumbai  
Date: July 22, 2019

# Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

|                                                                                                   | Notes | Year Ended<br>March 31, 2019 | Year Ended<br>March 31, 2018 |
|---------------------------------------------------------------------------------------------------|-------|------------------------------|------------------------------|
| (₹ in Lakh)                                                                                       |       |                              |                              |
| <b>REVENUE FROM OPERATIONS</b>                                                                    |       |                              |                              |
| a) Interest Income                                                                                | 26    | 1,230,771                    | 933,634                      |
| b) Dividend Income                                                                                | 27    | 1,074                        | 13,658                       |
| c) Fees and Commission Income                                                                     | 28    | 27,547                       | 37,209                       |
| d) Net gain on fair value changes                                                                 | 29    | -                            | 42,018                       |
| e) Net gain on derecognition of financial instruments under amortised cost category               | 30    | 20,583                       | 47,719                       |
| f) Other Operating Revenue                                                                        | 31    | 8,239                        | 10,702                       |
| <b>Total Revenue from Operations</b>                                                              |       | <b>1,288,214</b>             | <b>1,084,940</b>             |
| Other Income                                                                                      | 32    | 2,952                        | 4,173                        |
| <b>Total Income</b>                                                                               |       | <b>1,291,166</b>             | <b>1,089,113</b>             |
| <b>EXPENSES</b>                                                                                   |       |                              |                              |
| Finance Costs                                                                                     | 33    | 941,691                      | 774,402                      |
| Net loss on fair value changes                                                                    | 29    | 245,837                      | -                            |
| Impairment on Financial Instruments                                                               | 34    | 100,897                      | 62,968                       |
| Employee Benefit Expense                                                                          | 35    | 48,533                       | 37,025                       |
| Depreciation and Amortisation Expense                                                             | 13/14 | 5,115                        | 2,763                        |
| Other Expenses                                                                                    | 36    | 59,494                       | 41,396                       |
| <b>Total Expenses</b>                                                                             |       | <b>1,401,567</b>             | <b>918,554</b>               |
| <b>(Loss) / Profit before Share of Net Profits of Associates and Joint Ventures and Tax</b>       |       | <b>(110,401)</b>             | <b>170,559</b>               |
| Tax Expense                                                                                       | 37    |                              |                              |
| - Current Tax                                                                                     |       | 53,832                       | 48,362                       |
| - Deferred Tax                                                                                    |       | (65,840)                     | (2,259)                      |
| <b>Total Tax Expense</b>                                                                          |       | <b>(12,008)</b>              | <b>46,103</b>                |
| <b>Net (Loss) / Profit After Tax before share of Net Profits of Associates and Joint Ventures</b> |       | <b>(98,393)</b>              | <b>124,456</b>               |
| <b>Share of Net Profits of Associates and Joint Ventures</b>                                      |       | <b>1,802</b>                 | <b>1,876</b>                 |
| <b>Net (Loss) / Profit After Tax (Fully attributable to owners of the Parent)</b>                 |       | <b>(96,591)</b>              | <b>126,332</b>               |
| <b>OTHER COMPREHENSIVE INCOME</b>                                                                 |       |                              |                              |
| (A) Items that will not be reclassified to profit or loss                                         |       |                              |                              |
| (i) Remeasurements of the defined employee benefit plans                                          |       | 129                          | (301)                        |
| (ii) Share of other comprehensive income of associates and joint ventures                         |       | (5)                          | (16)                         |
| (iii) Income tax relating to items that will not be reclassified to profit or loss                |       | (36)                         | 84                           |
| <b>Subtotal (A)</b>                                                                               |       | <b>88</b>                    | <b>(233)</b>                 |
| (B) Items that will be reclassified to profit or loss                                             |       |                              |                              |
| (i) Cash flow hedge                                                                               |       | 2,506                        | 115                          |
| (ii) Income tax relating to items that will be reclassified to profit or loss                     |       | (701)                        | (32)                         |
| <b>Subtotal (B)</b>                                                                               |       | <b>1,805</b>                 | <b>83</b>                    |
| <b>Other Comprehensive Income (A + B) (Fully attributable to owners of the Parent)</b>            |       | <b>1,893</b>                 | <b>(150)</b>                 |
| <b>Total Comprehensive Income (Fully attributable to owners of the Parent)</b>                    |       | <b>(94,698)</b>              | <b>126,182</b>               |
| <b>Earnings per Equity Share</b>                                                                  | 38    |                              |                              |
| Basic (₹)                                                                                         |       | (30.78)                      | 40.29                        |
| Diluted (₹)                                                                                       |       | (30.78)                      | 40.11                        |

The accompanying notes form an integral part of the financial statements

Interms of our report attached

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Jignesh Mehta**  
Partner  
ICAI MN : 102749

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI FRN : 117366W/W-100018

**Abhijit A. Damle**  
Partner  
ICAI MN : 102912

For and on behalf of the Board  
**Kapil Wadhawan**  
Chairman & Managing Director  
DIN – 00028528

**Alok Kumar Misra**  
DIN – 00163959  
Director

**Sunjoy Joshi**  
DIN – 00449318  
Director

**Dheeraj Wadhawan**  
DIN – 00096026  
Director

**Dr. Deepali Pant Joshi**  
DIN – 07139051  
Director

**Srinath Sridharan**  
DIN – 03359570  
Director

Place: Mumbai  
Date: July 22, 2019

# Consolidated Cash Flow Statement

for the year ended March 31, 2019

(₹ in Lakh)

| Particulars                                                                               | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|-------------------------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                                             |                           |                           |
| Net (Loss) / Profit before Tax                                                            | (110,401)                 | 170,559                   |
| Adjustments for:                                                                          |                           |                           |
| Depreciation and Amortisation                                                             | 5,115                     | 2,763                     |
| Share Based Payments to Employees                                                         | 1,533                     | 2,441                     |
| Loss on Sale of Property, Plant and Equipments                                            | 5,178                     | 61                        |
| Dividend Income                                                                           | (1,074)                   | (13,658)                  |
| Interest Income from Investments                                                          | (3,575)                   | (4,040)                   |
| Other Interest Income                                                                     | (18,499)                  | (22,100)                  |
| Interest Expense                                                                          | 2,406                     | 2,207                     |
| Gain on Dilution of Investment                                                            | (1,085)                   | (2,739)                   |
| Net loss / (Gain) on Fair Value Changes                                                   | 245,837                   | (42,018)                  |
| Net loss / (gain) on Derecognition of Financial Instruments under Amortised Cost Category | 8,805                     | (1,230)                   |
| Impairment on Financial Instruments                                                       | 100,897                   | 62,968                    |
| Security Deposit w/off                                                                    | 1,215                     | -                         |
| <b>Operating Profit before Working Capital Changes</b>                                    | <b>236,352</b>            | <b>155,214</b>            |
| Adjustments for:                                                                          |                           |                           |
| (Decrease) / Increase in other Non Financial Liabilities                                  | (167)                     | 5,688                     |
| (Decrease) / Increase in other Financial Liabilities                                      | (85,628)                  | 282,087                   |
| Increase in Provisions                                                                    | 386                       | 562                       |
| Decrease / (Increase) in Trade Receivables                                                | 3,798                     | (4,027)                   |
| (Decrease) / Increase in Trade Payable                                                    | (203)                     | 5,592                     |
| (Increase) in other Financial Asset                                                       | (36,290)                  | (38,356)                  |
| (Increase) in other Bank Balances                                                         | (71,060)                  | (21,234)                  |
| (Increase) in other Non Financial Asset                                                   | (25,623)                  | (6,607)                   |
| <b>Cash generated from Operations during the Year</b>                                     | <b>21,565</b>             | <b>378,919</b>            |
| Taxes Paid                                                                                | (43,516)                  | (41,163)                  |
| <b>Net cash flow generated from operations before movement in housing and other loans</b> | <b>(21,951)</b>           | <b>337,756</b>            |
| Housing and Other Property Loans Disbursed (Net)                                          | (851,612)                 | (2,151,311)               |
| <b>Net Cash used in Operating Activities [A]</b>                                          | <b>(873,563)</b>          | <b>(1,813,555)</b>        |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                                             |                           |                           |
| Dividend income                                                                           | 1,235                     | 13,731                    |
| Interest Income                                                                           | 24,627                    | 25,793                    |
| Investment in associates                                                                  | -                         | (7,736)                   |
| Proceeds from sale of investments (net)                                                   | 596,090                   | 595,658                   |
| Capital Expenditure on Fixed Assets                                                       | (8,538)                   | (18,385)                  |
| Proceeds from Sale of Fixed Assets                                                        | 61                        | 21                        |
| <b>Net Cash generated from Investing Activities [B]</b>                                   | <b>613,475</b>            | <b>609,082</b>            |

# Consolidated Cash Flow Statement

for the year ended March 31, 2019

(₹ in Lakh)

| Particulars                                                                | Year Ended March 31, 2019 | Year Ended March 31, 2018 |
|----------------------------------------------------------------------------|---------------------------|---------------------------|
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>                              |                           |                           |
| Issue of Equity Shares at Premium                                          | 19                        | 514                       |
| Proceeds from Perpetual Debts                                              | -                         | 50,000                    |
| Proceeds from Redeemable Non Convertible Debentures                        | 1,909,814                 | 156,502                   |
| Repayment of Redeemable Non Convertible Debentures                         | (407,073)                 | (174,977)                 |
| (Repayment) of / Proceeds from Commercial Paper                            | (520,000)                 | 305,500                   |
| Proceeds from Term Loan                                                    | 152,500                   | 1,075,000                 |
| Repayment of Term Loan                                                     | (733,163)                 | (738,011)                 |
| Proceeds from Other Borrowings (net)                                       | 111,839                   | 130,894                   |
| Public / Other Deposits (repaid)/received (net)                            | (310,752)                 | 334,486                   |
| Dividend & Dividend Distribution Tax Paid                                  | (9,438)                   | (22,620)                  |
| <b>Net cash generated from Financing Activities [C]</b>                    | <b>193,746</b>            | <b>1,117,288</b>          |
| <b>Net (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>               | <b>(66,342)</b>           | <b>(87,185)</b>           |
| <b>Cash &amp; Cash Equivalents at the beginning of the year</b>            | <b>192,309</b>            | <b>279,494</b>            |
| <b>Cash &amp; Cash Equivalents at the Close of the Year (Refer Note 5)</b> | <b>125,967</b>            | <b>192,309</b>            |

Interms of our report attached

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Jignesh Mehta**  
Partner  
ICAI MN : 102749

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants  
ICAI FRN : 117366W/W-100018

**Abhijit A. Damle**  
Partner  
ICAI MN : 102912

For and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director  
DIN – 00028528

**Alok Kumar Misra**  
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Director

**Sunjoy Joshi**  
DIN – 00449318  
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DIN – 00096026  
Director

**Dr. Deepali Pant Joshi**  
DIN – 07139051  
Director

**Srinath Sridharan**  
DIN – 03359570  
Director

Place: Mumbai  
Date: July 22, 2019

# Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

| A. EQUITY SHARE CAPITAL                                            |                 |                    |                         |                   |                 |                 |                                   |                             |          |          |
|--------------------------------------------------------------------|-----------------|--------------------|-------------------------|-------------------|-----------------|-----------------|-----------------------------------|-----------------------------|----------|----------|
| Particulars                                                        | Capital Reserve | Securities Premium | Debt Redemption Reserve | Retained Earnings | General Reserve | Special Reserve | Employee Stock Option Outstanding | OCI-Cash-flow hedge reserve | Total    |          |
| BALANCE AS AT APRIL 01, 2017                                       | 2,451           | 219,909            | 117,000                 | 158,381           | 116,522         | 156,399         | 1,210                             | (5,720)                     | 766,152  | 31,315   |
| Changes in equity share capital during the year                    | -               | -                  | -                       | 126,332           | -               | -               | -                                 | -                           | -        | -        |
| Shares issued during the year under ESOS/ESAR                      | -               | -                  | -                       | (233)             | -               | -               | -                                 | -                           | 83       | 51       |
| BALANCE AS AT MARCH 31, 2018                                       | -               | -                  | -                       | (27,500)          | -               | -               | -                                 | -                           | (27,500) | 31,366   |
| Changes in equity share capital during the year                    | -               | -                  | -                       | (20,000)          | -               | -               | -                                 | -                           | -        | -        |
| Shares issued during the year under ESOS/ESAR                      | -               | -                  | -                       | (20,000)          | -               | -               | -                                 | -                           | (20,000) | 16       |
| BALANCE AS AT MARCH 31, 2019                                       | -               | -                  | -                       | (20,000)          | -               | -               | -                                 | -                           | (20,000) | 31,382   |
| B. OTHER EQUITY                                                    |                 |                    |                         |                   |                 |                 |                                   |                             |          |          |
| Particulars                                                        | Capital Reserve | Securities Premium | Debt Redemption Reserve | Retained Earnings | General Reserve | Special Reserve | Employee Stock Option Outstanding | OCI-Cash-flow hedge reserve | Total    |          |
| BALANCE AS AT APRIL 1, 2017                                        | 2,451           | 219,909            | 117,000                 | 158,381           | 116,522         | 156,399         | 1,210                             | (5,720)                     | 766,152  | 31,315   |
| Profit for the year                                                | -               | -                  | -                       | 126,332           | -               | -               | -                                 | -                           | -        | 126,332  |
| Other Comprehensive income for the year                            | -               | -                  | -                       | (233)             | -               | -               | -                                 | -                           | 83       | (150)    |
| Transfer to Special Reserve                                        | -               | -                  | -                       | (27,500)          | -               | -               | -                                 | -                           | -        | (27,500) |
| Transfer to General Reserve                                        | -               | -                  | -                       | (20,000)          | -               | -               | -                                 | -                           | -        | (20,000) |
| Transfer from Retained Earnings                                    | -               | -                  | -                       | -                 | 20,000          | 27,500          | -                                 | -                           | 47,500   | -        |
| Dividends                                                          | -               | -                  | -                       | (22,659)          | -               | -               | -                                 | -                           | (22,659) | -        |
| On shares allotted upon exercise of stock options by the Employees | -               | 265                | -                       | -                 | -               | -               | -                                 | -                           | -        | 265      |
| Expense during the year                                            | -               | -                  | -                       | -                 | -               | -               | 1,834                             | -                           | 1,834    | -        |
| Received during the year                                           | -               | 463                | -                       | -                 | -               | -               | -                                 | -                           | 463      | -        |
| Utilised during the year                                           | (2,451)         | -                  | -                       | -                 | (1,351)         | -               | -                                 | -                           | (3,802)  | -        |
| BALANCE AS AT MARCH 31, 2018                                       | -               | 220,637            | 117,000                 | 214,321           | 135,171         | 183,899         | 3,044                             | (5,637)                     | 868,435  | -        |
| Profit for the year                                                | -               | -                  | -                       | (96,591)          | -               | -               | -                                 | -                           | (96,591) | -        |
| Other Comprehensive Income for the year                            | -               | -                  | -                       | 88                | -               | -               | -                                 | 1,805                       | 1,893    | -        |
| Dividends                                                          | -               | -                  | -                       | (9,487)           | -               | -               | -                                 | -                           | (9,487)  | -        |
| On shares allotted upon exercise of stock options by the Employees | -               | 245                | -                       | -                 | -               | -               | -                                 | -                           | -        | 245      |
| Expense during the year                                            | -               | -                  | -                       | -                 | -               | -               | 1,288                             | -                           | 1,288    | -        |
| Received during the year                                           | -               | 3                  | -                       | -                 | -               | -               | -                                 | -                           | 3        | -        |
| Utilised during the year                                           | -               | -                  | -                       | -                 | (3,438)         | -               | -                                 | -                           | (3,438)  | -        |
| Employees Stock Appreciation Rights of associates                  | -               | -                  | -                       | -                 | 7               | -               | -                                 | -                           | 7        | -        |
| BALANCE AS AT MARCH 31, 2019                                       | -               | 220,885            | 117,000                 | 108,338           | 131,733         | 183,899         | 4,332                             | (3,832)                     | 762,355  | -        |

The accompanying notes form an integral part of the financial statements

Interms of our report attached

**For Chaturvedi & Shah LLP**  
Chartered Accountants  
ICAI FRN : 101720W/W-100355

**Jignesh Mehta**  
Partner  
ICAI MN : 102749

Place: Mumbai  
Date: July 22, 2019

For and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director  
DIN – 00028528

**Dr. Deepali Pant Joshi**  
DIN – 07139051  
Director

**Dheeraj Wadhawan**  
DIN – 00096026  
Director

**Sunjoy Joshi**  
DIN – 00449318  
Director

**Alok Kumar Misra**  
DIN – 00163959  
Director

**Srinath Sridharan**  
DIN – 03359570  
Director

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 1. CORPORATE INFORMATION

Dewan Housing Finance Corporation Limited ('DHFL'), 'the Company' was incorporated in India on April 11, 1984 and has been carrying on, as its main business of providing loans to Retail customers for construction or purchase of residential property, loans against property, loans to real estate developers and loans to SMEs. The Company is registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. DHFL is the holding company and has invested in two subsidiary company, two associates and two joint venture companies.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of Preparation and Presentation

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

Effective April 01, 2018, the Group (consists of Dewan Housing Finance Corporation Limited (the "Company") and its subsidiaries constitute "the Group") has adopted the Ind AS and the adoption was carried out in accordance with Ind AS 101 "First-time Adoption of Indian Accounting Standards" with April 01, 2017 being the transition date. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("IGAAP"), which was the previous GAAP.

These financial statements have been prepared on a going concern basis. (Also refer note 54).

#### Historical cost convention

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as required under Ind AS 109 "Financial Instruments".

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. The measurement and

/ or disclosure in these financial statements has been accordingly determined except for share based payment transactions, leasing transactions and certain other transactions that are required to be valued in accordance with Ind AS 102, Ind AS 17 and Ind AS 36, respectively.

### 2.2 Basis of Consolidation

The Company consolidates all entities which are controlled by it. The Company establishes control when; it has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect the entity's returns by using its power over relevant activities of the entity.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee.
- Rights arising from other contractual arrangements.
- The Company's voting rights and potential voting rights.
- The size of the Company's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Entities controlled by the Company are consolidated from the date control commences until the date control ceases. All inter-Company transactions, balances and income and expenses are eliminated in full on consolidation.

Changes in the Company's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to shareholders of the Company.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company member's financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

## 2.3 Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or

losses resulting from intragroup transactions that are recognised in assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## Details of Companies Consolidated in these consolidated financial statements

| Name of the Company                                                             | Type           | Country of Incorporation | Holding As at March 31, 2019 | Holding As at March 31, 2018 |
|---------------------------------------------------------------------------------|----------------|--------------------------|------------------------------|------------------------------|
| DHFL Advisory & Investments Pvt. Ltd.                                           | Subsidiary     | India                    | 100.00%                      | 100.00%                      |
| DHFL Holdings Ltd.                                                              | Subsidiary     | India                    | 100.00%                      | -                            |
| DHFL Pramerica Asset Managers Pvt. Ltd.                                         | Joint Ventures | India                    | 50.00%                       | 50.00%                       |
| DHFL Pramerica Trustees Pvt. Ltd.                                               | Joint Ventures | India                    | 50.00%                       | 50.00%                       |
| Aadhar Housing Finance Ltd. (Formerly known as DHFL Vysya Housing Finance Ltd.) | Associate      | India                    | 9.15%                        | 9.15%                        |
| Avanse Financial Services Ltd.                                                  | Associate      | India                    | 30.63%                       | 31.49%                       |

## 2.4 Business Combinations and Goodwill

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to apply Ind AS accounting for business combinations prospectively from April 01, 2017. As such, Indian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward.

Business combinations except under common control are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company measures the non-controlling interests in the acquiree at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 non-current

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

assets held for sale and discontinued operations are measured in accordance with that standard.

## 2.5 Investment in Associate or Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, the investment in an associate or joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from associate or joint venture is recognised as reduction in the carrying amount of the investments. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired. After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one

or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group, profit or losses resulting from the transactions with associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

## 2.6 Presentation of financial statements

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

Amounts in the financial statements are presented in Indian Rupees in Lakh. Per share data is presented in Indian Rupee.

## 2.7 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable, as applicable.

### a. Interest Income

The main source of revenue for the Group is Income from Housing and Other property loans. Repayment of housing and property loan is generally by way of Equated Monthly Instalments (EMIs) comprising of principal and interest. EMIs generally commence once the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is payable every month/quarter/annual, as applicable, on the

# Notes

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loan that has been disbursed. Interest is calculated either on annual rest or on monthly rest on the basis of agreed terms with the borrowers.

Interest income on housing and property loans and other financial instruments carried at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ("EIR") applicable.

The EIR considers all fees, charges, transaction costs, and other premiums or discounts that are incremental and directly attributable to the specific financial instrument at the time of its origination.

The financial assets that are classified at Fair Value through Statement of Profit and Loss ("FVTPL"), transaction costs and processing fees collected are recognised in Statement of Profit and Loss at initial recognition.

The interest income on non-credit impaired financial assets is calculated by applying the EIR to the gross carrying amount (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). Interest income on credit-impaired financial assets is calculated on net carrying value (i.e. the gross carrying amount less the allowance for expected credit losses (ECLs)).

**b. Fee and Commission income:**

Fee and commission, other than the fee that forms an integral part of EIR, are accounted on accrual basis.

**c. Dividend Income**

Dividend income is recognised when the Group's right to receive dividend is established by the reporting date.

**d. Investment income**

The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on trade date. Gain or loss on sale of investments is determined on the basis of weighted average cost.

**e. Other operating revenue:**

Prepayment charges, delayed payment interest and other such incomes where recovery is uncertain are recognized on receipt basis.

## 2.8 Property, plant and equipment and Intangible Assets

### Property Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic

benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. PPE is stated at cost less accumulated depreciation and impairment losses, if any. The cost of PPE is its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the PPE ready for its intended use, other incidental expenses and interest on borrowing attributable to acquisition of qualifying PPE upto the date the asset is ready for its intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is recognised using straight line method so as to write off the cost of the assets less their residual values over their useful lives specified in Schedule II to the Act. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Estimated useful life considered by the Group are:

| Asset                  | Estimated Useful Life |
|------------------------|-----------------------|
| Office Equipment       | 5 Years               |
| Computers              | 3 Years               |
| Furniture and fittings | 10 Years              |
| Vehicles               | 8 Years               |
| Leasehold Improvements | Lease Period          |
| Leasehold Premises     | Lease Period          |
| Buildings              | 60 Years              |

### Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated

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amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 3 to 6 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition 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.

## Deemed Cost of PPE on transition to Ind AS

For transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of April 01, 2017 (transition date) measured as per the IGAAP and use that carrying value as its deemed cost as of the transition date.

## Impairment of assets (other than financial assets)

As at the end of each financial year, the Group reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If such indication exists, the PPE and intangible assets are tested for impairment so as to determine the impairment loss, if any.

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

If recoverable amount of an asset is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

## 2.9 Employee benefits

### i. Defined contribution plan

The contribution to provident fund, pension fund, National Pension Scheme and employee state insurance scheme are considered as defined contribution plans and are charged as an expense in the Statement of Profit and Loss based on the amount of contribution required to be made as and when services are rendered by the employees.

### ii. Defined benefits plan

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

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognition of the asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the

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net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

## iii. Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under:

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

## iv. Other Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

## v. Share-based payment arrangements

The share appreciation rights granted to employees pursuant to the Group's Stock Appreciation Rights Scheme are measured at the fair value of the rights at the grant date. The fair value of the rights is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to Other Equity.

## 2.10 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the

date of inception. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## Operating Lease

Operating lease are recognized as expense in the Statement of Profit and Loss in line with contractual term to compensate the lessor's expected inflationary cost.

## 2.11 Financial instruments

### Recognition of Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets primarily comprise of loans and advances, deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

### Initial Measurement of Financial Instruments

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs and revenues that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs and revenues directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in the Statement of Profit and Loss.

If the transaction price differs from fair value at initial recognition, the Group will account for such difference as follows:

- if fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets, then the difference is recognised in the Statement of Profit and Loss on initial recognition (i.e. day 1 profit or loss);
- in all other cases, the fair value will be adjusted to bring it in line with the transaction price (i.e. day 1 profit or loss will be deferred by including it in the initial carrying amount of the asset or liability).

After initial recognition, the deferred gain or loss will be released to profit or loss on a rational basis, only to the

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extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability.

## Classification of Financial Assets

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are Solely Payments of Principal and Interest on the principal amount outstanding (SPPI), are subsequently measured at amortised cost;

- all other debt instruments (e.g. debt instruments managed on a fair value basis, or held for sale) and equity investments are subsequently measured at FVTPL.

However, the Group may make the following irrevocable election / designation at initial recognition of a financial asset on an asset-by-asset basis:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies, in OCI; and
- the Group may irrevocably designate a debt instrument that meets the amortised cost or Fair Value through Other Comprehensive Income (FVTOCI) criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (referred to as the fair value option).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee

## Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency

swaps. Further details of derivative financial instruments are disclosed in Note 6.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

## Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 "Financial Instruments" are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

## Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 44 sets out details of the fair values of the derivative instruments used for hedging purposes.

## Fair Value Hedge

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.



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Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

## Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in Other Comprehensive Income and accumulated in Equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a re-classification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Group has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a re-classification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a re-classification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised

in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options' intrinsic value could affect profit or loss. This is done as a re-classification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Group makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option (as described above).

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

## Investment in equity instruments at FVTOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVTOCI.

The Group has not elected to classify any equity investment at FVTOCI.

## Debt instruments at amortised cost or at FVTOCI

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

For an asset to be classified and measured at amortised cost or at FVTOCI, its contractual terms should give rise to cash flows that are meeting SPPI test.

For the purpose of SPPI test, principal is the fair value of the financial asset at initial recognition. That principal amount may change over the life of the financial asset (e.g.

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if there are repayments of principal). Interest consists of consideration for the time value of money, for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The SPPI assessment is made in the currency in which the financial asset is denominated.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI. An originated or an acquired financial asset can be a basic lending arrangement irrespective of whether it is a loan in its legal form.

An assessment of business models for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business models at a level that reflects how financial assets are managed individually and together to achieve a particular business objective.

When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss. In contrast, for an equity investment designated as measured at FVTOCI, the cumulative gain/loss previously recognised in OCI is not subsequently reclassified to profit or loss but transferred within equity.

Debt instruments that are subsequently measured at amortised cost or at FVTOCI are subject to impairment.

## Financial assets at Fair Value through Profit or Loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Group irrevocably elects or initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading.

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in statement of profit or loss.

## Subsequent Measurement of Financial assets

All recognised financial assets that are within the scope of Ind AS 109 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group business model objective is to hold financial assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates. During the current year due to certain market conditions, the Group has sold financial assets during the year by way of assignment transactions which does not impact the business model of the Group and hence the Group continues to carry the financial assets at amortised cost.

## Reclassifications

If the business model under which the Group holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category are applied prospectively.

## Impairment

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group measures ECL based on category of loans at a collective level. The measurement of the loss allowance

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in respect of stage 3 developers' loans (other than those measured at FVTPL) is based on the present value of the asset's expected cash flows using the asset's original EIR.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The Group has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

- Stage 1 - Performing assets with zero to thirty days past due (DPD). Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 and Stage 3.
- Stage 2 - Under-performing assets having 31 to 90 DPD. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3 - Non-performing assets with overdue more than 90 DPD

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

The Financial assets for which the Group has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

## Derecognition of financial assets

A financial asset is derecognised only when:

- The Group has transferred the rights to receive cash flows from the financial assets or
- retains the contractual rights to receive the cash flows of the financial assets, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial assets. In such cases, the financial assets is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

The Group transfers loans through assignment transactions. In accordance with the Ind AS 109, on derecognition of a financial asset under assignment transactions, the difference between the carrying amount and the consideration received shall be recognised in Statement of Profit and Loss.

## Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in gains.

## Financial liabilities and equity

### Classification as debt or equity

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

## Equity instruments

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

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

## Financial liabilities

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that

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will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies.

## Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost.

## Financial liabilities subsequently measured at amortised cost

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. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest

expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

## Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

## 2.12 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, balance in current account and Balances with banks in deposits accounts with original maturity of less than 3 months. Short term and liquid investments being subject to more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

## 2.13 Borrowing Costs

Interest expenses are calculated using EIR and all other borrowing costs are recognised in the Statement of Profit and Loss when they are incurred.

## 2.14 Foreign currencies

- a. The functional currency and presentation currency of the Group is Indian Rupee. Functional currency of the Group has been determined based on the primary economic environment in which the Group operate considering the currency in which funds are generated, spent and retained.
- b. Transactions in currencies other than the Group's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks;

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## 2.15 Segments

Based on "Management Approach" as defined by Ind AS 108, The Chief Operating Decision Maker (CODM) evaluates the "Operating Segments". Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Group. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Income / costs which relate to the Group as a whole and are not allocable to segments on a reasonable basis have been included under Unallocated Income / Costs.

## 2.16 Earnings per share

Basic earnings per share has been computed by dividing net income by the weighted average number of shares outstanding during the year. Partly paid up shares are included as fully paid equivalents according to the fraction paid up. Diluted earnings per share has been computed using the weighted average number of shares and dilutive potential shares, except where the result would be anti-dilutive

## 2.17 Taxes on income

Income tax expense represents the sum of the tax currently payable and deferred tax. Income tax expense comprises current and deferred taxes. Income tax expense is recognized in the Statement of Profit and Loss except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognized outside profit or loss.

### Current Tax

The tax currently payable is based on the estimated taxable profit for the year for the Group and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted. Taxable profit differs from 'profit before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using applicable tax rates that have been enacted or substantively enacted by the end of the reporting period.

### Deferred tax

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Such

deferred tax assets and liabilities are computed separately for each taxable entity. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets include Minimum Alternative Tax (MAT) credit in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability. Accordingly, MAT is recognized as deferred tax asset in the balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

## 2.18 Special Reserve

The Group creates statutory reserve every year out of its profits in terms of section 36(1)(viii) of the Income Tax Act, 1961 read with section 29C of the National Housing Bank Act, 1987.

## 2.19 Provisions, contingent liabilities and contingent assets

- Provisions are recognised only when: an entity has a present obligation (legal or constructive) as a result of a past event; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.



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Contingent liability is disclosed in case of:

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

## Contingent Assets:

Contingent assets are not recognised but disclosed in the financial statements.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

## 2.20 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

- estimated amount of contracts remaining to be executed on capital account and not provided for;
- other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

## 2.21 Non-Current Assets held for sale

Non-current assets are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

## 2.22 Exceptional items

An item of income or expense which its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and the same is disclosed in the notes to accounts.

## 2.23 Statement of Cash Flows

Statement of Cash Flows is prepared segregating the cash flows into operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Cash and cash equivalents (including bank balances) shown in the Statement of Cash Flows exclude items which are not available for general use as on the date of Balance Sheet.

## 2.24 Critical accounting judgements and key sources of estimation uncertainties

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable.

Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### Expected Credit Loss:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and credit assessment and including forward-looking information. In certain cases, the assessment based on past experience is required for future estimation of cash flows which requires significant judgment.

The inputs used and process followed by the Group in determining the increase in credit risk have been detailed in Note 44.

### Effective Interest Rate:

The Group's EIR methodology, recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given.

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



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Fair valuation of Investments (other than investment in subsidiaries, associates and joint ventures) and certain developer and mortgage loans:

The Group measures some of its investments and certain developer and mortgage loans at fair value. In determining the fair value, the Group uses quoted prices in active markets for identical assets or based on inputs which are observable either directly or indirectly. However in certain cases, the Group adopts valuation techniques and inputs which are not based on market data. When market observable information is not available, the Group has applied appropriate valuation techniques and inputs to the valuation model.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Information about valuation techniques and inputs used in determining the fair value are disclosed in Note 42.

## Evaluation of Business Model

Classification and measurement of financial instruments depends on the results of the sole payments of principal and interest on the principal amount outstanding ("SPPI") and the business model test. The Group determines the business model at a level that reflects how the Group's financial instruments are managed together to achieve a particular business objective.

The Group monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those instruments. Also refer Note 55 in respect of change in business model in respect of certain mortgage and developer loans. All other loans are held at amortised cost based on the business model of collecting contractual cash flows on account of principal and interest.

## Going Concern:

Information about the going concern consideration are disclosed in Note 54.

## 3. RECENT ACCOUNTING PRONOUNCEMENTS

### 3.1 Ind AS 116 Leases :

Ind AS 116 Leases was notified on 28th March, 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. The Group is in the process of assessing the impact of the new standard.

3.2 Amendment to Ind AS 12 – Income taxes : On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Group is currently evaluating the effect of this amendment on the financial statements.

## 4. EXPLANATION TO THE TRANSITION TO IND-AS

The transition as at April 1, 2017 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Group in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards are explained below:

### 4.1 First-time adoption

#### Overall principle:

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS transition balance sheet as at April 1, 2017 (the Group's

# Notes

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date of transition). In preparing its opening Ind AS balance sheet, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous Indian GAAP to Ind AS has affected the Group's financial position, financial performance and cash flows is set out in the following tables and notes.

## Exemptions and Exceptions availed:

We have set out below the applicable Ind AS 101 optional and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

### Ind AS Optional Exemptions:

#### Deemed cost for property, plant and equipment and other intangible assets

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Group has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

#### Designation of previously recognized financial instruments

Ind AS 101 allows an entity to designate investments in equity instruments at FVTPL on the basis of the facts and circumstances at the date of transition to IndAS. The Group has designated certain investments in equity share as held at FVTPL on the basis of the facts and circumstances that existed at the transition date.

#### Derecognition of financial assets and financial liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the derecognition requirements in Ind AS 109 retrospectively from a date of the entity's choosing,

provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively.

#### Business Combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The Group elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

#### Share-based payments:

Ind AS 102 "Share based Payment" requires to measure equity-settled share-based payments to employees that were vested before the date of transition to Ind AS using fair value retrospectively. However, Ind AS 101 gives an option to measure equity-settled share-based payments at fair value prospectively from the transition date. Consequently, the Group has availed the option to fair value share based payments that vest after transition date.

#### Ind AS Mandatory Exceptions

##### Estimates:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Group made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

#### Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Group has determined the classification of Financial Assets in terms of whether they meet the amortized cost criteria, FVTPL criteria or FVOCI criteria based on the facts and circumstances that existed as of transition date.

# Notes

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## Impairment of financial assets:

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date.

## 4.2 Reconciliation of total equity between the figures reported under previous GAAP and Ind AS is given below :

(₹ in Lakh)

| Particulars                                                                                                                      | Note | As at<br>March 31, 2018 | As at<br>March 31, 2017 |
|----------------------------------------------------------------------------------------------------------------------------------|------|-------------------------|-------------------------|
| <b>Total equity as per previous GAAP</b>                                                                                         |      | 824,618                 | 741,745                 |
| Adjustment on account of :                                                                                                       |      |                         |                         |
| Effective interest rate for financial assets and liabilities recognised at amortised cost / net interest on credit impaired loan | 1,2  | 15,557                  | 31,662                  |
| Net gain on derecognition of financial instruments under amortised cost category                                                 | 3    | 64,018                  | 17,529                  |
| Expected credit loss (Impairment on financial instruments)                                                                       | 5    | (41,796)                | (20,808)                |
| Fair value of investment                                                                                                         | 6    | 977                     | (920)                   |
| Deferred tax adjustments                                                                                                         | 7    | 10,570                  | 1,899                   |
| Other Comprehensive Income                                                                                                       | 9    | (5,638)                 | (5,720)                 |
| Adjustment of share in profit of associate/joint venture and other adjustments                                                   |      | 129                     | 765                     |
| <b>Total equity as per Ind AS</b>                                                                                                |      | <b>868,435</b>          | <b>766,152</b>          |

## Reconciliation of net profit between the figures reported under previous GAAP and Ind AS is given below :

(₹ in Lakh)

| Particulars                                                                                                                      | Note | As at<br>March 31, 2018 |
|----------------------------------------------------------------------------------------------------------------------------------|------|-------------------------|
| <b>Net profit after tax as per previous GAAP</b>                                                                                 |      | <b>116,565</b>          |
| Adjustment on account of :                                                                                                       |      |                         |
| Effective interest rate for financial assets and liabilities recognised at amortised cost / net interest on credit impaired loan | 1,2  | (21,495)                |
| Net gain on derecognition of financial instruments under amortised cost category                                                 | 3    | 33,494                  |
| Expected credit loss (Impairment on financial instruments)                                                                       | 5    | (15,121)                |
| Fair valuation of Employee Stock Options / Employee Stock Appreciation Rights                                                    | 8    | (1,462)                 |
| Fair value of investment                                                                                                         | 6    | 1,367                   |
| Reclassification of actuarial gain losses (net of tax) to OCI                                                                    | 4    | 217                     |
| Deferred tax adjustments                                                                                                         | 7    | 9,785                   |
| Adjustment of share in profit of associate/joint venture and other adjustments                                                   |      | 243                     |
| Other Adjustments                                                                                                                |      | 2,739                   |
| <b>Net profit after tax as per Ind AS</b>                                                                                        |      | <b>126,332</b>          |
| Other Comprehensive Income (Net of taxes)                                                                                        | 9    | (150)                   |
| <b>Total Comprehensive Income as per Ind AS</b>                                                                                  |      | <b>126,182</b>          |

# Notes

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- Under previous GAAP, loans were carried at cost whereas under IND AS loans are measured based on entity's business model for managing the financial assets and contractual cash flow characteristics of the financial asset. The loans that meet the business model and contractual cash flow tests are measured at amortised cost and interest income is recognised as per effective interest rate method.
- Under Previous GAAP, borrowings were recorded at cost and transaction costs were charged to Statement of Profit and Loss on a systematic basis over the tenure of the borrowing. Under Ind AS, transaction cost incurred towards origination of borrowings is required to be deducted from the carrying amount of borrowings on initial recognition. These cost are recognised in the Statement of Profit and Loss over the tenure of the borrowing as part of interest expense by applying effective interest rate method.
- Under Previous GAAP, gain on derecognition of financial assets on account of assignment transactions is recognised over the contractual tenure of the loan asset. However, as per Ind AS – 109 gain on derecognition of financial assets (i.e difference between sale consideration and carrying value) is recognised in the Statement of Profit and Loss on transfer of the financial asset.
- Under the previous GAAP, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability were forming part of the profit or loss for the year. Under Ind AS, these remeasurements are recognized in other comprehensive income instead of Statement of Profit and Loss.
- Under previous GAAP, provision for loans was made as per the prudential Norms prescribed by the National Housing Bank . Under Ind AS, the provision on financial assets and commitments, needs to be calculated using the expected credit loss model.
- Under previous GAAP, the investment in equity shares (other than investments in subsidiaries, associates and joint ventures), preference shares, security receipts and venture capital fund were carried at cost. However, under Ind AS, these are measured at fair value through profit and loss.
- Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind-AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. It also includes impact of deferred tax arising on account of transition to IND AS.  
  
Further, as required by the NHB, the Company had recognised deferred tax liability (DTL) in respect of the balance in the Special Reserve (created under section 36(1)(viii) of the Income-tax Act, 1961). The Company believes that the Special Reserve will not be utilised for payment of dividend or any other purpose and accordingly it does not result in a difference in tax base. Hence, DTL on Special Reserve has been reversed to comply with Ind AS 12 on Income Taxes.
- Under Previous GAAP, the cost of equity-settled employee share-based payments including Employee Stock Appreciation Rights (ESAR) was recognised using the intrinsic value method. Under Ind AS, the cost of equity-settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The change does not affect total equity, but there is a decrease in profit before tax as well as profit after tax.
- Under Previous GAAP, there was no concept of OCI. The Company designates certain Currency swaps and Interest rate swaps as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Other Comprehensive Income and accumulated in the cash flow hedging reserve, and is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction. Re-measurement of defined benefit plan liability are also recognised in OCI.

# Notes

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## 5 CASH AND BANK BALANCE

(₹ in Lakh)

| Particulars                        | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|------------------------------------|-------------------------|-------------------------|------------------------|
| <b>Cash and Cash Equivalents</b>   |                         |                         |                        |
| (i) Cash on hand                   | 1,047                   | 626                     | 479                    |
| (ii) Balances with Banks:          |                         |                         |                        |
| - In Current Accounts              | 120,892                 | 133,616                 | 90,593                 |
| - In Deposit Accounts              | 4,028                   | 58,067                  | 188,422                |
|                                    | <b>125,967</b>          | <b>192,309</b>          | <b>279,494</b>         |
| <b>Other Bank Balances</b>         |                         |                         |                        |
| (i) In other Deposit Accounts      | 173,916                 | 102,872                 | 81,666                 |
| (ii) Earmarked Balances with Banks |                         |                         |                        |
| - Unclaimed Dividend Account       | 185                     | 169                     | 141                    |
|                                    | 174,101                 | 103,041                 | 81,807                 |
| <b>Total</b>                       | <b>300,068</b>          | <b>295,350</b>          | <b>361,301</b>         |

- 5.1 Short-term deposits are made for varying periods of between three months to thirteen months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.
- 5.2 Fixed deposit with banks earns interest at fixed rate.
- 5.3 Balances with Banks in Deposit Accounts includes deposits under lien as follows:-

(₹ in Lakh)

| Particulars                                                                 | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-----------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| SLR Requirement                                                             | 72,514                  | 63,748                  | 43,084                 |
| Bank Guarantee                                                              | 1,241                   | 682                     | 1,220                  |
| Securitisation comforts provided to various trustees/buyers                 | 80,811                  | 28,572                  | 34,162                 |
| Sinking fund requirement of debentures provided to Trustee(s) of debentures | 1,350                   | 1,350                   | 1,350                  |
| Collateral against Derivatives                                              | 18,000                  | 3,020                   | 1,850                  |
| Margin Money towards CSDL Account                                           | -                       | 5,500                   | -                      |
| <b>Total</b>                                                                | <b>173,916</b>          | <b>102,872</b>          | <b>81,666</b>          |

## 6 DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivatives for risk management purposes. Derivatives held for risk management purposes include hedges that either meet the hedge accounting requirements or hedges that are economic hedges.

The table below shows the fair values of derivative financial instruments recorded as assets or liabilities together with their notional amounts.

The notional amounts indicate the value of transactions outstanding at the year end and are not indicative of either the market risk or credit risk.

# Notes

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(₹ in Lakh)

| PARTICULARS                                                                                          | March 31, 2019      |                        |                             | March 31, 2018      |                        |                             | April 1, 2017       |                        |                             |
|------------------------------------------------------------------------------------------------------|---------------------|------------------------|-----------------------------|---------------------|------------------------|-----------------------------|---------------------|------------------------|-----------------------------|
|                                                                                                      | Notional<br>Amounts | Fair Value -<br>Assets | Fair Value -<br>Liabilities | Notional<br>Amounts | Fair Value -<br>Assets | Fair Value -<br>Liabilities | Notional<br>Amounts | Fair Value -<br>Assets | Fair Value -<br>Liabilities |
| <b>PART I</b>                                                                                        |                     |                        |                             |                     |                        |                             |                     |                        |                             |
| <b>(i) Currency Derivatives:</b>                                                                     |                     |                        |                             |                     |                        |                             |                     |                        |                             |
| -Currency Swaps                                                                                      | 294,293             | 10,198                 | 809                         | 299,443             | 1,718                  | 13,581                      | 319,927             | 3,102                  | 11,275                      |
| - Forward                                                                                            | 18,861              | -                      | 526                         | -                   | -                      | -                           | -                   | -                      | -                           |
| <b>Subtotal (i)</b>                                                                                  | <b>313,154</b>      | <b>10,198</b>          | <b>1,335</b>                | <b>299,443</b>      | <b>1,718</b>           | <b>13,581</b>               | <b>319,927</b>      | <b>3,102</b>           | <b>11,275</b>               |
| <b>(ii) Interest Rate Derivatives</b>                                                                |                     |                        |                             |                     |                        |                             |                     |                        |                             |
| -Interest Rate Swaps                                                                                 | 484,293             | 6,915                  | -                           | 299,443             | 7,005                  | -                           | 319,927             | 3,228                  | 423                         |
| -Option arising out of investment agreement (Refer note 6.3)                                         | -                   | -                      | 28,916                      | -                   | -                      | -                           | -                   | -                      | -                           |
| <b>Subtotal(ii)</b>                                                                                  | <b>484,293</b>      | <b>6,915</b>           | <b>28,916</b>               | <b>299,443</b>      | <b>7,005</b>           | <b>-</b>                    | <b>319,927</b>      | <b>3,228</b>           | <b>423</b>                  |
| <b>Total Derivative Financial Instruments (i)+(ii)</b>                                               | <b>797,447</b>      | <b>17,113</b>          | <b>30,251</b>               | <b>598,886</b>      | <b>8,723</b>           | <b>13,581</b>               | <b>639,854</b>      | <b>6,330</b>           | <b>11,698</b>               |
| <b>PART II</b>                                                                                       |                     |                        |                             |                     |                        |                             |                     |                        |                             |
| Included in above (Part I) are derivatives held for hedging and risk management purposes as follows: |                     |                        |                             |                     |                        |                             |                     |                        |                             |
| <b>(i) Fair Value Hedging:</b>                                                                       |                     |                        |                             |                     |                        |                             |                     |                        |                             |
| - Interest rate derivatives                                                                          | 190,000             | 3,294                  | -                           | -                   | -                      | -                           | -                   | -                      | -                           |
| <b>Subtotal (i)</b>                                                                                  | <b>190,000</b>      | <b>3,294</b>           | <b>-</b>                    | <b>-</b>            | <b>-</b>               | <b>-</b>                    | <b>-</b>            | <b>-</b>               | <b>-</b>                    |
| <b>(ii) Cash Flow Hedging:</b>                                                                       |                     |                        |                             |                     |                        |                             |                     |                        |                             |
| - Currency derivatives                                                                               | 294,293             | 10,198                 | 809                         | 299,443             | 1,718                  | 13,581                      | 319,927             | 3,102                  | 11,275                      |
| - Interest rate derivatives                                                                          | 294,293             | 3,621                  | -                           | 299,443             | 7,005                  | -                           | 319,927             | 3,228                  | 423                         |
| - Forward                                                                                            | 18,861              | -                      | 526                         | -                   | -                      | -                           | -                   | -                      | -                           |
| <b>Subtotal (ii)</b>                                                                                 | <b>607,447</b>      | <b>13,819</b>          | <b>1,335</b>                | <b>598,886</b>      | <b>8,723</b>           | <b>13,581</b>               | <b>639,854</b>      | <b>6,330</b>           | <b>11,698</b>               |
| <b>Total Derivative Financial Instruments (i)+(ii)</b>                                               | <b>797,447</b>      | <b>17,113</b>          | <b>1,335</b>                | <b>598,886</b>      | <b>8,723</b>           | <b>13,581</b>               | <b>639,854</b>      | <b>6,330</b>           | <b>11,698</b>               |

## Hedging activities and derivatives

- 6.1 The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under Ind AS for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of account.
- 6.2 Refer Note 44(c) For Exchange Rate Risk
- 6.3 Option arises out of investment made by Wadhawan Global Capital Limited (WGC) in Compulsory Convertible Debentures issued by DHFL Investments Limited as per agreement with WGC.



# Notes

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## 7 RECEIVABLES

(₹ in Lakh)

| Particulars                    | March 31, 2019 | March 31, 2018 | April 1, 2017 |
|--------------------------------|----------------|----------------|---------------|
| <b>TRADE RECEIVABLES</b>       |                |                |               |
| Unsecured considered good      | 476            | 4,274          | 247           |
| Unsecured considered doubtful  | 79             | 95             | 95            |
|                                | <b>555</b>     | <b>4,369</b>   | <b>342</b>    |
| Less: Provision for impairment | 79             | 95             | 95            |
|                                | <b>476</b>     | <b>4,274</b>   | <b>247</b>    |

- 7.1** Trade Receivables includes amounts due from the related parties ₹ 476 lakh (March 31, 2018 and April 1, 2017:- ₹ 4,184 Lakh and ₹ 149 Lakh respectively. (Refer note 48)
- 7.2** No trade or other receivable are due from directors or other officers of the Corporation either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
- 7.3** Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.
- 7.4** Reconciliation of impairment allowance is as under:

(₹ in Lakh)

|                             |    |
|-----------------------------|----|
| <b>Particulars</b>          |    |
| <b>As at April 1, 2017</b>  | 95 |
| Add: on addition            | -  |
| Less: on deletion           | -  |
| <b>As at March 31, 2018</b> | 95 |
| Add: on addition            | -  |
| Less: on deletion           | 16 |
| <b>AS AT MARCH 31, 2019</b> | 79 |

## 8 HOUSING AND OTHER LOANS

(₹ in Lakh)

| Particulars                                        | March 31, 2019   | March 31, 2018   | April 1, 2017    |
|----------------------------------------------------|------------------|------------------|------------------|
| <b>AT AMORTISED COST</b>                           |                  |                  |                  |
| Housing and other Property Loan                    | 6,034,073        | 7,421,552        | 5,915,816        |
| Loans to Developers                                | 152,862          | 1,897,363        | 1,400,987        |
| Intercompany Deposit (Refer note 8.12) (unsecured) | 565,269          | 62,743           | 2,647            |
| Loan to Others                                     | 2,577            | 2,801            | 1,027            |
| <b>Total Gross</b>                                 | <b>6,754,781</b> | <b>9,384,459</b> | <b>7,320,477</b> |
| Less: Impairment loss allowance (Refer note 44(b)) | (119,899)        | (138,667)        | (92,081)         |
| <b>Total Net</b>                                   | <b>6,634,882</b> | <b>9,245,792</b> | <b>7,228,396</b> |
| <b>AT FAIR VALUE</b>                               |                  |                  |                  |
| Housing and Other Property Loan                    | 905,719          | -                | -                |
| Loans to Developers                                | 2,257,096        | 65,670           | -                |
| <b>Total</b>                                       | <b>3,162,815</b> | <b>65,670</b>    | <b>-</b>         |
| <b>Total</b>                                       | <b>9,797,697</b> | <b>9,311,462</b> | <b>7,228,396</b> |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

**8.1** All loans are secured unless otherwise stated and all loans are disbursed in India.

**8.2 Transfer of financial assets:-**

The Company transfers loans in securitisation transactions. Generally in such transactions, the Company also provides credit enhancements to the transferee. Because of the existence of credit enhancements in such transactions, the Company continues to have the obligation to pay to the transferee, limited to the extent of credit enhancement provided, even if it does not collect the equivalent amounts from the original asset and hence continues to retain substantially all risks and rewards associated with such loan, and as a result of which such transfer does not meet the derecognition criteria, resulting in the transfer not being recorded as sale. Consequently, the proceeds received from such transfers are recorded as collateralised debt obligations.

**8.3** Other property loans include mortgage loan, non residential property loan, plot loan for self construction where construction has not began in last three years and loan against the lease rental income from properties in accordance with directions of National Housing Bank (NHB). These also include loans granted to Small & Medium Enterprise (SME) and certain part are unsecured in terms of the particular scheme of an aggregate amount of ₹ 13,769 lakh (March 31, 2018 and April 1, 2017:- ₹ 12,490 lakh and ₹ 9,265 lakh).

**8.4** Loans given by the Company are secured by equitable mortgage/ registered mortgage of the property and assets financed and/ or assignment of Life Insurance policies and/or personal guarantees and/or undertaking to create a security and/or hypothecation of assets and are considered appropriate and good.

**8.5** The above include insurance portion amounting to ₹ 1,13,218 lakhs (March 31, 2018 and April 1, 2017:- ₹ 160,334 lakh and ₹ 136,668 lakh) to meet the cost of the insurance premium to secure the borrower's life and thereby further secure the loan portfolio by way of risk mitigation method and to secure the Company's Housing loan portfolio against any eventuality.

**8.6** The Company has repossessed certain assets under SARFAESI Act which are retained for the purpose of sale under the Rules and Regulations of SARFAESI Act involving ₹ 10,267 lakh as at March 31, 2019 (March 31, 2018 and April 1, 2017:- ₹ 7,890 lakh and ₹ 7,890 lakh respectively), which are part of NPA portfolio for which necessary provisions have already been made. These assets are accounted as and when they are realised as per related accounting policy.

**8.7** The Company has securitized / assigned pool of certain housing and property loans and managed servicing of such loan accounts. The balance outstanding in the pool, as at the reporting date aggregates ₹ 30,59,465 lakh (March 31, 2018 and April 1, 2017:- ₹ 19,15,351 lakh and ₹ 1,146,374 lakh respectively). These assets have been de-recognised in the books of the Company. The Company is responsible for collection and getting servicing of this loan portfolio on behalf of buyers / investors. In terms of the said securitization/assignment agreements, the Company pays to buyer/investor on monthly basis the prorata collection amount as per individual agreement terms. The Company has purchased home loan pools in two tranches for a cumulative amount of ₹ Nil (March 31, 2018 and April 1, 2017:- ₹ Nil and ₹ 30,863 lacs respectively) in compliance with RBIs norms on Securitisation, specific to Direct Assignment transactions, in terms of Minimum Holding Period (MHP) and Minimum Retention Requirement (MRR).

**8.8** The company is not granting any loans against gold jewellery as collateral.

**8.9** Housing and other property loans includes Nil as at March 31, 2019 (March 31, 2018 and April 1, 2017:- ₹ 289 lakh and ₹ 315 lakh respectively) given to the key managerial persons of the Company under the normal course of business.

**8.10** Loans to others include loan to employees which are secured by the hypothecation of respective assets against which these loans have been granted.

**8.11** Two subsidiaries of the Company were amalgamated into the Company pursuant to the Scheme of amalgamation (Scheme) under Sections 391 to 394 of the Companies Act, 1956 approved by the Board of directors of all the three companies and sanctioned by the Hon'ble High Court of judicature at Bombay vide its order dated July 27, 2012 and by the Hon'ble High Court of judicature at Delhi vide its order dated January 4, 2013 which were filed with the Registrar of Companies on January 31, 2013 being the effective date for the amalgamation scheme. In terms of the above scheme, the Assets and Liabilities of the subsidiary companies were amalgamated with DHFL at their respective fair value in the earlier years. Proportionate Fair value appreciation surplus amounting to Nil (₹ 2,451 Lakh) has been amortised out of the Capital Reserve and ₹ 4,772 Lakh (₹ 2,826 lakh) has been amortised out of the General Reserve in terms of the valuation report of the scheme. (Refer note 4.1)

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

**8.12** Intercompany deposit includes ₹ 3,105 Lakh (March 31, 2018 and April 1, 2017 : NIL and NIL respectively) due from related party. (Refer note 48 and 51)

## 9 INVESTMENTS

(₹ in Lakh)

| Particulars                                                                                        | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|----------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>AT COST</b>                                                                                     |                         |                         |                        |
| Investments in equity instruments - Associates<br>(Inclusive of Capital Reserve of ₹ 9 Lakh)       | 14,529                  | 14,529                  | 6,793                  |
| Add: Share of profit                                                                               | 7,837                   | 5,547                   | 4,139                  |
| Add: Gain on Dilution of stake in Associate                                                        | 3,824                   | 2,739                   |                        |
| Less: Dividend                                                                                     | (635)                   | (474)                   | (401)                  |
|                                                                                                    | <b>25,555</b>           | <b>22,341</b>           | <b>10,531</b>          |
| Investments in equity instruments - Joint Ventures<br>(Inclusive of Capital Reserve of ₹ 340 Lakh) | 6,757                   | 6,757                   | 6,757                  |
| Add: Share of (Loss) / profit                                                                      | (407)                   | 112                     | (328)                  |
|                                                                                                    | <b>6,350</b>            | <b>6,869</b>            | <b>6,429</b>           |
| <b>At Fair value through Profit or Loss</b>                                                        |                         |                         |                        |
| Investments in Quoted Equity Instruments                                                           | -                       | 41                      | 67                     |
| Investments in Unquoted Equity Instruments                                                         | 11,634                  | 12,356                  | 10,000                 |
| Investments in Mutual Funds                                                                        | 10,404                  | 406,880                 | 268,883                |
| Investment in Venture Capital Fund                                                                 | 2,299                   | 2,344                   | 2,418                  |
| Investment in Security Receipts                                                                    | 63,231                  | 66,628                  | -                      |
| Investment in Preference Share                                                                     | 3,556                   | 14,201                  | -                      |
| Pass Through Certificates                                                                          | 25,700                  | -                       | -                      |
| <b>Total</b>                                                                                       | <b>116,824</b>          | <b>502,450</b>          | <b>281,368</b>         |
| <b>AT AMORTISED COST</b>                                                                           |                         |                         |                        |
| Debentures                                                                                         | 14,157                  | 192,659                 | 200,991                |
| Investment in Government Securities (SLR)                                                          | 71,028                  | 65,974                  | 42,353                 |
| Investment in Government Securities                                                                | 682                     | 12,341                  | 10,712                 |
| Investment in Certificate of Deposits                                                              | -                       | -                       | 789,174                |
| Pass Through Certificates                                                                          | 14,126                  | 9,399                   | 10,809                 |
| <b>Total</b>                                                                                       | <b>99,993</b>           | <b>280,373</b>          | <b>1,054,039</b>       |
| <b>Grand Total</b>                                                                                 | <b>248,722</b>          | <b>812,033</b>          | <b>1,352,367</b>       |

**9.1** All investments are made within India.

**9.2** Investment in Government and other SLR Securities aggregating ₹ 70,933 Lakh (March 31, 2018 and April 1, 2017:- ₹ 66,526 Lakh and ₹ 42,530 Lakh respectively) carry a floating charge created in favor of depositors in the Fixed Deposit schemes of the Company (read with Note 19).

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

- 9.3** In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27, 2017, erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Company has received 12,52,101 equity shares of DHFL VYsya Housing Finance Limited on merger in lieu of the shares held in erstwhile Aadhar Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.
- 9.4** The Company holds 100% of equity share capital of DHFL Investments Limited (DIL), however, based on the agreement dated March 31, 2017, the Company does not exercise control over DIL and hence is not considered as a subsidiary company for the purpose of preparation of these financial statements.

## 10 OTHERS FINANCIAL ASSETS (UNSECURED AND CONSIDERED GOOD)

(₹ in Lakh)

| Particulars                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-----------------------------------------------|-------------------------|-------------------------|------------------------|
| Interest accrued but not due on fixed Deposit | 3,092                   | 3,139                   | 4,515                  |
| Receivable on assigned loans*                 | 87,385                  | 60,415                  | 17,529                 |
| Security Deposits (refer Note 10.1)           | 3,565                   | 3,150                   | 3,488                  |
| Interest accrued but not due on Investment    | 1,226                   | 3,779                   | 3,432                  |
| Receivable from Mutual Fund                   | 10,449                  | 1                       | -                      |
| Other Assets (refer note 10.2)                | 3,517                   | 6,228                   | 9,045                  |
|                                               | <b>109,234</b>          | <b>76,712</b>           | <b>38,009</b>          |
| Less: Provision for Impairment                | 109                     | 64                      | 16                     |
| <b>Total</b>                                  | <b>109,125</b>          | <b>76,648</b>           | <b>37,993</b>          |

\* Retained Interest

- 10.1** Security Deposits includes amounts due from the related parties ₹ 210 lakh (March 31, 2018 and April 1, 2017:- ₹ 135 and ₹ 35 respectively). (refer note 48)
- 10.2** Other assets includes amounts due from the related parties ₹ 425 lakh (March 31, 2018 and April 1, 2017:- ₹ 627 lakh and ₹ 882 lakh respectively). (refer note 48)

## 11 CURRENT TAX ASSETS (NET)

(₹ in Lakh)

| Particulars                    | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------------|-------------------------|-------------------------|------------------------|
| Advance Tax (Net of Provision) | 37,020                  | 14,730                  | 8,463                  |
| <b>Total</b>                   | <b>37,020</b>           | <b>14,730</b>           | <b>8,463</b>           |

## 12 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakh)

| Particulars              | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------|-------------------------|-------------------------|------------------------|
| Deferred tax liabilities | (90531)                 | (71523)                 | (59443)                |
| MAT Credit entitlement   | -                       | 32,606                  | 46,072                 |
| Deferred Tax Assets      | 133,927                 | 48,480                  | 32,615                 |
| <b>Total</b>             | <b>43,396</b>           | <b>9,563</b>            | <b>19,244</b>          |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 12.1 Deferred tax Assets and Liabilities in relation to:

| Particulars                                                                       | Opening balance as at April 1, 2017 | Recognised in Profit and Loss | Recognised in Other Comprehensive Income | Utilisations /Adjustments | Closing balance as at March 31, 2018 | Recognised in Profit and Loss | Recognised in Other Comprehensive Income | Utilisations /Adjustments | Closing balance as at March 31, 2019 |
|-----------------------------------------------------------------------------------|-------------------------------------|-------------------------------|------------------------------------------|---------------------------|--------------------------------------|-------------------------------|------------------------------------------|---------------------------|--------------------------------------|
| <b>Deferred tax liabilities</b>                                                   |                                     |                               |                                          |                           |                                      |                               |                                          |                           |                                      |
| On difference between book balance and tax balance of Property, plant & equipment | (22,948)                            | (596)                         | -                                        | -                         | (23,544)                             | (470)                         | -                                        | -                         | (24,014)                             |
| On account of measurement of Financial instrument at amortised cost               | (8,802)                             | 3,600                         | -                                        | -                         | (5,202)                              | (16,871)                      | -                                        | -                         | (22,073)                             |
| Fair value on Investment                                                          | (622)                               | (4,570)                       | -                                        | -                         | (5,192)                              | 4,537                         | -                                        | -                         | (655)                                |
| Receivable on assigned loans                                                      | (4,900)                             | (11,988)                      | -                                        | -                         | (16,888)                             | (7,540)                       | -                                        | -                         | (24,428)                             |
| Others ( refer note 8.11)                                                         | (22,171)                            | -                             | -                                        | 1,474                     | (20,697)                             | -                             | -                                        | 1,336                     | (19,361)                             |
|                                                                                   | <b>(59,443)</b>                     | <b>(13,554)</b>               | <b>-</b>                                 | <b>1,474</b>              | <b>(71,523)</b>                      | <b>(20,344)</b>               | <b>-</b>                                 | <b>1,336</b>              | <b>(90,531)</b>                      |
| <b>Deferred tax assets</b>                                                        |                                     |                               |                                          |                           |                                      |                               |                                          |                           |                                      |
| On account of impairment on financial instruments                                 | 30,240                              | 15,133                        | -                                        | -                         | 45,373                               | (13,171)                      | -                                        | -                         | 32,202                               |
| On account of provision for employee benefits                                     | 23                                  | 113                           | 84                                       | -                         | 220                                  | (184)                         | (36)                                     | -                         | -                                    |
| On Cash flow hedge reserve                                                        | 2,220                               | -                             | (32)                                     | -                         | 2,188                                | -                             | (701)                                    | -                         | 1,487                                |
| Fair value on Employee Stock Options/Employee Stock Appreciation Rights Expenses  | 132                                 | 567                           | -                                        | -                         | 699                                  | 429                           | -                                        | -                         | 1,128                                |
| Fair Valuation of Loan                                                            | -                                   | -                             | -                                        | -                         | -                                    | 91,030                        | -                                        | -                         | 91,030                               |
| Fair Valuation of Derivative                                                      | -                                   | -                             | -                                        | -                         | -                                    | 8,080                         | -                                        | -                         | 8,080                                |
| MAT Credit entitlement                                                            | 46,072                              | -                             | -                                        | (13,466)                  | 32,606                               | -                             | -                                        | (32,606)                  | -                                    |
|                                                                                   | <b>78,687</b>                       | <b>15,813</b>                 | <b>52</b>                                | <b>(13,466)</b>           | <b>81,086</b>                        | <b>86,184</b>                 | <b>(737)</b>                             | <b>(32,606)</b>           | <b>133,927</b>                       |
| <b>Net</b>                                                                        | <b>19,244</b>                       | <b>2,259</b>                  | <b>52</b>                                | <b>(11,992)</b>           | <b>9,563</b>                         | <b>65,840</b>                 | <b>(737)</b>                             | <b>(31,270)</b>           | <b>43,396</b>                        |

## 13 PROPERTY, PLANT AND EQUIPMENT

(₹ in Lakh)

| Description            | Gross block         |              |              | Accumulated depreciation |                     |                     |              | Net block            |                      |
|------------------------|---------------------|--------------|--------------|--------------------------|---------------------|---------------------|--------------|----------------------|----------------------|
|                        | As at April 1, 2018 | Additions    | Deductions   | As at March 31, 2019     | As at April 1, 2018 | Charge for the year | Deductions   | As at March 31, 2019 | As at March 31, 2019 |
| Building               | 57,038              | 7            | -            | 57,045                   | 308                 | 941                 | -            | 1,249                | 55,796               |
| Leasehold Improvements | 5,650               | 1,014        | 4,383        | 2,281                    | 237                 | 758                 | 880          | 115                  | 2,166                |
| Furniture and Fixtures | 3,017               | 321          | 491          | 2,847                    | 285                 | 400                 | 114          | 571                  | 2,276                |
| Vehicles               | 302                 | 167          | 81           | 388                      | 39                  | 82                  | 64           | 57                   | 331                  |
| Office Equipment       | 5,536               | 1,729        | 1,583        | 5,682                    | 522                 | 925                 | 396          | 1,051                | 4,631                |
| Leasehold Premises     | 9,326               | -            | -            | 9,326                    | 163                 | 162                 | -            | 325                  | 9,001                |
| Computers              | 5,424               | 519          | 371          | 5,572                    | 511                 | 1,185               | 216          | 1,480                | 4,092                |
| <b>Total</b>           | <b>86,293</b>       | <b>3,757</b> | <b>6,909</b> | <b>83,141</b>            | <b>2,065</b>        | <b>4,453</b>        | <b>1,670</b> | <b>4,848</b>         | <b>78,293</b>        |

### Previous Year

(₹ in Lakh)

| Description            | Gross block         |               |            | Accumulated depreciation |                     |                     |            | Net block            |                      |
|------------------------|---------------------|---------------|------------|--------------------------|---------------------|---------------------|------------|----------------------|----------------------|
|                        | As at April 1, 2017 | Additions     | Deductions | As at March 31, 2018     | As at April 1, 2017 | Charge for the year | Deductions | As at March 31, 2018 | As at March 31, 2018 |
| Building               | 5,507               | 51,531        | -          | 57,038                   | -                   | 308                 | -          | 308                  | 56,730               |
| Leasehold Improvements | 861                 | 4,986         | 197        | 5,650                    | -                   | 431                 | 194        | 237                  | 5,413                |
| Furniture and Fixtures | 1,463               | 1,580         | 26         | 3,017                    | -                   | 310                 | 25         | 285                  | 2,732                |
| Vehicles               | 44                  | 267           | 9          | 302                      | -                   | 45                  | 6          | 39                   | 263                  |
| Office Equipment       | 2,233               | 3,448         | 145        | 5,536                    | -                   | 594                 | 72         | 522                  | 5,014                |
| Leasehold Premises     | 9,326               | -             | -          | 9,326                    | -                   | 163                 | -          | 163                  | 9,163                |
| Computers              | 1,001               | 4,515         | 92         | 5,424                    | -                   | 601                 | 90         | 511                  | 4,913                |
| <b>Total</b>           | <b>20,435</b>       | <b>66,327</b> | <b>469</b> | <b>86,293</b>            | <b>-</b>            | <b>2,452</b>        | <b>387</b> | <b>2,065</b>         | <b>84,228</b>        |

The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer below for the gross block value and the accumulated depreciation on April 1, 2017 under the previous GAAP.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## Property, Plant and Equipment

| Description                     | Gross block   | Accumulated depreciation | Net block     |
|---------------------------------|---------------|--------------------------|---------------|
| Buildings                       | 6,180         | 673                      | 5,507         |
| Leasehold Improvements          | 3,353         | 2,492                    | 861           |
| Furniture and Fixtures          | 2,629         | 1,166                    | 1,463         |
| Vehicles                        | 125           | 81                       | 44            |
| Office Equipment                | 3,597         | 1,364                    | 2,233         |
| Leasehold Premises              | 9,999         | 673                      | 9,326         |
| Computers                       | 3,295         | 2,294                    | 1,001         |
| <b>Total</b>                    | <b>29,178</b> | <b>8,743</b>             | <b>20,435</b> |
| <b>Capital work-in-progress</b> |               |                          | <b>54,615</b> |

13.1 Also refer note 17.2, note 18.2 and note 18.3 for charge creation on Property, plant and equipment.

## 14 INTANGIBLE ASSETS

| (₹ in Lakh)                         |                     |           |            |                          |                     |                     |            |                      |                      |
|-------------------------------------|---------------------|-----------|------------|--------------------------|---------------------|---------------------|------------|----------------------|----------------------|
| Description                         | Gross block         |           |            | Accumulated amortisation |                     |                     |            | Net block            |                      |
|                                     | As at April 1, 2018 | Additions | Deductions | As at March 31, 2019     | As at April 1, 2018 | Charge for the year | Deductions | As at March 31, 2019 | As at March 31, 2019 |
| Computer (Software)                 | 1,062               | 8,086     | -          | 9,148                    | 311                 | 662                 | -          | 973                  | 8,175                |
| Total                               | 1,062               | 8,086     | -          | 9,148                    | 311                 | 662                 | -          | 973                  | 8,175                |
| Intangible Assets under development |                     |           |            |                          |                     |                     |            |                      | 10,401               |

### Previous Year

| (₹ in Lakh)                         |                     |           |            |                          |                     |                     |            |                      |                      |
|-------------------------------------|---------------------|-----------|------------|--------------------------|---------------------|---------------------|------------|----------------------|----------------------|
| Description                         | Gross block         |           |            | Accumulated amortisation |                     |                     |            | Net block            |                      |
|                                     | As at April 1, 2017 | Additions | Deductions | As at March 31, 2018     | As at April 1, 2017 | Charge for the year | Deductions | As at March 31, 2018 | As at March 31, 2018 |
| Computer (Software)                 | 454                 | 608       | -          | 1,062                    | -                   | 311                 | -          | 311                  | 751                  |
| Total                               | 454                 | 608       | -          | 1,062                    | -                   | 311                 | -          | 311                  | 751                  |
| Intangible Assets under development |                     |           |            |                          |                     |                     |            |                      | 12,905               |

The Company has availed the deemed cost exemption in relation to the intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer below for the gross block value and the accumulated amortisation on April 1, 2017 under the previous GAAP.

### Intangible Assets

| Description                                           | Gross block  | Accumulated amortisation | Net block    |
|-------------------------------------------------------|--------------|--------------------------|--------------|
| Computer (Software)                                   | 1,990        | 1,536                    | 454          |
| <b>Total</b>                                          | <b>1,990</b> | <b>1,536</b>             | <b>454</b>   |
| <b>Intangible Assets under Development (Software)</b> |              |                          | <b>8,762</b> |



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 15 OTHER NON-FINANCIAL ASSETS (UNSECURED AND CONSIDERED GOOD)

(₹ in Lakh)

| Particulars                                | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------------------------|-------------------------|-------------------------|------------------------|
| Capital Advances                           | 65                      | 593                     | 1,158                  |
| Employee Advance                           | 12                      | 14                      | 13                     |
| Recoverable from employees (refer note 48) | 643                     | -                       | -                      |
| Advance to Related Party (refer note 48)   | -                       | -                       | 140                    |
| Advance to Vendors                         | 2                       | 157                     | 479                    |
| Gratuity Fund (net)                        | 683                     | 156                     | 222                    |
| Prepaid Expenses                           | 684                     | 2,213                   | 895                    |
| Input tax credit Receivable                | 7,625                   | 647                     | 82                     |
| <b>Total</b>                               | <b>9,714</b>            | <b>3,780</b>            | <b>2,989</b>           |

## 16 TRADE PAYABLES

Trade Payables includes ₹ 3 Lakh (March 31, 2018 and April 1, 2017 : ₹ 1 Lakh and 10 lakh respectively) due to related parties. (Refer note 48).

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of Information available with the Group. The amount of principal and interest outstanding during the year is given below.

| Particulars                                                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| a) Amount outstanding but not due as at year end                              | -                       | -                       | -                      |
| b) Amount due but unpaid as at the year end                                   | -                       | -                       | -                      |
| c) Amounts paid after appointed date during the year                          | -                       | -                       | -                      |
| d) Amount of interest accrued and unpaid as at year end                       | -                       | -                       | -                      |
| e) The amount of further interest due and payable even in the succeeding year | -                       | -                       | -                      |
| <b>Total</b>                                                                  | <b>-</b>                | <b>-</b>                | <b>-</b>               |

## 17 DEBT SECURITIES

(₹ in Lakh)

| Particulars                                                                                                                                                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>AT AMORTISED COST</b>                                                                                                                                         |                         |                         |                        |
| <b>Secured</b>                                                                                                                                                   |                         |                         |                        |
| Redeemable non convertible debentures                                                                                                                            | 4,234,394               | 2,854,697               | 2,850,114              |
| Optionally Convertible Redeemable Debentures (OCDs)                                                                                                              | 29,138                  | 26,732                  | 24,525                 |
| <b>Unsecured</b>                                                                                                                                                 |                         |                         |                        |
| Redeemable non convertible debentures (Subordinated issue)                                                                                                       | 220,200                 | 130,898                 | 147,758                |
| Commercial Papers (Net of unamortised discount as at March 31, 2019 : ₹ 1,682 Lakh (March 31, 2018 and April 1, 2017 ₹ 9,235 Lakh and ₹ 2,077 Lakh respectively) | 83,318                  | 595,765                 | 297,423                |
| <b>Total</b>                                                                                                                                                     | <b>4,567,050</b>        | <b>3,608,092</b>        | <b>3,319,820</b>       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 17.1 Terms of repayment and rate of interest in case of Debt Securities.

As At March 31, 2019

(₹ in Lakh)

| Particulars                                                | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|------------------------------------------------------------|-----------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                                             |                 |           |           |          |             |
| Redeemable non convertible debentures                      | 5.50% - 11.55%  | 2,321,155 | 1,051,575 | 861,664  | 4,234,394   |
| Optionally Convertible Redeemable Debentures               | Refer note 17.2 | 29,138    | -         | -        | 29,138      |
| <b>Unsecured</b>                                           |                 |           |           |          |             |
| Redeemable non convertible debentures (Subordinated issue) | 8.80% - 11.20%  | 50,826    | 29,509    | 139,865  | 220,200     |
| Commercial Papers                                          | 6.62% - 9.00%   | 83,318    | -         | -        | 83,318      |

As At March 31, 2018

(₹ in Lakh)

| Particulars                                                | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years  | Grand Total |
|------------------------------------------------------------|-----------------|-----------|-----------|-----------|-------------|
| <b>Secured</b>                                             |                 |           |           |           |             |
| Redeemable non convertible debentures                      | 5.50% - 11.55%  | 1,333,134 | 279,941   | 1,241,622 | 2,854,697   |
| Optionally Convertible Redeemable Debentures               | Refer note 17.2 | -         | 26,732    | -         | 26,732      |
| <b>Unsecured</b>                                           |                 |           |           |           |             |
| Redeemable non convertible debentures (Subordinated issue) | 9.40% - 11.35%  | 54,330    | 27,241    | 49,328    | 130,898     |
| Commercial Papers                                          | 7.05% - 8.05%   | 595,765   | -         | -         | 595,765     |

As At April 1, 2017

(₹ in Lakh)

| Particulars                                                | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years  | Grand Total |
|------------------------------------------------------------|-----------------|-----------|-----------|-----------|-------------|
| <b>Secured</b>                                             |                 |           |           |           |             |
| Redeemable non convertible debentures                      | 5.50% - 11.55%  | 1,059,025 | 520,253   | 1,270,835 | 2,850,113   |
| Optionally Convertible Redeemable Debentures               | Refer note 17.2 | -         | 24,525    | -         | 24,525      |
| <b>Unsecured</b>                                           |                 |           |           |           |             |
| Redeemable non convertible debentures (Subordinated issue) | 9.40% - 11.35%  | 35,880    | 43,288    | 69,016    | 148,184     |
| Commercial Papers                                          | 6.70% - 8.60%   | 297,423   | -         | -         | 297,423     |

**17.2** OCDs are issued for a tenure of 5 years beginning from April '16 to April '21. As per the terms, the debenture holder shall at any time during the tenor of the OCD, have the right to exercise at its discretion either to redeem the debentures or convert the debentures into equity shares of ₹ 10 each of the company. Premium payable on redemption is @ 9% pa. XIRR.

**17.3** Secured Non-Convertible Debentures/ZCD are secured by way of first charge to and in favour of Debenture Trustees jointly ranking pari passu inter-se, on the Company's whole of the present and future book debts, housing loan instalments/receivables, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets, read with Note 18.3 hereinafter. They are further secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

- 17.4** Redeemable non convertible debentures also include amount outstanding for Zero Coupon Secured Redeemable Non-Convertible Debentures (ZCD) aggregating ₹ 102,449 Lakh ( March 31, 2018 and April 1, 2017:- ₹ 236,535 lakh and ₹ 282,657 Lakh respectively), which are redeemable at premium on maturity. The accumulated premium payable on outstanding ZCD accrued till March 31, 2019 amounting to ₹ 40,449 Lakh (March 31, 2018 and April 1, 2017:- ₹ 73,045 Lakh and ₹ 65,367 lakhs respectively) is included above.
- 17.5** Unsecured Redeemable Non Convertible Subordinated Debentures aggregating to ₹ 221,900 Lakh ( March 31, 2018 and April 1, 2017:- ₹ 1,33,180 Lakh and ₹ 1,50,680 Lakh), outstanding as at March 31, 2019, are subordinated to present and future senior indebtedness of the Company. It qualifies as Tier II capital in accordance with National Housing Bank (NHB) guidelines for assessing capital adequacy based on balance term to maturity. These debentures are redeemable at par on maturity on various periods.
- 17.6** During the year ended March 31, 2019, the Company has issued and allotted the following securities by way of public issue, 10,94,47,863 Secured Redeemable Non-Convertible Debentures ("NCDs") having face value of ₹ 1,000 each aggregating to ₹ 10,94,479 lakh in terms of the Shelf Prospectus and Tranche 1 Prospectus dated May 14, 2018 ("Prospectus"). The said NCDs were allotted on June 4, 2018 and listed on BSE Limited and NSE Limited.
- 17.7** During the year ended March 31, 2019, the Company has raised an amount of ₹ 98,972 lakh on April 18, 2018 by issue of INR denominated USD settled 10,00,00,00,000 Notes due in the year 2023 under the US\$ 2,00,00,00,000 Medium Term Note Programme. These bonds were listed on London Stock Exchange (LSE-International Securities Market (ISM) Segment.

## 18 BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in Lakh)

| Particulars                                                   | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>Secured</b>                                                |                         |                         |                        |
| <b>At amortised cost</b>                                      |                         |                         |                        |
| <b>Term Loans</b>                                             |                         |                         |                        |
| from Banks                                                    | 3,175,938               | 3,682,780               | 3,281,427              |
| from National Housing Bank                                    | 243,493                 | 284,820                 | 328,851                |
| <b>Term Loans from other parties</b>                          |                         |                         |                        |
| External Commercial Borrowing                                 | 280,749                 | 295,412                 | 315,276                |
| <b>Cash credit facilities and Working Capital Demand Loan</b> |                         |                         |                        |
| Loans repayable on demand                                     | 119,656                 | 223,741                 | 111,012                |
| Collateralised debt obligations                               | 240,585                 | 15,023                  | -                      |
| <b>Total</b>                                                  | <b>4,060,421</b>        | <b>4,501,776</b>        | <b>4,036,566</b>       |
| <b>Unsecured</b>                                              |                         |                         |                        |
| <b>At amortised cost</b>                                      |                         |                         |                        |
| Intercompany deposits                                         | -                       | 9,638                   | 6,496                  |
| <b>Total</b>                                                  | <b>-</b>                | <b>9,638</b>            | <b>6,496</b>           |
| <b>Grand Total(A)</b>                                         | <b>4,060,421</b>        | <b>4,511,414</b>        | <b>4,043,062</b>       |
| Borrowings in India                                           | 3,779,672               | 4,216,002               | 3,727,786              |
| Borrowings outside India                                      | 280,749                 | 295,412                 | 315,276                |
| <b>Total (B) to tally with (A)</b>                            | <b>4,060,421</b>        | <b>4,511,414</b>        | <b>4,043,062</b>       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 18.1 Collateralised debt obligation

Collateralised debt obligation represent amount received against Housing and other loan securitised, which does not qualify for derecognition. The Company is expected to recover the same within a period of 5 years. (Refer Note 8.2)

## 18.2 Terms of repayment and rate of interest in case of Borrowings.

As At March 31, 2019

(₹ in Lakh)

| Particulars                                  | Interest Rate | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------------|---------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                               |               |           |           |          |             |
| Term loan from banks                         | Floating*     | 1,878,704 | 817,814   | 479,419  | 3,175,938   |
| Term Loan from National Housing Bank         | 6.12%-8.95%   | 74,857    | 47,069    | 121,567  | 243,493     |
| Term Loan from External Commercial Borrowing | Floating**    | 261,238   | 19,511    | -        | 280,749     |

As At March 31, 2018

(₹ in Lakh)

| Particulars                                  | Interest Rate | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------------|---------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                               |               |           |           |          |             |
| Term loan from banks                         | Floating*     | 1,908,828 | 1,029,308 | 744,644  | 3,682,780   |
| Term Loan from National Housing Bank         | 6.12%-11.00%  | 92,564    | 47,155    | 145,101  | 284,820     |
| Term Loan from External Commercial Borrowing | Floating**    | 161,612   | 133,800   | -        | 295,412     |

As At April 1, 2017

(₹ in Lakh)

| Particulars                                  | Interest Rate | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------------|---------------|-----------|-----------|----------|-------------|
| <b>Secured</b>                               |               |           |           |          |             |
| Term loan from banks                         | Floating*     | 1,626,217 | 937,338   | 717,872  | 3,281,427   |
| Term Loan from National Housing Bank         | 6.12%-11.00%  | 108,830   | 51,385    | 168,636  | 328,851     |
| Term Loan from External Commercial Borrowing | Floating**    | 80,653    | 229,302   | 5,321    | 315,276     |

\*(Linked with MCLR/Base Rate of respective banks)

\*\* (Linked with LIBOR)

- 18.3** All Secured loans, from the National Housing Bank (NHB), Other Banks, External Commercial Borrowing and Financial Institutions are secured by way of first charge to and in favour of participating banks, Institutions, National Housing Bank and Debenture Trustees jointly ranking pari passu, inter-se, on the Company's whole of the present and future book debts, housing loan instalments/ receivables, investments including all the receivables of the Company and other movable assets, wherever situated, excluding SLR assets. They are further secured on pari passu basis by constructive delivery of various title deeds of certain immovable properties of the Company, to Union Bank of India, acting for itself and as an agent of other participating lenders and Debenture trustees, and are also guaranteed by the promoter directors of the Company.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

- 18.4** Loans repayable on demand and other short term loans comprising of Cash credit facilities from banks and are secured by a first charge by way of hypothecation of book debts of specific loan assets of the company and are further secured by negative lien on the underlying specific properties and / or secured by demand promissory notes. Certain Cash credit facilities are also secured by way of a first pari passu charge along with other secured loans read with Note 17.2. All cash credit facilities are repayable as per the contracted/ roll over term.
- 18.5** Pursuant to the refinancing arrangement with NHB, the Company has provided a non-disposal undertaking from the Promoters and Promoter Group with respect to their shareholdings in the Company and corporate guarantee from Wadhawan Global Capital Limited ( promoter entity ).
- 18.6** As described in Note 54, since in the first fortnight of July 2019, the consortium of bankers have agreed to enter into an Inter-creditor Agreement (ICA) for a potential restructuring of the Company's liabilities, the Company is confident that other lenders who may or may not have restrictive or compliance related covenants shall also be part of the proposed restructuring. Hence, no adjustment is considered necessary in respect of the covenants of borrowings.

## 19 DEPOSITS

(₹ in Lakh)

| Particulars               | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------|-------------------------|-------------------------|------------------------|
| <b>At Amortised Cost</b>  |                         |                         |                        |
| <b>Public Deposits</b>    |                         |                         |                        |
| Fixed Deposits            | 623,585                 | 913,967                 | 607,451                |
| Other than Fixed Deposits | 2,077                   | 2,698                   | 3,016                  |
| Other Deposits            | 33,178                  | 48,579                  | 26,105                 |
| <b>Total</b>              | <b>658,840</b>          | <b>965,244</b>          | <b>636,572</b>         |

- 19.1** The National Housing Bank directives require all HFC's accepting public deposits to create a floating charge on the statutory liquid assets maintained in favour of depositors through the mechanism of a trust deed. The Company has accordingly appointed a SEBI approved trustee Company as trustee for the above by executing the trust deed. Accordingly, the public deposits of the Company as defined in paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987.
- 19.2** Fixed Deposits and Other Deposits, including short term fixed deposits and short term other deposits, are repayable as per individual contracted maturities ranging from 12 to 120 months from the date of deposit. The interest is payable on contracted terms depending upon the scheme opted by the depositor.

## 20 SUBORDINATED LIABILITIES

(₹ in Lakh)

| Particulars                            | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|----------------------------------------|-------------------------|-------------------------|------------------------|
| <b>Unsecured</b>                       |                         |                         |                        |
| Non-Convertible Debentures (Perpetual) | 113,581                 | 113,184                 | 63,996                 |
| <b>Total</b>                           | <b>113,581</b>          | <b>113,184</b>          | <b>63,996</b>          |

- 20.1** All subordinated liabilities are issued in India.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 20.2 As At March 31, 2019

(₹ in Lakh)

| Particulars                            | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------|-----------------|-----------|-----------|----------|-------------|
| <b>Unsecured</b>                       |                 |           |           |          |             |
| Non-Convertible Debentures (Perpetual) | 9.85% to 12.75% | -         | -         | 113,581  | 113,581     |

As At March 31, 2018

(₹ in Lakh)

| Particulars                            | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------|-----------------|-----------|-----------|----------|-------------|
| <b>Unsecured</b>                       |                 |           |           |          |             |
| Non-Convertible Debentures (Perpetual) | 9.85% to 12.75% | -         | -         | 113,184  | 113,184     |

As At April 1, 2017

(₹ in Lakh)

| Particulars                            | Interest Rate   | 0-3 Years | 3-5 Years | >5 Years | Grand Total |
|----------------------------------------|-----------------|-----------|-----------|----------|-------------|
| <b>Unsecured</b>                       |                 |           |           |          |             |
| Non-Convertible Debentures (Perpetual) | 9.85% to 12.75% | -         | -         | 63,996   | 63,996      |

## 21 OTHER FINANCIAL LIABILITIES

(₹ in Lakh)

| Particulars                                             | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------------|-------------------------|-------------------------|------------------------|
| Interest accrued but not due on borrowings              | 281,320                 | 193,932                 | 164,784                |
| Unclaimed dividend                                      | 185                     | 169                     | 142                    |
| Unclaimed matured deposits and interest accrued thereon | 8,878                   | 10,341                  | 7,674                  |
| Security and other deposits received                    | 845                     | 432                     | 16                     |
| Creditors for Capital Expenditure                       | 884                     | 611                     | 3,098                  |
| Amounts payable on Securitised Loans                    | 105,174                 | 61,580                  | 35,644                 |
| Book Overdraft                                          | -                       | 217,184                 | -                      |
| Others                                                  | 11,483                  | 11,347                  | 1,930                  |
| <b>Total</b>                                            | <b>408,769</b>          | <b>495,596</b>          | <b>213,288</b>         |

**21.1** As required under Section 124 of the Companies Act, 2013, the Company has transferred unclaimed dividend of the year 2010-11 ₹ 9 Lakh (₹ 7 Lakh) and towards unclaimed deposits and interest accrued thereon ₹ 26 Lakh (₹ 17 Lakh) to Investor Education & Protection Fund (IEPF) during the year. There are no amounts due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013 as at the year end in respect of Unclaimed Matured Deposits and Unpaid Dividends. However, there has been a delay ranging from 1 to 16 days in transferring unclaimed public deposits aggregating ₹ 7 lakh.

**21.2** Security and other deposits received includes amounts due to related parties ₹ 224 lakh (March 31, 2018 and April 1, 2017:- ₹ 432 lakh and ₹ 1 lakh respectively). (refer note 48)

**21.3** Amounts payable on Securitised Loans includes amounts due to related parties ₹ 15 lakh (March 31, 2018 and April 1, 2017:- ₹ 20 lakh and ₹ 21 lakh respectively). (refer note 48).



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

**21.4** Others includes amounts due to related parties ₹ 4,346 lakh (March 31, 2018 and April 1, 2017: ₹ 12 lakh and ₹ 12 lakh respectively). (refer note 48)

## 22 PROVISIONS

(₹ in Lakh)

| Particulars                     | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------|-------------------------|-------------------------|------------------------|
| Provision for Employee Benefits | 1,015                   | 629                     | 67                     |
| <b>Total</b>                    | <b>1,015</b>            | <b>629</b>              | <b>67</b>              |

## 23 OTHER NON-FINANCIAL LIABILITIES

(₹ in Lakh)

| Particulars           | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|-----------------------|-------------------------|-------------------------|------------------------|
| Advance from Customer | 15,155                  | 13,113                  | 8,150                  |
| Statutory Remittances | 1,170                   | 3,379                   | 2,654                  |
| <b>Total</b>          | <b>16,325</b>           | <b>16,492</b>           | <b>10,804</b>          |

## 24. SHARE CAPITAL

(₹ in Lakh)

| Particulars                                 | As at March 31, 2019 |               | As at March 31, 2018 |               | As at April 1, 2017 |               |
|---------------------------------------------|----------------------|---------------|----------------------|---------------|---------------------|---------------|
|                                             | Number               | ₹             | Number               | ₹             | Number              | ₹             |
| <b>AUTHORISED</b>                           |                      |               |                      |               |                     |               |
| Equity Shares of ₹ 10 each                  | 578,000,000          | 57,800        | 578,000,000          | 57,800        | 578,000,000         | 57,800        |
| <b>ISSUED, SUBSCRIBED AND FULLY PAID UP</b> |                      |               |                      |               |                     |               |
| Equity Shares of ₹ 10 each                  | 313,823,024          | 31,382        | 313,658,847          | 31,366        | 313,152,205         | 31,315        |
|                                             | <b>313,823,024</b>   | <b>31,382</b> | <b>313,658,847</b>   | <b>31,366</b> | <b>313,152,205</b>  | <b>31,315</b> |

### a) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:

(₹ in Lakh)

| Particulars                                               | As at March 31, 2019 |               | As at March 31, 2018 |               | As at April 1, 2017 |               |
|-----------------------------------------------------------|----------------------|---------------|----------------------|---------------|---------------------|---------------|
|                                                           | Number               | ₹             | Number               | ₹             | Number              | ₹             |
| Equity shares outstanding as at the beginning of the year | 313,658,847          | 31,366        | 313,152,205          | 31,315        | 291,797,988         | 29,180        |
| Shares issued during the year                             | -                    | -             | -                    | -             | 21,230,070          | 2,123         |
| Shares allotted pursuant to exercise of stock options     | 164,177              | 16            | 506,642              | 51            | 124,147             | 12            |
| Equity shares outstanding as at the end of the year       | <b>313,823,024</b>   | <b>31,382</b> | <b>313,658,847</b>   | <b>31,366</b> | <b>313,152,205</b>  | <b>31,315</b> |

### b) Terms / Rights attached to equity shares

The Company has only one class of shares i.e. equity. The shareholders have voting rights in the proportion of their shareholdings. The shareholders are entitled to dividend, if declared and paid by the Company. In the event of liquidation, these shareholders are entitled to receive remaining assets of the Company after distribution of all liabilities, in the proportion of their shareholdings.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

**c) Details of shareholders holding more than 5 percent shares in the Company are given below:**

(₹ in Lakh)

| Particulars                     | As at March 31, 2019 |           | As at March 31, 2018 |           | As at April 1, 2017 |           |
|---------------------------------|----------------------|-----------|----------------------|-----------|---------------------|-----------|
|                                 | Number               | % holding | Number               | % holding | Number              | % holding |
| Wadhawan Global Capital Limited | 117,049,714          | 37.30%    | 117,049,714          | 37.32%    | 117,049,714         | 37.38%    |

**d) Employee Stock Option Plans:**

Employee Stock Option Scheme 2008 (ESOS-2008) was implemented by the Company. 14,22,590 equity share options were granted under 'ESOS-2008' in 2008-09 to the employees as approved by the Nomination and Remuneration Committee of directors of the Company at ₹ 53.65 per share, the reconsidered price approved in the EOGM dated March 31, 2009.

Consequent to issue of Bonus Shares by the Company in earlier years, the adjusted exercise price is ₹ 26.83 per Equity Share and the total number of options also increased in the same ratio.

Employee Stock Option Scheme 2009 (ESOS-2009) was implemented by the Company. 12,75,000 equity share options were granted under 'ESOS-2009, Plan II' in 2009-10 and additional 12,34,670 equity share options were approved to be granted under 'ESOS-2009, Plan III' in 2010-11 to the employees by the Nomination and Remuneration Committee of directors of the Company at ₹ 141/- per share, the price approved in the Nomination and Remuneration Committee meeting held on 25th November, 2009. The ESOP 2009 Plan II lapsed on November 25, 2015 and the ESOP 2009 Plan III was completed on 30th June, 2017 upon allotment of the balance equity shares under the said plan.

Consequent to issue of Bonus Shares by the Company in earlier years, the adjusted exercise price is ₹ 70.50 per Equity Share and the total number of options also increased in the same ratio.

Pursuant to the resolution passed by the Board of Directors of the Company, at its meeting held on 16th January, 2015 and the special resolution passed by the Members of the Company on 23rd February, 2015 through Postal Ballot, the DHFL Employee Stock Appreciation Rights Plan 2015 ("DHFL ESAR Plan 2015" / "the Plan") was approved in accordance with the provisions of SEBI (SBEB) Regulations, exercisable into not more than 51,46,023 fully paid-up equity shares in aggregate, having face value of ₹ 10/- each. Consequent to the bonus shares issued by the Company to its Members in the ratio 1:1 during the financial year 2015-16, the total number of employee Stock Appreciation Rights (SARs) also increased in the same ratio i.e. exercisable into not more than 1,02,92,046 fully paid up equity shares. During the financial year 2017-18, the Members of the Company, approved amendment to the DHFL ESAR Plan 2015, inter-alia, for increasing the number of equity shares that can be allotted thereunder to 2,67,82,046 equity shares. ESAR granted are as under:

| Particulars | Approval Date | No of ESARs | SAR Price (₹)                            |
|-------------|---------------|-------------|------------------------------------------|
| Grant I     | 21-Mar-15     | 1,550,100   | 380.00 (₹190/- per SAR Post Bonus issue) |
| Grant II    | 17-Nov-16     | 2,081,545   | 230.80                                   |
| Grant III   | 13-Jul-17     | 3,247,100   | 434.90                                   |
| Grant IV    | 13-Jul-17     | 550,000     | 300.08                                   |
| Grant V     | 16-Oct-17     | 150,800     | 434.90                                   |
| Grant VI    | 22-Jan-18     | 71,900      | 434.02                                   |
| Grant VII   | 22-Mar-18     | 11,735,600  | 520.20                                   |
| Grant VIII  | 27-Jun-18     | 240,000     | 643.65                                   |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## Movement in options:

| Particulars                                                         | ESOS-2008 | ESAR 2015       |
|---------------------------------------------------------------------|-----------|-----------------|
|                                                                     |           | Grant I to VIII |
| Number of options / ESAR's outstanding at the beginning of the year | 30,380    | 18,032,328      |
| Number of options / ESAR's granted during the year                  | -         | 240,000         |
| Number of options / ESAR's forfeited / lapsed during the year       | 14,940    | 12,796,418      |
| Number of options / ESAR's Vested during the year                   | -         | 599,979         |
| Number of options / ESAR's Exercised during the year                | 15,440    | 240,250         |
| Number of shares arising as a result of exercise of options         | 15,440    | 148,737         |
| Money realized by exercise of options (in ₹ )                       | 414,255   | 1,487,370       |
| Number of options outstanding at the end of the year                | -         | 5,235,660       |
| Number of options exercisable at the end of the year                | -         | 599,979         |
| Weighted Average exercise price & Option price (in ₹ ):             |           |                 |
| Pre Bonus                                                           | 54        | 380.00          |
| Post Bonus                                                          | 27        | 190.00 - 520.20 |

The Company follows fair value based method of accounting for determining compensation cost for its stock-based compensation scheme. The fair value of each stock options granted during the current year and previous year is mentioned in the table below. The fair value has been calculated by applying Black-Scholes-Merton model as valued by an independent valuer.

Details of options granted during the current and previous financial year based on the graded vesting and fair value of the options are as under:-

| Scheme     | Grant Date | No. of options granted | Fair Value per Option |
|------------|------------|------------------------|-----------------------|
| Grant III  | 13-Jul-17  | 3,247,100              | 153.96                |
| Grant IV   | 13-Jul-17  | 550,000                | 153.96                |
| Grant V    | 16-Oct-17  | 150,800                | 221.77                |
| Grant VI   | 22-Jan-18  | 71,900                 | 280.39                |
| Grant VII  | 22-Mar-18  | 11,735,600             | 163.00                |
| Grant VIII | 27-Jun-18  | 240,000                | 196.64                |

The fair value has been calculated using the Black Scholes Option Pricing model, the Assumptions used in the model on a weighted average basis are as follows:

| Particulars                                                                    | 2018-19 | 2017-18 |
|--------------------------------------------------------------------------------|---------|---------|
| 1. Risk Free Interest Rate                                                     | 7.57%   | 7.05%   |
| 2. Expected Life                                                               | 2.95    | 4.13    |
| 3. Expected Volatility                                                         | 37%     | 41%     |
| 4. Dividend Yield                                                              | 1.32%   | 36.6%   |
| 5. Price of the underlying share in market at the time of the option grant (₹) | 643.65  | 502.46  |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## Other Details:

- 1) Weighted Average Market Price on the date of Exercise is ₹ 643.10 (FY 2017-18 ₹ 486.48)
- 2) Remaining Contractual life for ESAR granted and outstanding as on March 31, 2019

| Particulars | Remaining Contractual life<br>for unvested SARs | Remaining Contractual life<br>for SARs |
|-------------|-------------------------------------------------|----------------------------------------|
| Grant – I   | 2.88                                            | 0.03                                   |
| Grant – II  | 3.71                                            | 0.02                                   |
| Grant – III | 3.88                                            | 2.21                                   |
| Grant – IV  | 3.88                                            | 2.21                                   |
| Grant – V   | 4.15                                            | -                                      |
| Grant – VI  | 4.42                                            | -                                      |

Pursuant to the provision of the Companies Act, 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share based Employee Benefits) Regulation 2014 (hereinafter referred to as Employee Stock Appreciation Rights 2015 (DHFL ESAR Plan 2015) and pursuant to the intention of all the grantees for cancellation and discontinuation of the said ESAR Scheme and also the recommendation of the Member of Nomination and Remuneration committee and based on the approval of the board of directors of the Company, 1,19,75,600 ( One crore nineteen lakh seventy five thousand six hundred only) ESAR granted under Grant VII and Grant VIII issued under the DHFL ESAR Plan 2015 to the eligible employee of the Company are cancelled w.e.f. 20th March, 2019.

## 25 OTHER EQUITY

(₹ in Lakh)

| Particulars                                       | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------------------------------|-------------------------|-------------------------|------------------------|
| Capital Reserve                                   | -                       | -                       | 2,451                  |
| Securities Premium                                | 220,885                 | 220,637                 | 219,909                |
| Debenture Redemption Reserve                      | 117,000                 | 117,000                 | 117,000                |
| General Reserve                                   | 131,733                 | 135,171                 | 116,522                |
| Special Reserve                                   | 183,899                 | 183,899                 | 156,399                |
| Employee Stock Option Outstanding                 | 4,332                   | 3,044                   | 1,210                  |
| Other Comprehensive income-Cashflow hedge reserve | (3832)                  | (5637)                  | (5720)                 |
| Retained Earnings                                 | 108,338                 | 214,321                 | 158,381                |
| <b>TOTAL</b>                                      | <b>762,355</b>          | <b>868,435</b>          | <b>766,152</b>         |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 25.1 Movement in Other Equity

(₹ in Lakh)

| Particulars                                                                    | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------------------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>CAPITAL RESERVE</b>                                                         |                         |                         |                        |
| At the beginning of the year                                                   | -                       | 2,451                   |                        |
| Less: Utilised during the year                                                 | -                       | 2,451                   |                        |
|                                                                                | -                       | -                       | 2,451                  |
| <b>SECURITIES PREMIUM</b>                                                      |                         |                         |                        |
| At the beginning of the year                                                   | 220,637                 | 219,909                 |                        |
| Add: On shares allotted upon exercise of stock options by the Employees        | 245                     | 265                     |                        |
| Add: Received during the year                                                  | 3                       | 463                     |                        |
|                                                                                | 220,885                 | 220,637                 | 219,909                |
| <b>DEBENTURE REDEMPTION RESERVE</b>                                            |                         |                         |                        |
| Closing balance                                                                | 117,000                 | 117,000                 |                        |
| <b>GENERAL RESERVE</b>                                                         |                         |                         |                        |
| At the beginning of the year                                                   | 135,171                 | 116,522                 |                        |
| Less : Utilised during the year                                                | 3,438                   | 1,351                   |                        |
| Add : Transfer from Statement of Profit and Loss Account                       | -                       | 20,000                  |                        |
| <b>Closing balance</b>                                                         | <b>131,733</b>          | <b>135,171</b>          | <b>116,522</b>         |
| <b>STATUTORY RESERVE (SPECIAL RESERVE)</b>                                     |                         |                         |                        |
| (As per Section 29C of The National Housing Bank Act, 1987)                    |                         |                         |                        |
| Opening Balance                                                                | 183,899                 | 156,399                 |                        |
| Add : Transfer from Statement of Profit and Loss Account                       | -                       | 27,500                  |                        |
|                                                                                | 183,899                 | 183,899                 | 156,399                |
| <b>EMPLOYEE STOCK OPTION OUTSTANDING</b>                                       |                         |                         |                        |
| Opening Balance                                                                | 22,183                  | 3,039                   |                        |
| Add: Additions on account of options granted during the year                   | 472                     | 25,512                  |                        |
| Less: Transferred to securities premium reserve upon exercise of stock options | (245)                   | (265)                   |                        |
| Less: Reduction on account of unvested options lapsed during the year          | (16232)                 | (6050)                  |                        |
| Less: Reduction on account of vested options lapsed during the year            | (82)                    | (53)                    |                        |
|                                                                                | 6,096                   | 22,183                  | 3,039                  |
| Less: Deferred employee compensation                                           | (1764)                  | (19139)                 | (1,829)                |
|                                                                                | 4,332                   | 3,044                   | 1,210                  |
| <b>OTHER COMPREHENSIVE INCOME-CASHFLOW HEDGE RESERVE</b>                       |                         |                         |                        |
| At the beginning of the year                                                   | (5637)                  | (5720)                  |                        |
| Add: Other comprehensive Income                                                | 1,805                   | 83                      |                        |
|                                                                                | (3,832)                 | (5,637)                 | (5,720)                |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

(₹ in Lakh)

| Particulars                                      | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|--------------------------------------------------|-------------------------|-------------------------|------------------------|
| <b>RETAINED EARNINGS</b>                         |                         |                         |                        |
| Opening Balance                                  | 214,321                 | 158,381                 |                        |
| Add/(less): Other Comprehensive Income           | 88                      | (233)                   |                        |
| Employee stock appreciation of Associates        | 7                       | -                       |                        |
| Add:- Profit for the year                        | (96,591)                | 126,332                 |                        |
| Amount available for appropriations              | 117,825                 | 284,480                 |                        |
| <b>Appropriations</b>                            |                         |                         |                        |
| General Reserve                                  | -                       | 20,000                  |                        |
| Statutory Reserve (u/s 29C of the NHB Act, 1987) | -                       | 27,500                  |                        |
| Interim Dividend Paid                            | -                       | 9,408                   |                        |
| Tax on Interim Dividend                          | -                       | 1,916                   |                        |
| Final Dividend Paid                              | 7,841                   | 9,407                   |                        |
| Tax on Final Dividend                            | 1,646                   | 1,928                   |                        |
|                                                  | <b>9,487</b>            | <b>70,159</b>           |                        |
| <b>Closing Balance</b>                           | <b>108,338</b>          | <b>214,321</b>          | <b>158,381</b>         |
| <b>TOTAL</b>                                     | <b>762,355</b>          | <b>868,435</b>          | <b>766,152</b>         |

## 25.2 Nature of Reserves

- Capital reserve represents reserves created pursuant to the business combination up to year end.
- Securities premium reserve represents premium received on equity shares issued, which can be utilised only in accordance with the provisions of the Companies Act, 2013 for specified purposes.
- General reserve is created from time to time by transferring profits from retained earnings and can be utilised for purposes such as dividend payout, bonus issue, etc.
- Statutory reserve is the reserve created by transferring the sum not less than 20% of its net profit after tax in terms of Section 29C of the National Housing Bank Act, 1987.
- Stock options outstanding account relates to the stock options granted by the Company to employees under an Employee Stock options Plan.
- Retained earnings represents profits that the Company earned till date, less any transfers to General Reserve, Statutory Reserves, Dividends and other distributions paid to the shareholders.
- Debenture Redemption Reserve is the reserve created by transferring the sum from retained earning as per the requirement of the Companies Act, 2013. (Refer note 54)
- Cashflow hedge Reserve:- It represents the cumulative gains/(losses) arising on revaluation of the derivative instruments designated as cash flow hedges through OCI.



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

**25.3** Statement for Disclosure on Statutory / Special Reserves, as prescribed by NHB vide its circular no NHB(ND)/DRS/Pol. Circular.61/2013-14, dated: 7th April, 2014 and NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017:

(₹ in lakh)

| Particulars                                                                                                                   | 2018-19        | 2017-18        |
|-------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| <b>Balance at the beginning of the year</b>                                                                                   |                |                |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987                                                           | 65,324         | 64,924         |
| b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve | 118,575        | 91,475         |
| <b>Total</b>                                                                                                                  | <b>183,899</b> | <b>156,399</b> |
| <b>Addition during the year</b>                                                                                               |                |                |
| Add: a) Amount transferred u/s 29C of the NHB Act, 1987                                                                       | -              | 400            |
| b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve | -              | 27,100         |
| <b>Total</b>                                                                                                                  | <b>-</b>       | <b>27,500</b>  |
| <b>Balance at the end of the year</b>                                                                                         |                |                |
| a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987                                                           | 65,324         | 65,324         |
| b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve | 118,575        | 118,575        |
| <b>Total</b>                                                                                                                  | <b>183,899</b> | <b>183,899</b> |

## 26 INTEREST INCOME

(₹ in Lakh)

| Particulars                                           | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|-------------------------------------------------------|-----------------------------------|-----------------------------------|
| <b>ON FINANCIAL ASSETS MEASURED AT AMORTISED COST</b> |                                   |                                   |
| Interest on Loans                                     | 983,477                           | 887,364                           |
| Interest income from investments                      | 3,575                             | 4,040                             |
| Interest on deposits                                  | 21,510                            | 7,656                             |
| Other interest Income                                 | 36,304                            | 29,255                            |
|                                                       | <b>1,044,866</b>                  | <b>928,315</b>                    |
| <b>ON FINANCIAL ASSETS MEASURED AT AMORTISED COST</b> |                                   |                                   |
| Interest on Loans                                     | 185,905                           | 5,319                             |
|                                                       | <b>185,905</b>                    | <b>5,319</b>                      |
| <b>Total</b>                                          | <b>1,230,771</b>                  | <b>933,634</b>                    |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 27 DIVIDEND INCOME

(₹ in Lakh)

| Particulars                     | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------|-----------------------------------------|-----------------------------------------|
| Investment in Equity Instrument | 518                                     | 183                                     |
| Investment in Mutual Fund       | 556                                     | 13,475                                  |
| <b>Total</b>                    | <b>1,074</b>                            | <b>13,658</b>                           |

## 28 FEES AND COMMISSION INCOME

(₹ in Lakh)

| Particulars                           | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------------|-----------------------------------------|-----------------------------------------|
| Loan processing fee and other charges | 22,256                                  | 30,545                                  |
| Insurance Commission                  | 5,291                                   | 6,664                                   |
| <b>Total</b>                          | <b>27,547</b>                           | <b>37,209</b>                           |

### 28.1 Insurance Commission income includes amount received from:-

(₹ in Lakh)

| Particulars                                           | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| 1. DHFL Pramerica Life Insurance Company Ltd          | 2,783                                   | 3,119                                   |
| 2. Cholamandalam MS General Insurance Company Limited | 336                                     | 1,635                                   |
| 3. DHFL General Insurance Company Limited             | 2,172                                   | 1,910                                   |
| <b>Total</b>                                          | <b>5,291</b>                            | <b>6,664</b>                            |

## 29 NET GAIN/ (LOSS) ON FAIR VALUE CHANGES

(₹ in Lakh)

| Particulars                                              | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>MEASURED AT FVTPL</b>                                 |                                         |                                         |
| <b>Fair Valuation of Loan</b>                            |                                         |                                         |
| Unrealised                                               | (234,017)                               | -                                       |
| <b>Fair Valuation of Option in Equity Investment</b>     |                                         |                                         |
| Realised                                                 | (28,916)                                |                                         |
| <b>Investment in equity shares measured at FVTPL</b>     |                                         |                                         |
| Realised                                                 | 491                                     | 885                                     |
| Unrealised                                               | (760)                                   | 2,208                                   |
|                                                          | <b>(269)</b>                            | <b>3,093</b>                            |
| <b>Investment in Preference shares measured at FVTPL</b> |                                         |                                         |
| Realised                                                 | 39                                      | -                                       |
| Unrealised                                               | 1,315                                   | 85                                      |
|                                                          | <b>1,354</b>                            | <b>85</b>                               |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

(₹ in Lakh)

| Particulars                                        | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Investment in mutual fund measured at FVTPL</b> |                                         |                                         |
| Realised                                           | 11,846                                  | 25,059                                  |
| Unrealised                                         | 39                                      | 13,634                                  |
|                                                    | <b>11,885</b>                           | <b>38,693</b>                           |
| <b>Investment in Security Receipts</b>             |                                         |                                         |
| Unrealised                                         | 222                                     | -                                       |
| <b>Investment in Venture Capital Fund</b>          |                                         |                                         |
| Unrealised                                         | (3)                                     | (27)                                    |
| <b>Derivative Trading</b>                          |                                         |                                         |
| Realised                                           | 3,907                                   | 174                                     |
| <b>Total</b>                                       | <b>(245,837)</b>                        | <b>42,018</b>                           |

## 30 NET GAIN ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

(₹ in Lakh)

| Particulars                | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------------|-----------------------------------------|-----------------------------------------|
| On assignment of portfolio | 29,388                                  | 46,489                                  |
| Sale of Bond and Debenture | (8,805)                                 | 1,230                                   |
| <b>Total</b>               | <b>20,583</b>                           | <b>47,719</b>                           |

## 31 OTHER OPERATING REVENUE

(₹ in Lakh)

| Particulars  | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|--------------|-----------------------------------------|-----------------------------------------|
| Others*      | 8,239                                   | 10,702                                  |
| <b>Total</b> | <b>8,239</b>                            | <b>10,702</b>                           |

\* Mainly includes cheque return charges and servicing fees pertaining to securitisation transactions

## 32 OTHER INCOME

(₹ in Lakh)

| Particulars                                    | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Rent Income                                    | 1,468                                   | 1,051                                   |
| Miscellaneous Income                           | 399                                     | 383                                     |
| Gain on dilution of stake in Associate company | 1,085                                   | 2,739                                   |
| <b>Total</b>                                   | <b>2,952</b>                            | <b>4,173</b>                            |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 33 FINANCE COSTS

(₹ in Lakh)

| Particulars                                                                  | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Interest expenses on financial liabilities measured at amortised cost</b> |                                         |                                         |
| Interest on deposits                                                         | 76,711                                  | 74,004                                  |
| Interest on borrowings                                                       | 377,752                                 | 354,278                                 |
| Interest on debt securities                                                  | 434,494                                 | 312,945                                 |
| Interest on Subordinated Liabilities                                         | 12,364                                  | 10,691                                  |
| Interest on others                                                           | 18                                      | 4                                       |
| Finance charges                                                              | 40,352                                  | 22,480                                  |
| <b>Total</b>                                                                 | <b>941,691</b>                          | <b>774,402</b>                          |

## 34 IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in Lakh)

| Particulars                                                | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>On Financial instruments measured at Amortised Cost</b> |                                         |                                         |
| Loans                                                      | 94,088                                  | 62,968                                  |
| Investments                                                | 6,809                                   | -                                       |
| <b>Total</b>                                               | <b>100,897</b>                          | <b>62,968</b>                           |

## 35 EMPLOYEE BENEFITS EXPENSES

(₹ in Lakh)

| Particulars                                                           | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|-----------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Salaries and Bonus                                                    | 44,225                                  | 31,928                                  |
| Interest expenses on financial liabilities measured at amortised cost | 1,964                                   | 1,624                                   |
| Staff Training and Welfare Expenses                                   | 811                                     | 1,032                                   |
| Share Based Payments to employees                                     | 1,533                                   | 2,441                                   |
| <b>Total</b>                                                          | <b>48,533</b>                           | <b>37,025</b>                           |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 36 OTHER EXPENSES

(₹ in Lakh)

| Particulars                                                                                       | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Rent                                                                                              | 5,988                                   | 5,039                                   |
| Rates and Taxes                                                                                   | 386                                     | 513                                     |
| Travelling and Conveyance                                                                         | 4,386                                   | 3,911                                   |
| Printing and Stationery                                                                           | 640                                     | 704                                     |
| Advertising                                                                                       | 7,489                                   | 8,052                                   |
| Training & Conference Expenses                                                                    | 185                                     | 298                                     |
| Business Sourcing Expense                                                                         | 10,238                                  | 7,138                                   |
| Insurance Charges                                                                                 | 574                                     | 594                                     |
| Legal & Professional Charges                                                                      | 7,137                                   | 4,294                                   |
| Communication Expense                                                                             | 1,857                                   | 1,519                                   |
| Repairs and Maintenance - Other than Buildings                                                    | 2,616                                   | 2,662                                   |
| Electricity Charges                                                                               | 974                                     | 911                                     |
| Directors' Fees and Commission                                                                    | 44                                      | 97                                      |
| Security Deposit written off                                                                      | 1,215                                   | -                                       |
| Loss on Sale of Property, plant and equipments                                                    | 5,178                                   | 61                                      |
| Expenditure on corporate social responsibility (CSR) under section 135 of the Companies Act, 2013 | 2,719                                   | 2,381                                   |
| Office Maintenance                                                                                | 1,628                                   | 1,431                                   |
| Recovery Expense                                                                                  | 1,383                                   | 942                                     |
| Bad debts written off                                                                             | 21,226                                  | 15,991                                  |
| Less: Provision utilized                                                                          | 21,226                                  | -                                       |
| General Office Expenses*                                                                          | 4,857                                   | 849                                     |
| <b>Total</b>                                                                                      | <b>59,494</b>                           | <b>41,396</b>                           |

\* Includes reversal of trade mark licence fees income of ₹ 3,999 lakh (Previous year ₹ Nil) based on change by regulators.

- 36.1** Company is required to spend money on Corporate Social Responsibility (CSR) activity as per CSR Rules under the Companies Act 2013. During the year Company has spent ₹ 2,719 Lakh (₹ 2,381 Lakh) the required sum being ₹ 2,659 Lakh (₹ 2,298 Lakh).

### Details of amount spent towards CSR given below:

(₹ in Lakh)

| Particulars                        | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|------------------------------------|-----------------------------------------|-----------------------------------------|
| Art and Culture                    | 2                                       | 15                                      |
| Early Childhood Care and Education | 1,654                                   | 934                                     |
| Education                          | 284                                     | 322                                     |
| Environment                        | 3                                       | 2                                       |
| Financial Literacy                 | 242                                     | 141                                     |
| Health and Medicine                | 9                                       | 26                                      |
| Rural development                  | 123                                     | 237                                     |
| Skill Development                  | 340                                     | 551                                     |
| Sports                             | -                                       | 58                                      |
| Others                             | 62                                      | 95                                      |
| <b>Grand Total</b>                 | <b>2,719</b>                            | <b>2,381</b>                            |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

**36.2** Remuneration of Non Executive Directors consist of ₹ 42 lacs (₹ 35 lacs) towards sitting fee and Nil (RS 60 lacs) as commission including GST.

**36.3** Auditors Remuneration:-

(₹ in Lakh)

| Particulars                     | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|---------------------------------|-----------------------------------------|-----------------------------------------|
| Audit Fees                      | 250                                     | 150                                     |
| Tax Audit Fees                  | 11                                      | 11                                      |
| Certification and Other Matters | 270                                     | 84                                      |
| Service Tax/GST                 | 43                                      | 24                                      |
| <b>Total</b>                    | <b>574</b>                              | <b>269</b>                              |

\*Certification and other matters includes ₹ 169 lacs (P. Y. ₹ Nil) paid towards fees for public issue of Secured Non Convertible Debentures(NCD) and Masala Bond and debited to prepaid expenses and amortised over a period of NCD/Masala Bond.

## 37 TAXES

### a) Income tax expenses

The major components of income tax expenses

#### i) Profit and Loss section

(₹ in Lakh)

| Particulars          | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------|-----------------------------------------|-----------------------------------------|
| Current tax expenses | 53,832                                  | 48,362                                  |
| Deferred tax         | (65,840)                                | (2,259)                                 |
| <b>Total</b>         | <b>(12,008)</b>                         | <b>46,103</b>                           |

#### ii) Other comprehensive income section

(₹ in Lakh)

| Particulars          | For the<br>year ended<br>March 31, 2019 | For the<br>year ended<br>March 31, 2018 |
|----------------------|-----------------------------------------|-----------------------------------------|
| Current tax expenses | -                                       | -                                       |
| Deferred tax         | 737                                     | (52)                                    |
| <b>Total</b>         | <b>737</b>                              | <b>(52)</b>                             |



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## b) Reconciliation of effective tax rate

(₹ in Lakh)

| Particulars                                                              | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|--------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| (Loss)/ Profit before tax                                                | (110,401)                         | 170,559                           |
| Enacted tax rate in India (including surcharge and cess)                 | 34.944%                           | 34.608%                           |
| Expected tax expenses                                                    | (38,579)                          | 59,027                            |
| Effect of income that is exempt from taxation                            | (421)                             | (4,402)                           |
| Effect of expenses that are not deductible in determining taxable profit | 1,004                             | 1,372                             |
| Effect of income on investment which are treated as capital gains        | 1,619                             | (1,621)                           |
| Effect of differential rate for deferred tax                             | 27,327                            | 937                               |
| Deduction under section 36(1)(viii) of the Income Tax Act 1961           | -                                 | (9,785)                           |
| Others                                                                   | (2,221)                           | 523                               |
| <b>Total</b>                                                             | <b>(11,271)</b>                   | <b>46,051</b>                     |
| Tax expense recognised in profit and loss                                | (12,008)                          | 46,103                            |
| Tax expense recognised in other comprehensive income                     | 737                               | (52)                              |
| <b>Total</b>                                                             | <b>(11,271)</b>                   | <b>46,051</b>                     |

## 38 EARNINGS PER SHARE

The following is the computation of earnings per share on basic and diluted earnings per equity share:

| Particulars                                                                                                       | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|
| Net (Loss) / profit after tax attributable to equity shareholders (₹ In Lakh)                                     | (96,591)                          | 126,332                           |
| Weighted average number of equity shares outstanding during the year (Nos)                                        | 313,769,497                       | 313,529,855                       |
| Add: Effect of potential issue of shares / stock rights *                                                         | -                                 | 1,422,586                         |
| Weighted average number of equity shares outstanding during the year including potential shares outstanding (Nos) | 313,769,497                       | 314,952,441                       |
| Face value per equity share (₹)                                                                                   | 10.00                             | 10.00                             |
| Basic earnings per equity share (₹)                                                                               | (30.78)                           | 40.29                             |
| Diluted earnings per equity share (₹)                                                                             | (30.78)                           | 40.11                             |

\* not considered when anti-dilutive

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## 39 CONTINGENT LIABILITIES

(₹ in Lakh)

| Particulars                                                                                                                                                                                                                                                                                                               | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| Guarantees provided by bank on behalf of Company for Securitisation, Public issue of NCDs and Representative Office                                                                                                                                                                                                       | 22,710                  | 10,730                  |
| Claims against the Company not acknowledged as debts                                                                                                                                                                                                                                                                      | 1,157                   | 1,891                   |
| Undertaking provided by the Company for meeting the shortfall in collection, if any, at the time of securitisation of receivables done prior to April 1, 2017 and outstanding as at March 31, 2019. The outflows would arise in the event of short collection, in the Cash inflows of the pool of securitised receivable. | 28,603                  | 28,608                  |

## 40 COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2019 ₹ 980 Lakh (March 31, 2018 ₹ 4007 Lakh and April 1, 2017 ₹ 8380 Lakh respectively)

## 41 OPERATING LEASE

The Company has taken certain premises on cancellable operating lease basis. The tenure of such agreements ranges from 12 months to 120 months with options of renewal and premature termination of agreement. Lease payments recognised in the Statement of Profit and Loss for the year in respect thereof are ₹ 4,370 Lakhs ( Previous Year ₹ 3,967 Lakhs).

The Company has acquired premises under non-cancellable operating leases for periods ranging from 12 months to 108 months. Lease payments recognised in the Statement of Profit and Loss for the year in respect thereof are ₹ 1,618 Lakhs (Previous year ₹ 1,072 Lakhs).

Future minimum lease payments under non-cancellable operating leases are as follows :

(₹ in Lakh)

| Particulars                                  | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|----------------------------------------------|-------------------------|-------------------------|------------------------|
| Not later than 1 Year                        | 508                     | 358                     | 394                    |
| Later than 1 Year and not later than 5 years | 633                     | 219                     | 401                    |
| More than 5 Years                            | 1                       | 14                      | 49                     |
| <b>Total</b>                                 | <b>1,142</b>            | <b>591</b>              | <b>844</b>             |

## 42 FINANCIAL INSTRUMENTS

### i Fair value hierarchy

The company uses the following hierarchy to determine the fair values of its financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements:

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments and mutual funds that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 during the year.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

The Company's recognises transfers in and transfers out of fair value hierarchy levels as at the end of the reporting period.

## ii Accounting classifications and fair values

As at March 31, 2019

(₹ In Lakh)

| Particulars                             | Measured at FVTPL |               |                  | Total            | Measured at Amortised cost | Others*       | Total             |
|-----------------------------------------|-------------------|---------------|------------------|------------------|----------------------------|---------------|-------------------|
|                                         | Level 1           | Level 2       | Level 3          |                  |                            |               |                   |
| <b>Financial assets</b>                 |                   |               |                  |                  |                            |               |                   |
| Cash and cash equivalents               | -                 | -             | -                | -                | 125,967                    | -             | 125,967           |
| Other bank Balances                     | -                 | -             | -                | -                | 174,101                    | -             | 174,101           |
| Derivative financial instruments        | -                 | 17,113        | -                | 17,113           | -                          | -             | 17,113            |
| Receivables                             | -                 | -             | -                | -                | 476                        | -             | 476               |
| Housing and other loans                 | -                 | -             | 3,162,815        | 3,162,815        | 6,634,882                  | -             | 9,797,697         |
| Investments                             | 10,404            |               | 106,420          | 116,824          | 99,993                     | 31,905        | 248,722           |
| Other financial assets                  | -                 | -             | -                | -                | 109,125                    | -             | 109,125           |
| <b>Total Financial Assets</b>           | <b>10,404</b>     | <b>17,113</b> | <b>3,269,235</b> | <b>3,296,752</b> | <b>7,144,544</b>           | <b>31,905</b> | <b>10,473,201</b> |
| <b>Financial Liabilities</b>            |                   |               |                  |                  |                            |               |                   |
| Derivative financial instruments        | -                 | 1,335         | 28,916           | 30,251           | -                          | -             | 30,251            |
| Trade Payables                          | -                 | -             | -                | -                | 10,211                     | -             | 10,211            |
| Debt Securities                         | -                 | -             | -                | -                | 4,567,050                  | -             | 4,567,050         |
| Borrowings (Other than Debt Securities) | -                 | -             | -                | -                | 4,060,421                  | -             | 4,060,421         |
| Deposits                                | -                 | -             | -                | -                | 658,840                    | -             | 658,840           |
| Subordinated Liabilities                | -                 | -             | -                | -                | 113,581                    | -             | 113,581           |
| Other financial liabilities             | -                 | -             | -                | -                | 408,769                    | -             | 408,769           |
| <b>Total Financial Liabilities</b>      | <b>-</b>          | <b>1,335</b>  | <b>28,916</b>    | <b>30,251</b>    | <b>9,818,872</b>           | <b>-</b>      | <b>9,849,123</b>  |

\* Others includes investment in associates and joint ventures which have been carried at cost

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| As at March 31, 2018                    |                   |               |                |                |                            | (₹ In Lakh)   |                   |
|-----------------------------------------|-------------------|---------------|----------------|----------------|----------------------------|---------------|-------------------|
| Particulars                             | Measured at FVTPL |               |                |                | Measured at Amortised cost | Others*       | Total             |
|                                         | Level 1           | Level 2       | Level 3        | Total          |                            |               |                   |
| <b>Financial assets</b>                 |                   |               |                |                |                            |               |                   |
| Cash and cash equivalents               | -                 | -             | -              | -              | 192,309                    | -             | 192,309           |
| Other bank Balances                     | -                 | -             | -              | -              | 103,041                    | -             | 103,041           |
| Derivative financial instruments        | -                 | 8,723         | -              | 8,723          | -                          | -             | 8,723             |
| Receivables                             | -                 | -             | -              | -              | 4,274                      | -             | 4,274             |
| Housing and other loans                 | -                 | -             | 65,670         | 65,670         | 9,245,792                  | -             | 9,311,462         |
| Investments                             | 418,897           |               | 83,553         | 502,450        | 280,373                    | 29,210        | 812,033           |
| Other financial assets                  | -                 | -             | -              | -              | 76,648                     | -             | 76,648            |
| <b>Total Financial Assets</b>           | <b>418,897</b>    | <b>8,723</b>  | <b>149,223</b> | <b>576,843</b> | <b>9,902,437</b>           | <b>29,210</b> | <b>10,508,490</b> |
| <b>Financial Liabilities</b>            |                   |               |                |                |                            |               |                   |
| Derivative financial instruments        | -                 | 13,581        | -              | 13,581         | -                          | -             | 13,581            |
| Trade Payables                          | -                 | -             | -              | -              | 10,414                     | -             | 10,414            |
| Debt Securities                         | -                 | -             | -              | -              | 3,608,092                  | -             | 3,608,092         |
| Borrowings (Other than Debt Securities) | -                 | -             | -              | -              | 4,511,414                  | -             | 4,511,414         |
| Deposits                                | -                 | -             | -              | -              | 965,244                    | -             | 965,244           |
| Subordinated Liabilities                | -                 | -             | -              | -              | 113,184                    | -             | 113,184           |
| Other financial liabilities             | -                 | -             | -              | -              | 495,596                    | -             | 495,596           |
| <b>Total Financial Liabilities</b>      | <b>-</b>          | <b>13,581</b> | <b>-</b>       | <b>13,581</b>  | <b>9,703,944</b>           | <b>-</b>      | <b>9,717,525</b>  |

\* Others includes investment in associates and joint ventures which have been carried at cost

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| As at April 1, 2017                     |                   |               |               |                |                            | (₹ In Lakh)   |                  |
|-----------------------------------------|-------------------|---------------|---------------|----------------|----------------------------|---------------|------------------|
| Particulars                             | Measured at FVTPL |               |               |                | Measured at Amortised cost | Others*       | Total            |
|                                         | Level 1           | Level 2       | Level 3       | Total          |                            |               |                  |
| <b>Financial assets</b>                 |                   |               |               |                |                            |               |                  |
| Cash and cash equivalents               | -                 | -             | -             | -              | 279,494                    | -             | 279,494          |
| Other bank Balances                     | -                 | -             | -             | -              | 81,807                     | -             | 81,807           |
| Derivative financial instruments        | -                 | 6,330         | -             | 6,330          | -                          | -             | 6,330            |
| Receivables                             | -                 | -             | -             | -              | 247                        | -             | 247              |
| Housing and other loans                 | -                 | -             | -             | -              | 7,228,396                  | -             | 7,228,396        |
| Investments                             | 268,950           |               | 12,418        | 281,368        | 1,054,039                  | 16,960        | 1,352,367        |
| Other financial assets                  | -                 | -             | -             | -              | 37,993                     | -             | 37,993           |
| <b>Total Financial Assets</b>           | <b>268,950</b>    | <b>6,330</b>  | <b>12,418</b> | <b>287,698</b> | <b>8,681,976</b>           | <b>16,960</b> | <b>8,986,634</b> |
| <b>Financial Liabilities</b>            |                   |               |               |                |                            |               |                  |
| Derivative financial instruments        | -                 | 11,698        | -             | 11,698         | -                          | -             | 11,698           |
| Trade Payables                          | -                 | -             | -             | -              | 4,822                      | -             | 4,822            |
| Debt Securities                         | -                 | -             | -             | -              | 3,319,820                  | -             | 3,319,820        |
| Borrowings (Other than Debt Securities) | -                 | -             | -             | -              | 4,043,062                  | -             | 4,043,062        |
| Deposits                                | -                 | -             | -             | -              | 636,572                    | -             | 636,572          |
| Subordinated Liabilities                | -                 | -             | -             | -              | 63,996                     | -             | 63,996           |
| Other financial liabilities             | -                 | -             | -             | -              | 213,288                    | -             | 213,288          |
| <b>Total Financial Liabilities</b>      | <b>-</b>          | <b>11,698</b> | <b>-</b>      | <b>11,698</b>  | <b>8,281,560</b>           | <b>-</b>      | <b>8,293,258</b> |

\* Others includes investment in associates and joint ventures which have been carried at cost

### iii Fair value of the financial assets that are measured at amortised cost

| As at March 31, 2019                    |                  |               |          |                  | (₹ In Lakh)      |
|-----------------------------------------|------------------|---------------|----------|------------------|------------------|
| Particulars                             | Carrying value   | Fair value    |          |                  |                  |
|                                         |                  | Level 1       | Level 2  | Level 3          | Total            |
| <b>Financial assets</b>                 |                  |               |          |                  |                  |
| Investments                             | 99,993           | 96,303        | -        | 14,126           | 110,429          |
| <b>Total Financial Assets</b>           | <b>99,993</b>    | <b>96,303</b> | <b>-</b> | <b>14,126</b>    | <b>110,429</b>   |
| <b>Financial Liabilities</b>            |                  |               |          |                  |                  |
| Debt Securities                         | 4,180,731        | -             | -        | 4,026,700        | 4,026,700        |
| Borrowings (Other than Debt Securities) | 239,029          | -             | -        | 241,453          | 241,453          |
| Deposits                                | 658,840          | -             | -        | 697,504          | 697,504          |
| Subordinated Liabilities                | 113,581          | -             | -        | 115,138          | 115,138          |
| <b>Total Financial Liabilities</b>      | <b>5,192,181</b> | <b>-</b>      | <b>-</b> | <b>5,080,795</b> | <b>5,080,795</b> |

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| As at March 31, 2018                    |                  |                |                |                  |                  | (₹ In Lakh) |
|-----------------------------------------|------------------|----------------|----------------|------------------|------------------|-------------|
| Particulars                             | Carrying value   | Fair value     |                |                  | Total            |             |
|                                         |                  | Level 1        | Level 2        | Level 3          |                  |             |
| <b>Financial assets</b>                 |                  |                |                |                  |                  |             |
| Investments                             | 280,373          | 285,019        | -              | 9,399            | 294,418          |             |
| <b>Total Financial Assets</b>           | <b>280,373</b>   | <b>285,019</b> | <b>-</b>       | <b>9,399</b>     | <b>294,418</b>   |             |
| <b>Financial Liabilities</b>            |                  |                |                |                  |                  |             |
| Debt Securities                         | 2,732,101        | -              | -              | 2,819,327        | 2,819,327        |             |
| Borrowings (Other than Debt Securities) | 279,432          | -              | -              | 288,670          | 288,670          |             |
| Deposits                                | 965,244          |                |                | 968,991          | 968,991          |             |
| Subordinated Liabilities                | 113,184          | -              | -              | 136,092          | 136,092          |             |
| <b>Total Financial Liabilities</b>      | <b>4,089,961</b> | <b>-</b>       | <b>-</b>       | <b>4,213,080</b> | <b>4,213,080</b> |             |
| As at April 1, 2017                     |                  |                |                |                  |                  | (₹ In Lakh) |
| Particulars                             | Carrying value   | Fair value     |                |                  | Total            |             |
|                                         |                  | Level 1        | Level 2        | Level 3          |                  |             |
| <b>Financial assets</b>                 |                  |                |                |                  |                  |             |
| Investments                             | 1,072,108        | 254,056        | 789,174        | -                | 1,043,230        |             |
| <b>Total Financial Assets</b>           | <b>1,072,108</b> | <b>254,056</b> | <b>789,174</b> | <b>-</b>         | <b>1,043,230</b> |             |
| <b>Financial Liabilities</b>            |                  |                |                |                  |                  |             |
| Debt Securities                         | 2,732,212        | -              | -              | 2,523,883        | 2,523,883        |             |
| Borrowings (Other than Debt Securities) | 321,879          | -              | -              | 326,575          | 326,575          |             |
| Deposits                                | 636,572          | -              | -              | 666,296          | 666,296          |             |
| Subordinated Liabilities                | 63,996           | -              | -              | 80,242           | 80,242           |             |
| <b>Total Financial Liabilities</b>      | <b>3,754,659</b> | <b>-</b>       | <b>-</b>       | <b>3,596,996</b> | <b>3,596,996</b> |             |

## Notes:

- The fair value of the financial assets and liabilities are considered at the amount at which the instrument could be exchanged in current transaction between willing parties.
- The fair value of fixed rate financial liabilities are determined based on cash flows discounted using current borrowing rate.
- Housing and property loans measured at amortised costs are substantially repriced frequently, with interest rate reflecting current market price and hence the carrying value approximates their fair value.
- The Company considers that the carrying amounts recognised in the financial statements for financial assets and financial liabilities other than disclosed above approximate their fair values.

## iv Valuation technique used to determine fair value of financial instruments measured at FVTPL:

- The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted prices and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the Company and other valuation models.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

- Financial instruments carried at fair value (level 3 in hierarchy):  
The fair values are measured using valuation techniques including the Discounted Cash Flow (DCF) model and market comparable method. The inputs to these models are taken from observable market where possible, but where this is not feasible, a degree of judgement is exercised in establishing fair values. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

- v The following table presents the changes in level 3 financial instruments for the year ended March 31, 2019 and March 31, 2018:

(₹ In Lakh)

| Particulars                                        | Housing and property loans measured at FVTPL | Pass through certificate | Security receipts | Venture capital fund | Unquoted equity / preference investments | Derivative financial instruments |
|----------------------------------------------------|----------------------------------------------|--------------------------|-------------------|----------------------|------------------------------------------|----------------------------------|
| <b>As at April 01, 2017</b>                        | -                                            | -                        | -                 | 2,418                | 10,000                                   | -                                |
| Acquisitions                                       | 65,670                                       | -                        | 66,628            | -                    | 4,581                                    | -                                |
| Disposal                                           | -                                            | -                        | -                 | (47)                 | -                                        | -                                |
| Gains / (Losses) recognised in profit or loss      | -                                            | -                        | -                 | (27)                 | -                                        | -                                |
| <b>As at March 31, 2018</b>                        | <b>65,670</b>                                | <b>-</b>                 | <b>66,628</b>     | <b>2,344</b>         | <b>14,581</b>                            | <b>-</b>                         |
| Acquisitions                                       |                                              | 32,500                   |                   | -                    | -                                        | 28,916                           |
| Disposal                                           | (65,670)                                     | -                        | (3,618)           | (39)                 | -                                        | -                                |
| Reclassified from amortised cost category to FVTPL | 3,488,160                                    | -                        | -                 | -                    | -                                        | -                                |
| Gains / (Losses) recognized in profit or loss      | (325,345)                                    | (6,800)                  | 221               | (6)                  | 609                                      | -                                |
| <b>As at March 31, 2019</b>                        | <b>3,162,815</b>                             | <b>25,700</b>            | <b>63,231</b>     | <b>2,299</b>         | <b>15,190</b>                            | <b>28,916</b>                    |

- vi Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (iv) above for the valuation techniques adopted.

(₹ In Lakh)

| Particulars                                  | Fair value           |                      |                     |
|----------------------------------------------|----------------------|----------------------|---------------------|
|                                              | As at March 31, 2019 | As at March 31, 2018 | As at April 1, 2017 |
| Housing and property loans measured at FVTPL | 3,162,815            | 65,670               | -                   |
| Pass through certificate                     | 25,700               | -                    | -                   |
| Security receipts                            | 63,231               | 66,628               | -                   |
| Venture capital fund                         | 2,299                | 2,344                | 2,418               |
| Unquoted equity / preference investments     | 15,190               | 14,581               | 10,000              |
| Derivative financial instruments             | 28,916               | -                    | -                   |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

(₹ In Lakh)

| Particulars                                  | Significant unobservable inputs (refer notes below) | Impact on Fair value |                      |                      |                      |                     |                     |
|----------------------------------------------|-----------------------------------------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
|                                              |                                                     | As at March 31, 2019 | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2018 | As at April 1, 2017 | As at April 1, 2017 |
|                                              |                                                     | Increase in FV       | Decrease in FV       | Increase in FV       | Decrease in FV       | Increase in FV      | Decrease in FV      |
| Housing and property loans measured at FVTPL | a                                                   | 124,383              | 117,880              | 6,567                | 6,567                | -                   | -                   |
| Pass through certificate                     | a                                                   | 257                  | 257                  | -                    | -                    | -                   | -                   |
| Security receipts                            | b                                                   | 6,323                | 6,323                | 6,663                | 6,663                | -                   | -                   |
| Venture capital fund                         | b                                                   | 230                  | 230                  | 234                  | 234                  | 242                 | 242                 |
| Unquoted equity / preference investments     | c                                                   | 465                  | 462                  | 883                  | 878                  | 1,137               | 955                 |
| Derivative financial instruments             | c                                                   | 8,736                | 8,736                |                      |                      |                     |                     |

Note:

- The expected internal rate of return considered for the purpose of discounting the estimated cash flows. An increase in the rate will result in decrease in the fair value and vice-versa. The impact disclosed above is based on change in the rate of return by 100 basis points.
- The fair value is impacted by the change in the net asset value declared. The impact above has been determined based on 10% change in the net asset value.
- Valuation factor includes equity multiples such as PE ratio, estimated cash flows. The impact above has been determined based on approx 5% to 10% change in the valuation factor.

## 43 MATURITY PATTERN:

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

(₹ In Lakh)

| Particulars                      | March 31, 2019   |                  |                   | March 31, 2018   |                  |                   | April 1, 2017    |                  |                  |
|----------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
|                                  | Within 12 months | After 12 months  | Total             | Within 12 months | After 12 months  | Total             | Within 12 months | After 12 months  | Total            |
| <b>ASSETS</b>                    |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| <b>Financial assets</b>          |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Cash and cash equivalents        | 125,967          | -                | 125,967           | 192,309          | -                | 192,309           | 279,494          | -                | 279,494          |
| Other bank Balances              | 174,101          | -                | 174,101           | 92,011           | 11,030           | 103,041           | 63,507           | 18,300           | 81,807           |
| Derivative financial instruments | 1,568            | 15,545           | 17,113            | 884              | 7,839            | 8,723             | 418              | 5,912            | 6,330            |
| Receivables                      | 476              | -                | 476               | 4,274            | -                | 4,274             | 247              | -                | 247              |
| Housing and Other loans          | 2,248,271        | 7,549,426        | 9,797,697         | 1,804,950        | 7,506,512        | 9,311,462         | 1,212,749        | 6,015,647        | 7,228,396        |
| Investments                      | 102,830          | 145,892          | 248,722           | 637,867          | 174,166          | 812,033           | 1,283,057        | 69,310           | 1,352,367        |
| Other financial assets           | 30,754           | 78,371           | 109,125           | 21,769           | 54,879           | 76,648            | 20,095           | 17,898           | 37,993           |
| <b>Total Financial Assets</b>    | <b>2,683,967</b> | <b>7,789,234</b> | <b>10,473,201</b> | <b>2,754,064</b> | <b>7,754,426</b> | <b>10,508,490</b> | <b>2,859,567</b> | <b>6,127,067</b> | <b>8,986,634</b> |
| <b>Non-Financial assets</b>      |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Current Tax Assets (Net)         | -                | 37,020           | 37,020            | -                | 14,730           | 14,730            | -                | 8,463            | 8,463            |
| Deferred tax assets              | -                | 43,396           | 43,396            | -                | 9,563            | 9,563             | -                | 19,244           | 19,244           |
| Property, plant and equipment    | -                | 78,293           | 78,293            | -                | 84,228           | 84,228            | -                | 20,435           | 20,435           |
| Capital Work-in-progress         | -                | -                | -                 | -                | -                | -                 | -                | 54,615           | 54,615           |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

(₹ In Lakh)

| Particulars                             | March 31, 2019   |                  |                   | March 31, 2018   |                  |                   | April 1, 2017    |                  |                  |
|-----------------------------------------|------------------|------------------|-------------------|------------------|------------------|-------------------|------------------|------------------|------------------|
|                                         | Within 12 months | After 12 months  | Total             | Within 12 months | After 12 months  | Total             | Within 12 months | After 12 months  | Total            |
| Intangible assets under development     | -                | 10,401           | 10,401            | -                | 12,905           | 12,905            | -                | 8,762            | 8,762            |
| Other intangible assets                 | -                | 8,175            | 8,175             | -                | 751              | 751               | -                | 454              | 454              |
| Other non-financial assets              | 9,714            | -                | 9,714             | 3,780            | -                | 3,780             | 2,989            | -                | 2,989            |
| <b>Total Non-Financial Assets</b>       | <b>9,714</b>     | <b>177,285</b>   | <b>186,999</b>    | <b>3,780</b>     | <b>122,177</b>   | <b>125,957</b>    | <b>2,989</b>     | <b>111,973</b>   | <b>114,962</b>   |
| <b>Total Assets</b>                     | <b>2,693,681</b> | <b>7,966,519</b> | <b>10,660,200</b> | <b>2,757,844</b> | <b>7,876,603</b> | <b>10,634,447</b> | <b>2,862,556</b> | <b>6,239,040</b> | <b>9,101,596</b> |
| <b>LIABILITIES</b>                      |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| <b>Financial Liabilities</b>            |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Derivative financial instruments        | 148              | 30,103           | 30,251            | 1,376            | 12,205           | 13,581            | 775              | 10,923           | 11,698           |
| Trade Payables                          | 10,211           | -                | 10,211            | 10,414           | -                | 10,414            | 4,822            | -                | 4,822            |
| Debt Securities                         | 1,242,840        | 3,324,210        | 4,567,050         | 886,754          | 2,721,338        | 3,608,092         | 459,325          | 2,860,495        | 3,319,820        |
| Borrowings (Other than Debt Securities) | 787,032          | 3,273,389        | 4,060,421         | 867,164          | 3,644,250        | 4,511,414         | 684,202          | 3,358,860        | 4,043,062        |
| Deposits                                | 302,852          | 355,988          | 658,840           | 419,599          | 545,645          | 965,244           | 280,700          | 355,872          | 636,572          |
| Subordinated Liabilities                | -                | 113,581          | 113,581           | -                | 113,184          | 113,184           | -                | 63,996           | 63,996           |
| Other financial liabilities             | 395,179          | 13,590           | 408,769           | 475,822          | 19,774           | 495,596           | 196,130          | 17,158           | 213,288          |
| <b>Total Financial Liabilities</b>      | <b>2,738,262</b> | <b>7,110,861</b> | <b>9,849,123</b>  | <b>2,661,129</b> | <b>7,056,396</b> | <b>9,717,525</b>  | <b>1,625,954</b> | <b>6,667,304</b> | <b>8,293,258</b> |
| <b>Non-Financial Liabilities</b>        |                  |                  |                   |                  |                  |                   |                  |                  |                  |
| Provisions                              | 1,015            | -                | 1,015             | 629              | -                | 629               | 67               | -                | 67               |
| Other non-financial liabilities         | 16,325           | -                | 16,325            | 16,492           | -                | 16,492            | 10,804           | -                | 10,804           |
| <b>Total Non-Financial Liabilities</b>  | <b>17,340</b>    | <b>-</b>         | <b>17,340</b>     | <b>17,121</b>    | <b>-</b>         | <b>17,121</b>     | <b>10,871</b>    | <b>-</b>         | <b>10,871</b>    |
| <b>Total liabilities</b>                | <b>2,755,602</b> | <b>7,110,861</b> | <b>9,866,463</b>  | <b>2,678,250</b> | <b>7,056,396</b> | <b>9,734,646</b>  | <b>1,636,825</b> | <b>6,667,304</b> | <b>8,304,129</b> |

Notes:

- 1 The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.
- 2 For the purposes of the above disclosure, the maturity pattern of the loans measured at FVTPL has been determined based on the management's estimate of realization including through sale.

## 44 FINANCIAL RISK MANAGEMENT

### a Liquidity Risk

Liquidity risk is the current and prospective risk arising out of an inability to meet financial commitments as they fall due, through available cash flows or through the sale of assets at fair market value. It includes both, the risk of unexpected increases in the cost of funding an asset portfolio at appropriate maturities and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines. Given the need to fund diverse products, the Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due. Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and financial liabilities including debt financing plans and maintenance of Balance Sheet liquidity ratios are considered while reviewing the liquidity position.

We manage liquidity risk in accordance with our Asset Liability Management Policy. This policy is framed as per the current regulatory guidelines and is approved by the Board of Directors. The Asset Liability Management Policy is reviewed periodically to incorporate changes as required by regulatory stipulation or to realign the policy with changes in the economic landscape. The Asset Liability Committee (ALCO) of the Company formulates and reviews strategies and provides guidance for management of liquidity risk within the framework laid out in the Asset Liability Management Policy.

Also refer Note 54 on the going concern consideration.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## Maturity Analysis of Financial assets and Financial Liabilities As at March 31, 2019

(₹ In Lakh)

| Particulars                             | Carrying Value    | Due within 1 year | Due within 1 to 3 year | Due within 3 to 5 year | More than 5 year |
|-----------------------------------------|-------------------|-------------------|------------------------|------------------------|------------------|
| <b>Financial Assets</b>                 |                   |                   |                        |                        |                  |
| Cash and cash equivalents               | 125,967           | 125,967           | -                      | -                      | -                |
| Other bank Balances                     | 174,101           | 174,101           | -                      | -                      | -                |
| Derivative financial instruments        | 17,113            | 1,568             | 12,000                 | 2,362                  | 1,183            |
| Receivables                             | 476               | 476               | -                      | -                      | -                |
| Housing and Other loans                 | 9,797,697         | 2,248,271         | 3,266,121              | 3,325,600              | 957,705          |
| Investments                             | 248,722           | 102,830           | -                      | -                      | 145,892          |
| Other financial assets                  | 109,125           | 30,754            | 24,936                 | 24,936                 | 28,499           |
| <b>Total</b>                            | <b>10,473,201</b> | <b>2,683,967</b>  | <b>3,303,057</b>       | <b>3,352,898</b>       | <b>1,133,279</b> |
| <b>Financial Liabilities</b>            |                   |                   |                        |                        |                  |
| Derivative financial instruments        | 30,251            | 148               | 1,094                  | 93                     | 28,916           |
| Trade Payables                          | 10,211            | 10,211            | -                      | -                      | -                |
| Debt Securities                         | 4,567,050         | 1,242,840         | 1,241,595              | 1,081,085              | 1,001,530        |
| Borrowings (Other than Debt Securities) | 4,060,421         | 787,032           | 1,653,009              | 953,313                | 667,067          |
| Deposits                                | 658,840           | 302,852           | 313,372                | 30,468                 | 12,148           |
| Subordinated Liabilities                | 113,581           |                   |                        |                        | 113,581          |
| Other financial liabilities             | 408,769           | 395,179           | 9,943                  | 917                    | 2,730            |
| <b>Total</b>                            | <b>9,849,123</b>  | <b>2,738,262</b>  | <b>3,219,013</b>       | <b>2,065,876</b>       | <b>1,825,972</b> |
| <b>Net</b>                              | <b>624,078</b>    | <b>(54,295)</b>   | <b>84,044</b>          | <b>1,287,022</b>       | <b>(692,693)</b> |

## As at March 31, 2018

(₹ In Lakh)

| Particulars                             | Carrying Value    | Due within 1 year | Due within 1 to 3 year | Due within 3 to 5 year | More than 5 year |
|-----------------------------------------|-------------------|-------------------|------------------------|------------------------|------------------|
| <b>Financial Assets</b>                 |                   |                   |                        |                        |                  |
| Cash and cash equivalents               | 192,309           | 192,309           | -                      | -                      | -                |
| Other bank Balances                     | 103,041           | 92,011            | 11,030                 | -                      | -                |
| Derivative financial instruments        | 8,723             | 884               | 3,889                  | 3,950                  | -                |
| Receivables                             | 4,274             | 4,274             | -                      | -                      | -                |
| Housing and Other loans                 | 9,311,462         | 1,804,950         | 3,036,086              | 3,227,064              | 1,243,362        |
| Investments                             | 812,033           | 637,867           | -                      | -                      | 174,166          |
| Other financial assets                  | 76,648            | 21,769            | 17,243                 | 17,243                 | 20,393           |
| <b>Total</b>                            | <b>10,508,490</b> | <b>2,754,064</b>  | <b>3,068,248</b>       | <b>3,248,257</b>       | <b>1,437,921</b> |
| <b>Financial Liabilities</b>            |                   |                   |                        |                        |                  |
| Derivative financial instruments        | 13,581            | 1,376             | 6,054                  | 6,151                  | -                |
| Trade Payables                          | 10,414            | 10,414            | -                      | -                      | -                |
| Debt Securities                         | 3,608,092         | 886,754           | 1,096,475              | 333,914                | 1,290,949        |
| Borrowings (Other than Debt Securities) | 4,511,414         | 867,164           | 1,529,219              | 1,225,286              | 889,745          |
| Deposits                                | 965,244           | 419,599           | 455,347                | 71,882                 | 18,416           |
| Subordinated Liabilities                | 113,184           | -                 | -                      | -                      | 113,184          |
| Other financial liabilities             | 495,596           | 475,822           | 15,752                 | 2,369                  | 1,653            |
| <b>Total</b>                            | <b>9,717,525</b>  | <b>2,661,129</b>  | <b>3,102,847</b>       | <b>1,639,602</b>       | <b>2,313,947</b> |
| <b>Net</b>                              | <b>790,965</b>    | <b>92,935</b>     | <b>(34,599)</b>        | <b>1,608,655</b>       | <b>(876,026)</b> |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

As at April 1, 2017

(₹ In Lakh)

| Particulars                             | Carrying Value   | Due within 1 year | Due within 1 to 3 year | Due within 3 to 5 year | More than 5 year   |
|-----------------------------------------|------------------|-------------------|------------------------|------------------------|--------------------|
| <b>Financial Assets</b>                 |                  |                   |                        |                        |                    |
| Cash and cash equivalents               | 279,494          | 279,494           | -                      | -                      | -                  |
| Other bank Balances                     | 81,807           | 63,507            | 18,300                 |                        |                    |
| Derivative financial instruments        | 6,330            | 418               | 1,200                  | 4,604                  | 108                |
| Receivables                             | 247              | 247               | -                      | -                      | -                  |
| Housing and Other loans                 | 7,228,396        | 1,212,749         | 2,472,184              | 2,545,982              | 997,481            |
| Investments                             | 1,352,367        | 1,283,057         | -                      | -                      | 69,310             |
| Other financial assets                  | 37,993           | 20,095            | 5,004                  | 5,003                  | 7,891              |
| <b>Total</b>                            | <b>8,986,634</b> | <b>2,839,472</b>  | <b>2,491,684</b>       | <b>2,550,586</b>       | <b>1,066,899</b>   |
| <b>Financial Liabilities</b>            |                  |                   |                        |                        |                    |
| Derivative financial instruments        | 11,698           | 775               | 2,218                  | 8,508                  | 197                |
| Trade Payables                          | 4,822            | 4,822             | -                      | -                      | -                  |
| Debt Securities                         | 3,319,820        | 459,325           | 931,291                | 588,994                | 1,340,210          |
| Borrowings (Other than Debt Securities) | 4,043,062        | 684,202           | 1,249,006              | 1,218,025              | 891,829            |
| Deposits                                | 636,572          | 280,700           | 288,001                | 55,331                 | 12,540             |
| Subordinated Liabilities                | 63,996           | -                 | -                      | -                      | 63,996             |
| Other financial liabilities             | 213,288          | 196,130           | 13,951                 | 2,340                  | 867                |
| <b>Total</b>                            | <b>8,293,258</b> | <b>1,625,954</b>  | <b>2,484,467</b>       | <b>1,873,198</b>       | <b>2,309,639</b>   |
| <b>Net</b>                              | <b>693,376</b>   | <b>1,213,518</b>  | <b>7,217</b>           | <b>677,388</b>         | <b>(1,242,740)</b> |

Notes:

- 1 The maturity analysis is prepared considering the prepayments on housing and other loans in line with historical trend.
- 2 For the purposes of the above disclosure, the maturity pattern of the loans measured at FVTPL has been determined based on the management's estimate of realization including through sale.

## b Interest Risk

Our core business is deposit taking, borrowing and lending as permitted by the National Housing Bank. These activities expose us to interest rate risk.

Interest rate risk is measured through earnings at risk from an earnings perspective and through duration of equity from an economic value perspective. Further, exposure to fluctuations in interest rates is also measured by way of gap analysis, providing a static view of the maturity and re-pricing characteristic of Balance sheet positions. An interest rate sensitivity gap report is prepared by classifying all rate sensitive assets and rate sensitive liabilities into various time period categories according to contracted/behavioural maturities or anticipated re-pricing date. The difference in the amount of rate sensitive assets and rate sensitive liabilities maturing or being re-priced in any time period category, gives an indication of the extent of exposure to the risk of potential changes in the margins on new or re-priced assets and liabilities. In order to mitigate this risk, the Company strives to optimise its borrowings between short-term and long-term debt, and also between floating and fixed-rate instruments. It prepares interest rate risk reports periodically, and shares the findings with National Housing Bank. Further, to ensure that exposure to fluctuations in interest rates is kept within acceptable limits, the Company follows a prudent policy on the management of its assets and liabilities. Interest rate swaps are used on a limited basis for hedging interest rate mismatches, the ALCO periodically reviews the treasury operations, as well as the pricing of products, at specific intervals.

The Company also hedges interest rate risks by way of derivatives instruments like Interest rate swaps.

# Notes

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## Exposure to interest rate risk

The Company's exposures to interest rates on financial assets and financial liabilities are detailed as under:

(₹ In Lakh)

| Particulars               | As at<br>March 31, 2019 | As at<br>March 31, 2018 | As at<br>April 1, 2017 |
|---------------------------|-------------------------|-------------------------|------------------------|
| <b>Loans (Gross):</b>     |                         |                         |                        |
| Fixed rate instruments    | 738,755                 | 235,023                 | 171,682                |
| Floating rate instruments | 6,016,026               | 9,149,436               | 7,148,795              |
| <b>Total</b>              | <b>6,754,781</b>        | <b>9,384,459</b>        | <b>7,320,477</b>       |
| <b>Borrowings:</b>        |                         |                         |                        |
| Fixed rate instruments    | 5,328,348               | 4,499,654               | 3,809,969              |
| Floating rate instruments | 4,071,544               | 4,698,280               | 4,253,481              |
| <b>Total</b>              | <b>9,399,892</b>        | <b>9,197,934</b>        | <b>8,063,450</b>       |

## Interest Rate Sensitivity

The following table demonstrates the net sensitivity to a reasonably possible change in interest rate (all other variables being constant) of the Statement of Profit and Loss (after taxes) and equity:

| Particulars              | Basis Points | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--------------------------|--------------|--------------------------------------|--------------------------------------|
| Increase by basis points | 50           | 6,325                                | 14,479                               |
| Decrease by basis points | (50)         | 6,325                                | 14,479                               |

## Exchange Rate Risk

The Board of Directors of the Company has an approved Foreign Exchange and Interest Rate Risk Management Policy Document. The Company manages the currency risk in accordance with the guidelines prescribed.

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivative contracts such as foreign exchange forward, cross currency contracts, interest rate swaps, foreign currency futures, options and swaps to hedge its exposure to movements in foreign exchange rates and interest rates. The use of these foreign exchange and forward contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes. The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The exposure in foreign currency in respect of the External Commercial Borrowings has been fully hedged by foreign currency swap contract is as under (Also refer Note 6 in respect of details of derivative contracts):

| As at          | ₹ in Lakh | USD in Lakh |
|----------------|-----------|-------------|
| March 31, 2019 | 280,749   | 4,117       |
| March 31, 2018 | 295,412   | 4,594       |
| April 1, 2017  | 315,276   | 4,933       |

## Hedging Policy

The Company's hedging policy only allows for effective hedging relationships to be considered as hedges as per the relevant Ind AS. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Company enters into hedge relationships where the critical terms of the hedging instrument match with the terms of the hedged item, and so a qualitative and quantitative assessment of effectiveness is performed.

## Cash Flow Hedge

The impact of the hedging instrument and hedged item on the balance sheet:



# Notes

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## Hedging Instrument

| Particulars                          | Notional amount | Carrying amount of hedging instruments Assets | Carrying amount of hedging instruments liabilities | Line in the balance sheet        | Weighted average contract / strike price of the hedging instrument | Change in the fair value in the hedging instrument used as the basis for recognising hedge ineffectiveness - (profit) / loss |
|--------------------------------------|-----------------|-----------------------------------------------|----------------------------------------------------|----------------------------------|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>March 31, 2019</b>                |                 |                                               |                                                    |                                  |                                                                    |                                                                                                                              |
| INR USD - Currency Swaps             | 294,293         | 10,198                                        | 809                                                | Derivative Financial Instruments | Weighted Average 64.25 Ranging between 59.75 to 67.25              | 21,252                                                                                                                       |
| INR USD - Forward exchange contracts | 18,861          | -                                             | 526                                                | Derivative Financial Instruments | Weighted Average 74.52 Ranging between 71.20 to 85.                | -                                                                                                                            |
| <b>Total</b>                         | <b>313,154</b>  | <b>10,198</b>                                 | <b>1,335</b>                                       |                                  |                                                                    | <b>21,252</b>                                                                                                                |
| <b>March 31, 2018</b>                |                 |                                               |                                                    |                                  |                                                                    |                                                                                                                              |
| INR USD - Currency Swaps             | 299,443         | 1,718                                         | 13,581                                             | Derivative Financial Instruments | Weighted Average 64.25 Ranging between 59.75 to 67.25              | (3690)                                                                                                                       |
| <b>Total</b>                         | <b>299,443</b>  | <b>1,718</b>                                  | <b>13,581</b>                                      |                                  |                                                                    | <b>(3690)</b>                                                                                                                |
| <b>April 1, 2017</b>                 |                 |                                               |                                                    |                                  |                                                                    |                                                                                                                              |
| INR USD - Currency Swaps             | 319,927         | 3,102                                         | 11,275                                             | Derivative Financial Instruments | Weighted Average 64.25 Ranging between 59.75 to 67.25              | -                                                                                                                            |
| <b>Total</b>                         | <b>319,927</b>  | <b>3,102</b>                                  | <b>11,275</b>                                      |                                  |                                                                    | <b>-</b>                                                                                                                     |

## Hedged Item

(₹ In Lakh)

| Particulars                    | Change in the value of hedged item used as the basis for recognising hedge ineffectiveness | Cash flow hedge reserve as at - (Debit)/ Credit | Cost of hedging as at | Foreign Currency Monetary Items Translation Reserve |
|--------------------------------|--------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------|-----------------------------------------------------|
| <b>March 31, 2019</b>          |                                                                                            |                                                 |                       |                                                     |
| External Commercial Borrowings | 17,804                                                                                     | (3,832)                                         | -                     | NA                                                  |
| <b>March 31, 2018</b>          |                                                                                            |                                                 |                       |                                                     |
| External Commercial Borrowings | 2,967                                                                                      | (5,637)                                         | -                     | NA                                                  |
| <b>April 1, 2017</b>           |                                                                                            |                                                 |                       |                                                     |
| External Commercial Borrowings | 2,572                                                                                      | (5,720)                                         | -                     | NA                                                  |

The impact of the cashflow hedges in the statement of profit and loss and other comprehensive income:

| Particulars                                   | Hedging gains or losses recognised in other |           |          |
|-----------------------------------------------|---------------------------------------------|-----------|----------|
|                                               | 31-Mar-19                                   | 31-Mar-18 | 1-Apr-17 |
| Forward exchange contracts and Currency swaps | 1,805                                       | 83        | (5,720)  |

## Fair Value Hedge

The impact of the hedging instrument and hedged item on the balance sheet:

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## Hedging Instrument

(₹ In Lakh)

| Particulars                     | Notional amount | Carrying amount - Asset | Line in the balance sheet | Change in fair value used for measuring ineffectiveness for the period |
|---------------------------------|-----------------|-------------------------|---------------------------|------------------------------------------------------------------------|
| <b>Interest Rate Swap as at</b> |                 |                         |                           |                                                                        |
| March 31, 2019                  | 190,000         | 3,281                   | Derivative                | -                                                                      |
| March 31, 2018                  | -               | -                       | Financial                 | NA                                                                     |
| April 1, 2017                   | -               | -                       | Instruments               | NA                                                                     |

## Hedged Item

(₹ In Lakh)

| Particulars                       | Notional amount | Carrying amount - Asset | Line in the balance sheet | Change in fair value used for measuring ineffectiveness for the period |
|-----------------------------------|-----------------|-------------------------|---------------------------|------------------------------------------------------------------------|
| <b>Fixed rate borrowing as at</b> |                 |                         |                           |                                                                        |
| March 31, 2019                    | 190,000         | 3,294                   | Debt Securities           | -                                                                      |
| March 31, 2018                    | -               | -                       |                           | NA                                                                     |
| April 1, 2017                     | -               | -                       |                           | NA                                                                     |

## The impact of the fair value hedges in the statement of profit and loss:

| Particulars        | Hedge ineffectiveness recognised in statement of profit and loss - Gain/ (Loss) |           |          | Line in the statement of profit and loss that includes hedge ineffectiveness |
|--------------------|---------------------------------------------------------------------------------|-----------|----------|------------------------------------------------------------------------------|
|                    | 31-Mar-19                                                                       | 31-Mar-18 | 1-Apr-17 |                                                                              |
| Interest Rate Swap | (13)                                                                            | -         | -        | Finance Cost                                                                 |

## c 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 the Credit Policy approved by the Board of Directors. The Credit Policy 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 and at the group exposure level for corporate borrowers. The credit risk for retail borrowers is being managed at portfolio level for both Home loans and Other property loans. The Company has a structured and standardized credit approval process, which includes a well-established procedure of comprehensive credit appraisal. The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk.

### Credit Risk Assessment Methodology:

#### Housing and other property loans:

Company's customers for retail loans are primarily Lower and middle income, salaried and self-employed individuals.

The Company's credit officers evaluate credit proposals on the basis of approved operating policies. The criteria typically include factors such as the borrower's income, the loan-to-value ratio and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a comprehensive due diligence process including visits to offices and homes in the case of loans made to retail borrowers.

The Company has an established credit appraisal procedure leading to appropriate identification of credit risk for wholesale mortgage loans which involves critical assessment of quantitative and qualitative parameters subject to review and approval

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

basis approved operating policies. A significant portion of wholesale mortgage loans are secured by a lien over appropriate assets of the borrower.

Company monitor's borrower account behaviour as well as static data regularly to monitor the portfolio performance of each product segment regularly, and use these as inputs in revising its product programs, target market definitions and credit assessment criteria to meet the twin objectives of combining volume growth and maintenance of asset quality.

The loans are secured by the mortgage of the borrowers' property.

## Loan to developers:

The Company has a framework for the appraisal and execution of project finance transactions. The Company believes that this framework creates optimal risk identification, allocation and mitigation and helps minimize residual risk.

The project finance approval process begins with a detailed evaluation of technical, commercial, financial, marketing and management factors and the sponsor's financial strength and experience.

As part of the appraisal process, a risk matrix is generated, which identifies each of the project risks, mitigating factors and residual risks associated with the project. After credit approval, a letter of intent is issued to the borrower, which outlines the principal financial terms of the proposed facility, sponsor obligations, conditions precedent to disbursement, undertakings from and covenants on the borrower.

After completion of all formalities by the borrower, a loan agreement is entered into with the borrower.

Project finance loans are generally fully secured and have full recourse against the borrower. In most cases, the Company has a security interest and first lien on all the fixed assets. Security interests typically include property as well as other tangible assets of the borrower, both present and future. The Corporation also takes additional credit comforts such as corporate or personal guarantees from one or more sponsors of the project.

The Company requires the borrower to submit periodic reports and continue to monitor the credit exposure until loans are fully repaid.

The Company's current credit risk grading framework comprises the following categories:

| Category | Description                                     | Basis for recognising expected credit losses |
|----------|-------------------------------------------------|----------------------------------------------|
| Stage 1  | 0-30 days past due loans classified as stage 1  | 12-month ECL                                 |
| Stage 2  | 31-90 days past due loans classified as stage 2 | Lifetime ECL                                 |
| Stage 3  | > 90 days past due loans classified as stage 3  | Lifetime ECL – credit-impaired               |

The key elements in calculation of ECL are as follows:

PD - 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 period, if the facility has not been previously derecognised and is still in the portfolio. The PD has been determined based on seasoned historical portfolio data using the survival analysis methodology.

EAD - The Exposure at Default includes repayments scheduled by contract or otherwise, expected drawdowns on committed facilities, accrued interest from missed payments and loan commitments.

LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. The LGD is determined based on seasoned historical portfolio data.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

An analysis of changes in the gross carrying amount (excluding adjustment to carrying value on account of application of effective interest rate) and the corresponding ECL allowances in relation to lending is, as follows:

**a** Housing and Other Property Loan

The table below shows the credit quality and the exposure to credit risk based on the year-end stage classification. The amounts presented are gross of impairment allowances.

Reconciliation of Loan balances is given below:

(₹ In Lakh)

| Particulars                                  | March 31, 2019   |                |                |                  | March 31, 2018   |                |               |                  |
|----------------------------------------------|------------------|----------------|----------------|------------------|------------------|----------------|---------------|------------------|
|                                              | Stage 1          | Stage 2        | Stage 3        | Total            | Stage 1          | Stage 2        | Stage 3       | Total            |
| <b>Gross carrying amount opening balance</b> | <b>6,895,953</b> | <b>441,024</b> | <b>84,575</b>  | <b>7,421,552</b> | <b>5,705,351</b> | <b>156,574</b> | <b>53,891</b> | <b>5,915,816</b> |
| New assets added during the year             | 2,259,050        | 81,022         | -              | 2,340,072        | 3,678,077        | -              | -             | 3,678,077        |
| Assets derecognised under direct assignment  | (1,747,976)      | (1,668)        | -              | (1,749,644)      | (1,149,519)      | -              | -             | (1,149,519)      |
| Repayment of Loans (excluding write offs)    | (2,368,674)      | (53,807)       | (24,737)       | (2,447,218)      | (4,390,731)      | (40,056)       | (19,092)      | (4,449,879)      |
| Transfers to / from Stage 1                  | 1,442,948        | (27,310)       | 41,591         | 1,457,229        | 3,238,542        | (22,591)       | 3,489         | 3,219,440        |
| Transfers to / from Stage 2                  | (67,484)         | 81,137         | (1,322)        | 12,331           | (165,937)        | 356,776        | (924)         | 189,915          |
| Transfers to / from Stage 3                  | (90,307)         | (60,013)       | 163,036        | 12,716           | (27,526)         | (11,616)       | 43,164        | 4,022            |
| Considered at Fair Value                     | (683,584)        | (339,599)      | (1,076)        | (1,024,259)      | -                | -              | -             | -                |
| Amounts written off                          | 4,772            | 1,536          | 4,986          | 11,294           | 7,696            | 1,937          | 4,047         | 13,680           |
| <b>Gross carrying amount closing balance</b> | <b>5,644,698</b> | <b>122,322</b> | <b>267,053</b> | <b>6,034,073</b> | <b>6,895,953</b> | <b>441,024</b> | <b>84,575</b> | <b>7,421,552</b> |

Reconciliation of ECL balance is given below:

(₹ In Lakh)

| Particulars                                                | March 31, 2019 |               |               |                | March 31, 2018 |               |               |               |
|------------------------------------------------------------|----------------|---------------|---------------|----------------|----------------|---------------|---------------|---------------|
|                                                            | Stage 1        | Stage 2       | Stage 3       | Total          | Stage 1        | Stage 2       | Stage 3       | Total         |
| <b>Opening balance</b>                                     | <b>24,146</b>  | <b>13,448</b> | <b>28,454</b> | <b>66,048</b>  | <b>21,958</b>  | <b>848</b>    | <b>20,240</b> | <b>43,046</b> |
| ECL remeasurements due to changes in EAD/assumptions (net) | (6,153)        | 1,003         | (9,099)       | (14,249)       | (4,181)        | (1,774)       | (5,111)       | (11,066)      |
| Transfers to / from Stage 1                                | 4,812          | (1,073)       | 15,298        | 19,037         | 6,756          | (1,001)       | 934           | 6,689         |
| Transfers to / from Stage 2                                | (225)          | 3,188         | (486)         | 2,477          | (346)          | 15,804        | (247)         | 15,211        |
| Transfers to / from Stage 3                                | (301)          | (2,358)       | 59,967        | 57,308         | (57)           | (515)         | 11,555        | 10,983        |
| On considered at Fair Value                                | (2,280)        | (13,343)      | (396)         | (16,019)       | -              | -             | -             | -             |
| On amounts written off                                     | 16             | 60            | 1,834         | 1,910          | 16             | 86            | 1,083         | 1,185         |
| <b>Closing balance</b>                                     | <b>20,015</b>  | <b>925</b>    | <b>95,572</b> | <b>116,512</b> | <b>24,146</b>  | <b>13,448</b> | <b>28,454</b> | <b>66,048</b> |

Notes:

- The Expected Credit Loss shown above is computed on Exposure At Default (EAD) which comprises of the principal loan amount, EMI/PEMI and interest receivables.
- Above includes Expected Credit Loss provision on Loan commitment amount to ₹ 834 Lakh (As at March 31, 2018 and April 1, 2017 : ₹ 453 Lakh and ₹ 188 Lakh respectively).

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## b Loans to Developers

Reconciliation of Loan balances is given below:

(₹ In Lakh)

| Particulars                                  | March 31, 2019   |                |               |                  | March 31, 2018   |                |               |                  |
|----------------------------------------------|------------------|----------------|---------------|------------------|------------------|----------------|---------------|------------------|
|                                              | Stage 1          | Stage 2        | Stage 3       | Total            | Stage 1          | Stage 2        | Stage 3       | Total            |
| <b>Gross carrying amount opening balance</b> | <b>1,611,628</b> | <b>252,799</b> | <b>32,936</b> | <b>1,897,363</b> | <b>1,142,304</b> | <b>194,487</b> | <b>64,196</b> | <b>1,400,987</b> |
| New assets added during the year             | 784,695          | 6,152          | -             | 790,847          | 819,154          | 90,403         | -             | 909,557          |
| Assets derecognised under direct assignment  | 135,300          | -              | -             | 135,300          | -                | -              | -             | -                |
| Repayment of Loans (excluding write offs)    | (163,989)        | (57,721)       | (27,970)      | (249,680)        | (1,726,671)      | 761,204        | (40,996)      | (1,006,463)      |
| Transfers to / from Stage 1                  | (262,897)        | 262,897        | -             | -                | 1,502,801        | (882,858)      | 7,750         | 627,693          |
| Transfers to / from Stage 2                  | -                | -              | -             | -                | (56,006)         | 93,028         | -             | 37,022           |
| Transfers to / from Stage 3                  | -                | -              | (4,436)       | (4,436)          | (4,284)          | (3,465)        | (325)         | (8,074)          |
| Considered at Fair Value                     | (1,994,632)      | (464,126)      | (5,214)       | (2,463,972)      | (65,670)         | -              | -             | (65,670)         |
| Amounts written off                          | 37,507           | -              | 9,933         | 47,440           | -                | -              | 2,311         | 2,311            |
| <b>Gross carrying amount closing balance</b> | <b>147,612</b>   | <b>1</b>       | <b>5,249</b>  | <b>152,862</b>   | <b>1,611,628</b> | <b>252,799</b> | <b>32,936</b> | <b>1,897,363</b> |

Reconciliation of ECL balance is given below:

(₹ In Lakh)

| Particulars                                                | March 31, 2019 |               |               |               | March 31, 2018 |               |               |               |
|------------------------------------------------------------|----------------|---------------|---------------|---------------|----------------|---------------|---------------|---------------|
|                                                            | Stage 1        | Stage 2       | Stage 3       | Total         | Stage 1        | Stage 2       | Stage 3       | Total         |
| <b>Opening balance</b>                                     | <b>43,467</b>  | <b>11,150</b> | <b>15,807</b> | <b>70,424</b> | <b>25,848</b>  | <b>6,453</b>  | <b>15,232</b> | <b>47,533</b> |
| ECL remeasurements due to changes in EAD/assumptions (net) | 22,445         | (2,275)       | (15,275)      | 4,895         | (35,286)       | 68,600        | 753           | 34,067        |
| Transfers to / from Stage 1                                | (7,805)        | 11,596        | -             | 3,791         | 57,745         | (71,118)      | (142)         | (13,515)      |
| Transfers to / from Stage 2                                | -              | -             | -             | -             | (2,152)        | 7,494         | -             | 5,342         |
| Transfers to / from Stage 3                                | -              | -             | (2,423)       | (2,423)       | (165)          | (279)         | 6             | (438)         |
| On considered at Fair Value                                | (59,221)       | (20,471)      | (2,847)       | (82,539)      | (2,523)        | -             | -             | (2,523)       |
| On amounts written off                                     | 1,114          | -             | 5,424         | 6,538         | -              | -             | (42)          | (42)          |
| <b>Closing balance</b>                                     | <b>-</b>       | <b>-</b>      | <b>686</b>    | <b>686</b>    | <b>43,467</b>  | <b>11,150</b> | <b>15,807</b> | <b>70,424</b> |

Notes:

- The Expected Credit Loss shown above is computed on Exposure At Default (EAD) which comprises of the principal loan amount, EMI/PEMI and interest receivables.
- Above includes Expected Credit Loss provision on Loan commitment amount to Nil Lakh (As at March 31, 2018 and April 1, 2017 : ₹ 4,767 Lakh and ₹ 2,481 Lakh respectively).

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## c Inter Corporate Deposits

Reconciliation of Inter Corporate loan balances is given below:

(₹ In Lakh)

| Particulars                                  | March 31, 2019 |               |                |                | March 31, 2018 |              |               |               |
|----------------------------------------------|----------------|---------------|----------------|----------------|----------------|--------------|---------------|---------------|
|                                              | Stage 1        | Stage 2       | Stage 3        | Total          | Stage 1        | Stage 2      | Stage 3       | Total         |
| <b>Gross carrying amount opening balance</b> | <b>22,023</b>  | <b>1,776</b>  | <b>38,944</b>  | <b>62,743</b>  | <b>1,200</b>   | <b>-</b>     | <b>1,447</b>  | <b>2,647</b>  |
| New assets added during the year             | 606,125        | -             | -              | 606,125        | 893,327        | -            | -             | 893,327       |
| Repayment of Loans                           | (103,599)      | -             | -              | (103,599)      | (833,231)      | -            | -             | (833,231)     |
| Transfers to / from Stage 1                  | (28,286)       | 28,286        | -              | -              | -              | -            | -             | -             |
| Transfers to / from Stage 2                  | -              | (1,776)       | 1,776          | -              | (1,776)        | 1,776        | -             | -             |
| Transfers to / from Stage 3                  | (485,209)      | -             | 485,209        | -              | (37,497)       | -            | 37,497        | -             |
| <b>Gross carrying amount closing balance</b> | <b>11,054</b>  | <b>28,286</b> | <b>525,929</b> | <b>565,269</b> | <b>22,023</b>  | <b>1,776</b> | <b>38,944</b> | <b>62,743</b> |

Reconciliation of ECL balance is given below:

(₹ In Lakh)

| Particulars                                                | March 31, 2019 |            |              |              | March 31, 2018 |           |              |              |
|------------------------------------------------------------|----------------|------------|--------------|--------------|----------------|-----------|--------------|--------------|
|                                                            | Stage 1        | Stage 2    | Stage 3      | Total        | Stage 1        | Stage 2   | Stage 3      | Total        |
| <b>Opening balance</b>                                     | <b>675</b>     | <b>54</b>  | <b>1447</b>  | <b>2176</b>  | <b>36</b>      | <b>-</b>  | <b>1447</b>  | <b>1483</b>  |
| ECL remeasurements due to changes in EAD/assumptions (net) | 13892          | -          | -            | 13892        | 1842           | -         | -            | 1842         |
| Transfers to / from Stage 1                                | (782)          | 863        | -            | 81           | -              | -         | -            | -            |
| Transfers to / from Stage 2                                | -              | (54)       | -            | (54)         | (54)           | 54        | -            | -            |
| Transfers to / from Stage 3                                | (13413)        | -          | -            | (13413)      | (1149)         | -         | -            | (1149)       |
| <b>Closing balance</b>                                     | <b>372</b>     | <b>863</b> | <b>1,447</b> | <b>2,682</b> | <b>675</b>     | <b>54</b> | <b>1,447</b> | <b>2,176</b> |

Notes:

The Expected Credit Loss shown above is computed on Exposure At Default (EAD) which comprises of the principal loan amount and outstanding interest receivables.

## d Reconciliation of ECL balance on loan to others are as given below:

(₹ In Lakh)

|                      |    |
|----------------------|----|
| As at April 1, 2017  | 19 |
| Add: on addition     | -  |
| Less: on deletion    | -  |
| As at March 31, 2018 | 19 |
| Add: on addition     | -  |
| Less: on deletion    | -  |
| As at March 31, 2019 | 19 |



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## f Concentration of Loans & Advances

| Particulars                                                                                              | As at<br>31-03-2019 | As at<br>31-03-2018 |
|----------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Total Exposure to twenty largest borrowers/customers*                                                    | 1,397,757           | 1,233,282           |
| Percentage of Exposures to twenty largest borrowers /Customers to total Exposure on Borrowers /Customers | 14.95%              | 13.42%              |

\* Includes loans which are fair valued as at March 31, 2019

- 45** Impairment allowance for loan against fixed deposit is Nil and therefore related disclosures as required by Ind AS 109 are not given in the financial statement.

### Capital Management

The Company's objectives when managing capital are to

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio: Net debt (total borrowings net of cash and cash equivalents and Liquid investments) divided by Total 'equity' (as shown in the balance sheet). Also refer Note 54 on going concern consideration.

| Particulars                                                   | Amount    |
|---------------------------------------------------------------|-----------|
| Total borrowings net of cash and cash equivalents (₹ in Lakh) | 9,273,925 |
| Total Equity (₹ in Lakh)                                      | 793,737   |
| Debt Equity Ratio                                             | 11.68     |

## 46 SEGMENT REPORTING

As per requirements of Ind AS 108 on 'Operating Segments', based on evaluation of financial information for allocation resources and assessing performance, the Company has identified a single segment i.e. providing loans for purchase or constructions of residential houses including all related activities. Accordingly, there are no separate reportable segments as per Ind AS 108. The Company has its operations majorly within India and all revenue is generated within India.

## 47 a Employee benefits

### Defined Contribution Plan

The company makes contributions to provident fund for qualifying employees to Regional Provident Fund Commissioner under defined contribution plan under the Provident Fund Act.

Amount recognised as an expense and included under the head "Contribution to Provident and Other Funds" of Statement of Profit and Loss are as follows:

| (₹ In Lakh)                    |                                      |                                      |
|--------------------------------|--------------------------------------|--------------------------------------|
| Particulars                    | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
| Contribution to provident fund | 1,049                                | 921                                  |
| Contribution to pension fund   | 484                                  | 360                                  |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## b Defined Obligation Benefit

The company provides gratuity to its employees which are defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

### Investment Risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. For other defined benefit plans, the discount rate is determined by reference to market yield at the end of reporting period on high quality corporate bonds when there is a deep market for such bonds; if the return on plan asset is below this rate, it will create a plan deficit.

### Interest risk:

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

### 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 plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

**The following table sets out the funded status of the Gratuity and the amount recognised in the Financial Statements:**

## i Changes in Defined Benefit Obligation

(₹ In Lakh)

| Particulars                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------|--------------------------------------|--------------------------------------|
| Liability at the beginning of the year | 1,699                                | 1,221                                |
| Current Service Cost                   | 378                                  | 248                                  |
| Past Service Cost                      | -                                    | 80                                   |
| Interest cost                          | 134                                  | 93                                   |
| Benefits paid                          | (237)                                | (243)                                |
| Actuarial (gain) /losses               | (151)                                | 300                                  |
| Liability at the end of the year       | <b>1,823</b>                         | <b>1,699</b>                         |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## ii Changes in Fair Value of Plan Assets

(₹ In Lakh)

| Particulars                                             | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------------------------------------------|--------------------------------------|--------------------------------------|
| Fair Value of Plan Assets at the beginning of the year  | 1,856                                | 1,443                                |
| Expected Return on Plan Assets                          | 146                                  | 109                                  |
| Contributions                                           | 723                                  | 483                                  |
| Benefits Paid                                           | (197)                                | (179)                                |
| Actuarial (loss)                                        | (22)                                 | (1)                                  |
| <b>Fair Value of Plan Assets at the end of the year</b> | <b>2,506</b>                         | <b>1,855</b>                         |

## iii Reconciliation of Fair Value of Assets and Obligations

(₹ In Lakh)

| Particulars                                                    | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|----------------------------------------------------------------|-------------------------|-------------------------|
| Fair value of Plan Assets                                      | 2,506                   | 1,855                   |
| Present Value of Obligation                                    | 1,823                   | 1,699                   |
| <b>Net Asset / (Liability) recognized in the Balance Sheet</b> | <b>683</b>              | <b>156</b>              |

## iv Expenses recognized in Statement of Profit and Loss

(₹ In Lakh)

| Particulars                                                                            | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Current Service Cost                                                                   | 378                                  | 248                                  |
| Net interest on net defined benefit assets                                             | 134                                  | 93                                   |
| Past Service Cost                                                                      | -                                    | 80                                   |
| Expected Return on Plan Assets                                                         | (146)                                | (109)                                |
| <b>Expenses recognized in the statement of profit and loss under employee benefits</b> | <b>366</b>                           | <b>312</b>                           |

## v Expenses recognized in Other Comprehensive Income

(₹ In Lakh)

| Particulars                                                             | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Actuarial (Gain)/Loss on Obligation for the Period                      | (151)                                | 299                                  |
| Return on Plan Assets, Excluding Interest Income                        | 22                                   | 2                                    |
| <b>(Income) / Expenses recognized in the other comprehensive income</b> | <b>(129)</b>                         | <b>301</b>                           |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

## vi Expected benefit payments

(₹ In Lakh)

| Particulars         | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---------------------|-------------------------|-------------------------|
| 1st Following Year  | 102                     | 43                      |
| 2nd Following Year  | 89                      | 61                      |
| 3rd Following Year  | 82                      | 69                      |
| 4th Following Year  | 108                     | 62                      |
| 5th Following Year  | 127                     | 93                      |
| Sum of Year 6 to 10 | 739                     | 679                     |

## vii Actuarial Assumptions

(₹ In Lakh)

| Particulars                                        | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|----------------------------------------------------|--------------------------------------|--------------------------------------|
| Mortality Table (LIC)                              | 2006-08                              | 2006-08                              |
| Discount Rate (P. A.)                              | 7.59%                                | 7.87%                                |
| Expected rate of return on plan asset ( per annum) | 7.59%                                | 7.87%                                |
| Rate of Escalation in Salary (P.A.)                | 6%                                   | 6%                                   |

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factor including supply and demand in the employment market. The above information is certified by actuary.

The expected rate of return on plan asset is determined considering several applicable factors , mainly the composition of plan asset held, assessed risks, historical result of return on plan assets and the Company's policy for plan assets management.

### Effect of change in assumptions

(₹ In Lakh)

| Particulars                                             | Plan Liabilities | Plan Asset |
|---------------------------------------------------------|------------------|------------|
| Projected Benefit Obligation on Current Assumptions     | 1,823            | 1,699      |
| Delta Effect of +1% Change in Rate of Discounting       | (172)            | (186)      |
| Delta Effect of -1% Change in Rate of Discounting       | 202              | 221        |
| Delta Effect of +1% Change in Rate of Salary Increase   | 183              | 223        |
| Delta Effect of -1% Change in Rate of Salary Increase   | (165)            | (191)      |
| Delta Effect of +1% Change in Rate of Employee Turnover | 22               | 25         |
| Delta Effect of -1% Change in Rate of Employee Turnover | (26)             | (30)       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

viii Amount recognised in current year and previous year

## Gratuity :

| (₹ In Lakh)                              |                                      |                                      |
|------------------------------------------|--------------------------------------|--------------------------------------|
| Particulars                              | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
| Defined benefit obligation               | (1,823)                              | -1,699                               |
| Fair value of plan asset                 | 2,506                                | 1,856                                |
| Surplus in the plan                      | 683                                  | 156                                  |
| Actuarial (gain)/loss on plan obligation | (151)                                | 300                                  |
| Actuarial (loss) on plan asset           | (22)                                 | (1)                                  |

## 48. AS PER INDAS 24 ON “RELATED PARTY DISCLOSURE” DETAILS OF TRANSACTIONS WITH RELATED PARTIES AS DEFINED THEREIN ARE GIVEN BELOW :

### A) List of related parties with whom transactions have taken place during the year and relationship:

#### (i) Joint Ventures

- DHFL Pramerica Asset Managers Private Limited
- DHFL Pramerica Trustees Private Limited

#### (ii) Associate Companies

- Avanse Financial Services Limited
- Aadhar Housing Finance Limited (Formerly known as DHFL Vysya Housing Finance Limited)(1)
- Aadhar Housing Finance Limited (Erstwhile)(1)

#### (iii) Enterprises over which KMP are able to exercise significant influence

- Arthveda Fund Management Private Limited
- Wadhawan Holdings Private Limited
- Dish Hospitality Private Limited
- WGC Management Services Private Limited
- Wadhawan Sports Private Limited
- Essential Hospitality Private Limited
- DHFL General Insurance Limited (w.e.f. 1st Nov, 2017)
- DHFL Pramerica Life Insurance Company Limited
- Wadhawan Global Capital Limited
- DHFL Changing Lives Foundation (w.e.f. 1st Nov, 2017)

#### (iv) Investing party and its Group Companies

- PGLH of Delaware Inc
- DHFL Pramerica Mutual Fund

#### (v) Key Management Personnel

- Mr. Kapil Wadhawan
- Mr. Dheeraj Wadhawan

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

- c. Mr. Harshil Mehta
- d. G P Kohli (Non -executive Director)
- e. Mannil Venugopalan (Non -executive Director)
- f. Srinath Sridharan (Non -executive Director)
- g. V K Chopra (Non -executive Director)
- h. Vijaya Sampath (Non -executive Director)

(vi) **Relatives of Key Managerial Personnel**

- a. Mrs Aruna Wadhawan

- (1) In terms of Scheme of Amalgamation, approved by National Company Law Tribunal on October 27,2017, Erstwhile Aadhar Housing Finance Limited has been merged with the DHFL Vysya Housing Finance Limited. Name of DHFL Vysya Housing Finance Limited has been changed to Aadhar Housing Finance Limited after merger.

**B) Details of transactions :**

| Nature of Transactions                                        | Joint Ventures |         | Associate Companies/<br>Others* |         | Investing party<br>and its Group<br>Companies |         | Key Management<br>Personnel |         |
|---------------------------------------------------------------|----------------|---------|---------------------------------|---------|-----------------------------------------------|---------|-----------------------------|---------|
|                                                               | 2018-19        | 2017-18 | 2018-19                         | 2017-18 | 2018-19                                       | 2017-18 | 2018-19                     | 2017-18 |
| <b>1) Investments</b>                                         |                |         |                                 |         |                                               |         |                             |         |
| Investments Made                                              | -              | -       | -                               | 7,736   | -                                             | -       | -                           | -       |
| <b>2) Loans, Advances, Deposits and other assets</b>          |                |         |                                 |         |                                               |         |                             |         |
| Given                                                         | -              | -       | 3,075                           | 2,920   | 462                                           | 280     | 1,343                       | -       |
| Returned/Written Off                                          | -              | -       | 1,215                           | -       | -                                             | -       | 767                         | 0       |
| <b>3) Borrowings, Security Deposits and other liabilities</b> |                |         |                                 |         |                                               |         |                             |         |
| Received                                                      | -              | -       | 0                               | 416     | -                                             | -       | -                           | -       |
| Repayment/Adjusted                                            | -              | -       | 208                             | -       | -                                             | -       | -                           | -       |
| <b>4) Income</b>                                              |                |         |                                 |         |                                               |         |                             |         |
| Commission                                                    | 41             | 3       | 4,955                           | 5,029   | -                                             | -       | -                           | -       |
| Trademark Licence Fees                                        | -              | -       | (3,999)                         | 4,384   | -                                             | -       | -                           | -       |
| Dividend                                                      | -              | -       | 161                             | 73      | -                                             | -       | -                           | -       |
| Trustee Ship fee                                              | -              | -       | -                               | -       | 80                                            | 80      | -                           | -       |
| Interest                                                      | -              | -       | 353                             | 57      | -                                             | -       | 2                           | 2       |
| Rent & Maintenance                                            | 3              | 6       | 1,417                           | 1,042   | -                                             | -       | -                           | -       |
| Other Income                                                  | -              | -       | 389                             | 113     | -                                             | -       | 0                           | 0       |
| Technical Fees                                                | -              | -       | 5                               | 8       | -                                             | -       | -                           | -       |
| Servicing fees                                                | -              | -       | 17                              | -       | -                                             | -       | -                           | -       |
| Management Fee                                                | -              | -       | -                               | -       | 2,713                                         | 61      | -                           | -       |



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| Nature of Transactions                                                         | Joint Ventures |         | Associate Companies/<br>Others* |         | Investing party<br>and its Group<br>Companies |         | Key Management<br>Personnel |         |
|--------------------------------------------------------------------------------|----------------|---------|---------------------------------|---------|-----------------------------------------------|---------|-----------------------------|---------|
|                                                                                | 2018-19        | 2017-18 | 2018-19                         | 2017-18 | 2018-19                                       | 2017-18 | 2018-19                     | 2017-18 |
| <b>5) Expenditure</b>                                                          |                |         |                                 |         |                                               |         |                             |         |
| Remuneration                                                                   | -              | -       | -                               | -       | -                                             | -       | 1,068                       | 918     |
| Rent Expenses                                                                  | -              | -       | 1,995                           | 1,895   | -                                             | -       | -                           | -       |
| Brokerage, Marketing Fees and scheme related expense                           | -              | -       | 17                              | 32      | 2,713                                         | 61      | -                           | -       |
| Insurance Charges                                                              | -              | -       | 612                             | 65      | -                                             | -       | -                           | -       |
| Service Charges                                                                | -              | -       | -                               | 1       | -                                             | -       | -                           | -       |
| Canteen Expenses                                                               | -              | -       | 140                             | 115     | -                                             | -       | -                           | -       |
| Electricity Expenses                                                           | -              | -       | 2                               | -       | -                                             | -       | -                           | -       |
| CSR Expenses                                                                   | -              | -       | 1,654                           | 579     | -                                             | -       | -                           | -       |
| Professional Charges                                                           | -              | -       | 1                               | -       | -                                             | -       | -                           | -       |
| Directors Sitting Fees                                                         | -              | -       | -                               | -       | -                                             | -       | 39                          | 22      |
| <b>6) Sale of Loans (Securitisation)</b>                                       | -              | -       | 37,894                          | -       | -                                             | -       | -                           | -       |
| <b>7) Purchase/Sale of Securities (Net)</b>                                    | -              | -       | 22,787                          | -       | -                                             | -       | -                           | -       |
| <b>8) Sale &amp; Purchase PPE</b>                                              | -              | -       | 7                               | -       | -                                             | -       | -                           | -       |
| <b>INCOME RECEIVED FROM :</b>                                                  |                |         |                                 |         |                                               |         |                             |         |
| <b>1) Commission</b>                                                           |                |         |                                 |         |                                               |         |                             |         |
| DHFL Pramerica Life Insurance Co Ltd                                           | -              | -       | 2,783                           | 3,119   | -                                             | -       | -                           | -       |
| DHFL Pramerica Asset Managers Pvt Ltd                                          | 41             | 3       | -                               | -       | -                                             | -       | -                           | -       |
| DHFL General Insurance Ltd                                                     | -              | -       | 2,172                           | 1,910   | -                                             | -       | -                           | -       |
| <b>2) Trademark Licence Fees</b>                                               |                |         |                                 |         |                                               |         |                             |         |
| DHFL General Insurance Ltd                                                     | -              | -       | (3,999)                         | 4,384   | -                                             | -       | -                           | -       |
| <b>3) Dividend</b>                                                             |                |         |                                 |         |                                               |         |                             |         |
| Aadhar Housing Finance Ltd ( Formerly known as DHFL Vysya Housing Finance Ltd) | -              | -       | 161                             | 73      | -                                             | -       | -                           | -       |
| <b>4) Interest</b>                                                             |                |         |                                 |         |                                               |         |                             |         |
| Wadhawan Holding Pvt Ltd                                                       | -              | -       | 338                             | 57      | -                                             | -       | -                           | -       |
| Wadhawan Global Capital Ltd                                                    | -              | -       | 15                              | -       | -                                             | -       | -                           | -       |
| Mr. Harshil Mehta                                                              | -              | -       | -                               | -       | -                                             | -       | 2                           | 2       |
| <b>5) Rent &amp; Maintenance Charges</b>                                       |                |         |                                 |         |                                               |         |                             |         |
| DHFL Pramerica Asset Managers Pvt Ltd                                          | 3              | 6       | -                               | -       | -                                             | -       | -                           | -       |
| Arthveda Fund Management Pvt Ltd                                               | -              | -       | 2                               | 66      | -                                             | -       | -                           | -       |
| Aadhar Housing Finance Ltd (Formerly DHFL Vysya)                               | -              | -       | 163                             | 152     | -                                             | -       | -                           | -       |
| Avanse Financial Services Ltd                                                  | -              | -       | 506                             | 307     | -                                             | -       | -                           | -       |
| WGC Management Services Pvt Ltd                                                | -              | -       | 229                             | 218     | -                                             | -       | -                           | -       |
| DHFL General Insurance Ltd                                                     | -              | -       | 502                             | 299     | -                                             | -       | -                           | -       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| Nature of Transactions                                                                   | Joint Ventures |         | Associate Companies/<br>Others* |         | Investing party<br>and its Group<br>Companies |         | Key Management<br>Personnel |         |
|------------------------------------------------------------------------------------------|----------------|---------|---------------------------------|---------|-----------------------------------------------|---------|-----------------------------|---------|
|                                                                                          | 2018-19        | 2017-18 | 2018-19                         | 2017-18 | 2018-19                                       | 2017-18 | 2018-19                     | 2017-18 |
| DHFL Pramerica Life Insurance Company Ltd                                                | -              | -       | 15                              | -       | -                                             | -       | -                           | -       |
| <b>6) Other Income</b>                                                                   |                |         |                                 |         |                                               |         |                             |         |
| Mr. Harshil Mehta                                                                        | -              | -       | -                               | -       | -                                             | -       | 0                           | 0       |
| Aadhar Housing Finance Limited<br>(Formerly known as DHFL Vysya Housing Finance Limited) | -              | -       | 200                             | 90      | -                                             | -       | -                           | -       |
| Avanse Financial Services Pvt Ltd                                                        | -              | -       | 189                             | 15      | -                                             | -       | -                           | -       |
| Aadhar Housing Finance Ltd                                                               | -              | -       | -                               | 6       | -                                             | -       | -                           | -       |
| Avanse Financial Services Pvt Ltd                                                        | -              | -       | -                               | 2       | -                                             | -       | -                           | -       |
| <b>7) Technical Fees</b>                                                                 |                |         |                                 |         |                                               |         |                             |         |
| Avanse Financial Services Pvt Ltd                                                        | -              | -       | 5                               | 8       | -                                             | -       | -                           | -       |
| <b>8) Service Charges</b>                                                                |                |         |                                 |         |                                               |         |                             |         |
| Aadhar Housing Finance Ltd                                                               | -              | -       | 17                              | -       | -                                             | -       | -                           | -       |
| <b>9) Trusteeship Fees</b>                                                               |                |         |                                 |         |                                               |         |                             |         |
| DHFL Pramerica Mutual Fund                                                               | -              | -       | -                               | -       | 80                                            | 80      | -                           | -       |
| <b>10) Management Fee Income</b>                                                         |                |         |                                 |         |                                               |         |                             |         |
| DHFL Pramerica Mutual Fund                                                               | -              | -       | -                               | -       | 6,860                                         | 10,715  | -                           | -       |
| <b>EXPENDITURE :</b>                                                                     |                |         |                                 |         |                                               |         |                             |         |
| <b>1) Rent, Rates &amp; Taxes</b>                                                        |                |         |                                 |         |                                               |         |                             |         |
| Wadhawan Holdings Private Limited                                                        | -              | -       | 258                             | 241     | -                                             | -       | -                           | -       |
| Essential Hospitality Private Limited                                                    | -              | -       | 1,736                           | 1,654   | -                                             | -       | -                           | -       |
| <b>2) Remuneration</b>                                                                   |                |         |                                 |         |                                               |         |                             |         |
| Mr. Kapil Wadhawan                                                                       | -              | -       | -                               | -       | -                                             | -       | 321                         | 399     |
| Mr. Harshil Mehta                                                                        | -              | -       | -                               | -       | -                                             | -       | 747                         | 519     |
| <b>3) Directors Sitting Fees</b>                                                         |                |         |                                 |         |                                               |         |                             |         |
| Dheeraj Wadhawan                                                                         | -              | -       | -                               | -       | -                                             | -       | 5                           | 5       |
| G P Kohli                                                                                | -              | -       | -                               | -       | -                                             | -       | 14                          | 8       |
| Mannil Venugopalan                                                                       | -              | -       | -                               | -       | -                                             | -       | 8                           | 3       |
| Srinath Sridharan                                                                        | -              | -       | -                               | -       | -                                             | -       | 1                           | -       |
| V K Chopra                                                                               | -              | -       | -                               | -       | -                                             | -       | 8                           | 5       |
| Vijaya Sampath                                                                           | -              | -       | -                               | -       | -                                             | -       | 3                           | 2       |
| <b>4) Brokerage and Marketing Fees</b>                                                   |                |         |                                 |         |                                               |         |                             |         |
| Avanse Financial Services Ltd                                                            | -              | -       | 17                              | 32      | -                                             | -       | -                           | -       |
| <b>5) Insurance Charges</b>                                                              |                |         |                                 |         |                                               |         |                             |         |
| DHFL Pramerica Life Insurance Co Ltd                                                     | -              | -       | 92                              | 65      | -                                             | -       | -                           | -       |
| DHFL General Insurance Ltd                                                               | -              | -       | 520                             | -       | -                                             | -       | -                           | -       |
| <b>6) Canteen Expenses</b>                                                               |                |         |                                 |         |                                               |         |                             |         |
| Dish Hospitality Private Limited                                                         | -              | -       | 140                             | 115     | -                                             | -       | -                           | -       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| Nature of Transactions                                                                      | Joint Ventures |         | Associate Companies/<br>Others* |         | Investing party<br>and its Group<br>Companies |         | Key Management<br>Personnel |         |
|---------------------------------------------------------------------------------------------|----------------|---------|---------------------------------|---------|-----------------------------------------------|---------|-----------------------------|---------|
|                                                                                             | 2018-19        | 2017-18 | 2018-19                         | 2017-18 | 2018-19                                       | 2017-18 | 2018-19                     | 2017-18 |
| <b>7) Professional Charges</b>                                                              |                |         |                                 |         |                                               |         |                             |         |
| Aadhar Housing Finance Limited<br>(Formerly known as DHFL Vysya<br>Housing Finance Limited) | -              | -       | 1                               | 1       | -                                             | -       | -                           | -       |
| <b>8) Electricity Expenses</b>                                                              |                |         |                                 |         |                                               |         |                             |         |
| Arthveda Fund Management Private<br>Limited                                                 | -              | -       | 2                               | -       | -                                             | -       | -                           | -       |
| <b>9) CSR Expenses</b>                                                                      |                |         |                                 |         |                                               |         |                             |         |
| DHFL Changing Lives Foundation                                                              | -              | -       | 1,654                           | 579     | -                                             | -       | -                           | -       |
| <b>10) Brokerage and scheme related<br/>expenses</b>                                        |                |         |                                 |         |                                               |         |                             |         |
| DHFL Pramerica Mutual Fund                                                                  | -              | -       | -                               | -       | 2,713                                         | 61      | -                           | -       |
| <b>ASSETS \ LIABILITIES :</b>                                                               |                |         |                                 |         |                                               |         |                             |         |
| <b>1) Investments made</b>                                                                  |                |         |                                 |         |                                               |         |                             |         |
| Avanse Financial Services Ltd                                                               | -              | -       | -                               | 7,736   | -                                             | -       | -                           | -       |
| <b>2) Loans, Advances, Deposits and other<br/>assets</b>                                    |                |         |                                 |         |                                               |         |                             |         |
| DHFL Pramerica Life Insurance Co Ltd                                                        | -              | -       | 11                              | -       | -                                             | -       | -                           | -       |
| DHFL General Insurance Ltd                                                                  | -              | -       | 64                              | 100     | -                                             | -       | -                           | -       |
| Wadhawan Holding Private Ltd                                                                | -              | -       | -                               | 2,820   | -                                             | -       | -                           | -       |
| Mr. Harshil Mehta                                                                           | -              | -       | -                               | -       | -                                             | -       | 1,343                       | -       |
| Wadhawan Global Capital Ltd                                                                 | -              | -       | 3,000                           | -       | -                                             | -       | -                           | -       |
| DHFL Pramerica Mutual Fund                                                                  | -              | -       | -                               | -       | 462                                           | 280     | -                           | -       |
| <b>3) Loans &amp; Advances Received Back /<br/>Written Off</b>                              |                |         |                                 |         |                                               |         |                             |         |
| Essential Hospitality Private Ltd (Security<br>Deposit)                                     | -              | -       | 1,215                           | -       | -                                             | -       | -                           | -       |
| Mr. Harshil Mehta                                                                           | -              | -       | -                               | -       | -                                             | -       | 767                         | 0       |
| <b>4) Security Deposit Received</b>                                                         |                |         |                                 |         |                                               |         |                             |         |
| Avanse Financial Services Ltd                                                               | -              | -       | 0                               | 208     | -                                             | -       | -                           | -       |
| DHFL General Insurance Ltd                                                                  | -              | -       | -                               | 208     | -                                             | -       | -                           | -       |
| <b>5) Repayment of Borrowings/ Deposits</b>                                                 |                |         |                                 |         |                                               |         |                             |         |
| Avanse Financial Services Ltd                                                               | -              | -       | 0                               | -       | -                                             | -       | -                           | -       |
| DHFL General Insurance Ltd                                                                  | -              | -       | 208                             | -       | -                                             | -       | -                           | -       |
| <b>6) Sale of Loans (Securitisation)</b>                                                    |                |         |                                 |         |                                               |         |                             |         |
| Aadhar Housing Finance Ltd                                                                  | -              | -       | 37,894                          | -       | -                                             | -       | -                           | -       |
| <b>7) Sale / (Purchase) of Securities (Net)</b>                                             |                |         |                                 |         |                                               |         |                             |         |
| Aadhar Housing Finance Ltd                                                                  | -              | -       | 22,787                          | -       | -                                             | -       | -                           | -       |
| <b>8) Sale/ (Purchase) PPE (Net)</b>                                                        |                |         |                                 |         |                                               |         |                             |         |
| Avanse Financial Services Ltd                                                               | -              | -       | (0)                             | -       | -                                             | -       | -                           | -       |
| Aadhar Housing Finance Ltd                                                                  | -              | -       | 7                               | -       | -                                             | -       | -                           | -       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| Nature of Transactions                  | Joint Ventures |         | Associate Companies/<br>Others* |         | Investing party and its Group Companies |         | Key Management Personnel |         |
|-----------------------------------------|----------------|---------|---------------------------------|---------|-----------------------------------------|---------|--------------------------|---------|
|                                         | 2018-19        | 2017-18 | 2018-19                         | 2017-18 | 2018-19                                 | 2017-18 | 2018-19                  | 2017-18 |
| <b>9) Purchase of Mutual fund Units</b> |                |         |                                 |         |                                         |         |                          |         |
| DHFL Pramerica Mutual Fund              | -              | -       | -                               | -       | 65,049                                  | 27,797  | -                        | -       |
| <b>10) Sale of Mutual fund units</b>    |                |         |                                 |         |                                         |         |                          |         |
| DHFL Pramerica Mutual Fund              | -              | -       | -                               | -       | 63,272                                  | 27,539  | -                        | -       |

| Nature of Transactions                                   | Joint Ventures |         |         | Associate Companies/<br>Others* |         |         | Investing party and its Group Companies |         |         | Key Management Personnel |         |         |
|----------------------------------------------------------|----------------|---------|---------|---------------------------------|---------|---------|-----------------------------------------|---------|---------|--------------------------|---------|---------|
|                                                          | 2018-19        | 2017-18 | 2016-17 | 2018-19                         | 2017-18 | 2016-17 | 2018-19                                 | 2017-18 | 2016-17 | 2018-19                  | 2017-18 | 2016-17 |
| <b>Closing Balances:</b>                                 |                |         |         |                                 |         |         |                                         |         |         |                          |         |         |
| a) Loans, Advances and Deposits & Trade Receivable (Net) | 2              | 1       | 10      | 2,463                           | 8,934   | 2,246   | (103)                                   | 593     | 1,530   | 643                      | 67      | 67      |
| b) Borrowings / Security Deposits (Net)                  | -              | -       | -       | 224                             | 432     | 16      | 29,138                                  | 26,742  | 24,535  | -                        | -       | -       |

| Nature of Transactions                               | Joint Ventures |         |         | Associate Companies/<br>Others* |         |         | Investing party and its Group Companies |         |         | Key Management Personnel |         |         |
|------------------------------------------------------|----------------|---------|---------|---------------------------------|---------|---------|-----------------------------------------|---------|---------|--------------------------|---------|---------|
|                                                      | 2018-19        | 2017-18 | 2016-17 | 2018-19                         | 2017-18 | 2016-17 | 2018-19                                 | 2017-18 | 2016-17 | 2018-19                  | 2017-18 | 2016-17 |
| <b>CLOSING BALANCES :</b>                            |                |         |         |                                 |         |         |                                         |         |         |                          |         |         |
| <b>1) Loans, Advances, Deposits and other assets</b> |                |         |         |                                 |         |         |                                         |         |         |                          |         |         |
| Wadhawan Holding Private Ltd                         | -              | -       | -       | 2,958                           | 2,820   | -       | -                                       | -       | -       | -                        | -       | -       |
| Essential Hospitality Private Ltd                    | -              | -       | -       | -                               | 1,215   | 1,215   | -                                       | -       | -       | -                        | -       | -       |
| Wadhawan Global Capital Ltd                          | -              | -       | -       | 3,015                           | -       | -       | -                                       | -       | -       | -                        | -       | -       |
| DHFL General Insurance Ltd                           | -              | -       | 10      | 164                             | 100     | -       | -                                       | -       | -       | -                        | -       | -       |
| DHFL Pramerica Life Insurance Co. Ltd                | -              | -       | -       | 21                              | 10      | -       | -                                       | -       | -       | -                        | -       | -       |
| Mr. Harshil Mehta                                    | -              | -       | -       | -                               | -       | -       | -                                       | -       | -       | 643                      | 67      | 67      |
| <b>2) Trade Receivable and other assets</b>          |                |         |         |                                 |         |         |                                         |         |         |                          |         |         |
| Aadhar Housing Finance Limited (Refer Note 9)        | -              | -       | -       | 237                             | 105     | -       | -                                       | -       | -       | -                        | -       | -       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| Nature of Transactions                                                        | Joint Ventures |         |         | Associate Companies/<br>Others* |         |         | Investing party and its<br>Group Companies |         |         | Key Management<br>Personnel |         |         |
|-------------------------------------------------------------------------------|----------------|---------|---------|---------------------------------|---------|---------|--------------------------------------------|---------|---------|-----------------------------|---------|---------|
|                                                                               | 2018-19        | 2017-18 | 2016-17 | 2018-19                         | 2017-18 | 2016-17 | 2018-19                                    | 2017-18 | 2016-17 | 2018-19                     | 2017-18 | 2016-17 |
| DHFL Pramerica Life Insurance Co Ltd                                          | -              | -       | -       | 33                              | 954     | 150     | -                                          | -       | -       | -                           | -       | -       |
| DHFL Pramerica Asset Managers Pvt Ltd                                         | 2              | 1       | 0       | -                               | -       | -       | -                                          | -       | -       | -                           | -       | -       |
| Arthveda Fund Management Private Ltd                                          | -              | -       | -       | -                               | -       | 30      | -                                          | -       | -       | -                           | -       | -       |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd) | -              | -       | -       | -                               | 606     | 922     | -                                          | -       | -       | -                           | -       | -       |
| Avanse Financial Services Ltd                                                 | -              | -       | -       | 163                             | 5       | -       | -                                          | -       | -       | -                           | -       | -       |
| DHFL General Insurance Ltd                                                    | -              | -       | -       | -                               | 3,120   | -       | -                                          | -       | -       | -                           | -       | -       |
| WGC Management Services Pvt Ltd                                               | -              | -       | -       | 41                              | -       | -       | -                                          | -       | -       | -                           | -       | -       |
| DHFL Pramerica Mutual Fund                                                    | -              | -       | -       | -                               | -       | -       | 110                                        | 615     | 1,541   | -                           | -       | -       |
| <b>3) Security Deposit Received</b>                                           |                |         |         |                                 |         |         |                                            |         |         |                             |         |         |
| Avanse Financial Services Ltd                                                 | -              | -       | -       | 208                             | 208     | 0       | -                                          | -       | -       | -                           | -       | -       |
| DHFL General Insurance Ltd                                                    | -              | -       | -       | -                               | 208     | -       | -                                          | -       | -       | -                           | -       | -       |
| Aadhar Housing Finance Ltd (Formerly known as DHFL Vysya Housing Finance Ltd) | -              | -       | -       | 16                              | 16      | 16      | -                                          | -       | -       | -                           | -       | -       |
| PGLH of Delaware Inc                                                          | -              | -       | -       | -                               | -       | -       | -                                          | 10      | 10      | -                           | -       | -       |
| <b>4) Trade Payable and Other liabilities</b>                                 |                |         |         |                                 |         |         |                                            |         |         |                             |         |         |
| Dish Hospitality Private Ltd                                                  | -              | -       | -       | 3                               | 1       | 10      | -                                          | -       | -       | -                           | -       | -       |
| Wadhawan Holding Private Ltd                                                  | -              | -       | -       | 25                              | -       | 40      | -                                          | -       | -       | -                           | -       | -       |

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

| Nature of Transactions                      | Joint Ventures |         |         | Associate Companies/<br>Others* |         |         | Investing party and its<br>Group Companies |         |         | Key Management<br>Personnel |         |         |
|---------------------------------------------|----------------|---------|---------|---------------------------------|---------|---------|--------------------------------------------|---------|---------|-----------------------------|---------|---------|
|                                             | 2018-19        | 2017-18 | 2016-17 | 2018-19                         | 2017-18 | 2016-17 | 2018-19                                    | 2017-18 | 2016-17 | 2018-19                     | 2017-18 | 2016-17 |
| Aadhar Housing Finance Ltd (Securitisation) | -              | -       | -       | -                               | -       | 21      | -                                          | -       | -       | -                           | -       | -       |
| DHFL General Insurance Ltd                  | -              | -       | -       | 4,126                           | -       | -       | -                                          | -       | -       | -                           | -       | -       |
| Aadhar Housing Finance Ltd (Securitisation) | -              | -       | -       | 15                              | -       | -       | -                                          | -       | -       | -                           | -       | -       |
| PGLH of Delaware Inc                        | -              | -       | -       | -                               | -       | -       | 212                                        | 23      | 12      | -                           | -       | -       |
| <b>5) Debt Securities</b>                   |                |         |         |                                 |         |         |                                            |         |         |                             |         |         |
| Wadhawan Global Capital Limited             | -              | -       | -       | -                               | -       | -       | 29,138                                     | 26,732  | 24,525  | -                           | -       | -       |

\*Others include Enterprises over which KMP are able to exercise significant influence.

## Notes :

- 1) Related party relationship is as identified by the Company and relied upon by the Auditors.
- 2) The figures of income and expenses are net of service tax.
- 3) Transactions with the related parties are disclosed only till the relationship exists.
- 4) Previous years figures have been regrouped, rearranged and reclassified wherever necessary.
- 5) Term loans from banks and loans from NHB are further guaranteed by personal guarantees of Mr Kapil Wadhawan and Mr Dheeraj Wadhawan .
- 6) Loans from NHB are further guaranteed by personal guarantee of Mrs Aruna Wadhawan and Corporate Guarantee of Wadhawan Global Capital Private Limited.
- 7) Managerial remuneration excludes the contribution for gratuity as the incremental liability has been accounted by the Company as a whole.
- 8) There are no provisions for doubtful debts or amount written off or written back for debts due from or due to related parties.
- 9) The above transactions excludes receivable/ payable in respect of assignment transactions entered into by the Company where either the Company or the associate company is acting as collection agent.
- 10) Also refer Note 6.3
- 11) Zero denotes amount less than ₹ 50,000

**49** As a part of the Company's effort to sell down its non-core investments in associates to generate liquidity, the Company has entered into Binding Share Purchase Agreement for –

- a Sale of 23,01,090 (9.15%) equity shares held in Aadhar Housing Finance Limited(AHFL) to private equity funds managed by Blackstone on 02nd February 2019 for a total consideration of ₹ 20,895 lakh. After obtaining applicable regulatory and other approval ₹ 16,363 lakh has been received by the Company on 10th June 2019 and balance of ₹ 4,532 lakh is expected over the period of next 6 months.



# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

- b Sale of 1,92,50,719 (30.63%) equity shares held by the Company in Avanse Financial Services Limited (Avanse) to Olive Vine Investments Limited an affiliate of Warburg Pincus Group on 16th March 2019 for a consideration of ₹ 30,352 lakh.
- c Sale of its entire shareholding in DHFL Pramerica Asset Managers Private Limited, , to M/s PGLH of Delaware Inc. vide agreement dated 21st February '19, subject to related regulatory approvals. As per the same purchase consideration shall be based on the Asset under Management (AUM).

- 50** In the last week of January, 2019, News portal Cobrapost.com made allegations against the Company's management and its promoters . The Company received a series of questions from the portal shortly before the allegations were made public. The Audit Committee appointed an independent firm of Chartered Accountants (Independent Chartered Accountants) to review the allegations and report to the Committee. The report by Independent Chartered Accountants restricted its scope to the allegations which in their opinion pertained to the Company, highlighted certain procedural lapses and documentation deficiencies inter alia the fact that the end use monitoring of the funds loaned had not been performed despite a specific mandate by the finance Committee as part of the loan sanction conditions. The Statutory Auditors post their review of the Independent Chartered Accountants report, provided their observations and suggestions on the scope, coverage and findings by the Independent Chartered Accountants in the report as well as additional areas that needed to be covered. The management is in the process of determining the action to address the comments of the Statutory Auditors. As stated in the Action taken report tabled before the Audit Committee on 29th March, 2019, the Company has sought written explanations from the loanees for loans where end use monitoring was not effected. The Company is yet to receive responses from the loanees after which a decision on remedial measures including recalling the monies advanced will be made. The Company is undertaking fresh valuation in respect of the loans including underlying securities that were a subject matter of the allegations, from reputed valuation specialists and have been advised by the lawyers that agreements entered into with the loanees are legally enforceable. Necessary adjustments to the carrying values of the loans advanced will be made upon conclusion of the above actions.
- 51** The unsecured Inter Corporate Deposit (ICD) aggregating ₹ 565,269 lakh were outstanding as at March 31, 2019 and includes ICDs (net) of ₹ 482,014 lakh granted during the year. Of these, ICDs aggregating ₹ 40,870 lakh have since been repaid while ICDs aggregating ₹ 393,699 lakh are expected to be repaid shortly. Balance ICDs aggregating to ₹ 130,700 lakh are being converted into secured term loans. There are documentation deficiencies with respect to grant / rollover of ICDs which are being rectified. The ICDs have been advanced towards regular business activities and were either extended as a temporary loan pending full valuation of project funding or short term corporate requirements. Pending conclusion of these actions, the Management believes that no adjustments are required to the carrying value of the ICDs.
- 52** In respect of certain Project / Mortgage loans, the management is actively engaged with the loanees to remediate certain lacunae in loan documentation and expects to complete this exercise by September 2019. The management believes that deficiencies in documentation will not affect the enforceability of the underlying security. The Company is confident that the loans extended are secured and recoverable basis the cash flow arising from such project / mortgage loans. Pending completion of this exercise, no adjustments have been made to the carrying values of these loans aggregating to ₹ 2,407,772 lakh which has been largely dealt with in a manner stated in Note 55.
- 53** During the year, the housing finance sector has been under duress which has been compounded by the liquidity crunch in the real estate sector. Consequent to this, there have been instances where cheques received from the borrowers particularly from the project and mortgage loan customers were not banked at the instance of the borrowers. Entries for receipts were however accounted for in the customer accounts which were subsequently reversed. As at the year end, the collections recorded in this manner aggregated ₹ 187,526 lakh have been remediated at the year-end and the corresponding loans have been dealt with in a manner as stated in Note 55.
- 54** The Company is undergoing substantial financial stress since second half of the current financial year. The Company has suffered consistent downgrades in its credit ratings since February 2019. On 5th June 2019, the credit rating was reduced to 'default grade' despite there being no default till that date. The Company's ability to raise funds has been substantially impaired and the business has been brought to a standstill with there being minimal / virtually no disbursements. These developments may raise a significant doubt on the ability of the Company to continue as a going concern.

The Company is taking active steps to monetize its assets and is in discussions with multiple Indian banks and international financial institutions to sell off its retail as well as wholesale portfolio. It is in discussions with the consortium of bankers / lenders to

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

restructure its borrowings and will take all the necessary steps to ensure that it meets its financial commitments. There have been discussions for stake sale by the promoters to a strategic partner with further equity infusion. The Company on July 1, 2019 had a meeting with the consortium of bankers wherein the bankers agreed to enter into an Inter-creditor Agreement (ICA) for a potential restructuring of company's liabilities. In view thereof, the requirements in respect of creation of debenture redemption reserve and the corresponding deposit in liquid assets shall be assessed upon conclusion of the restructuring plan. The Company is in the process of submitting a resolution plan to the lenders and the lenders are expected to give an in-principle approval to the plan by end of July 2019. The ability of the Company to continue as a going concern is predicated upon its ability to monetize its assets, secure funding from the bankers / investors, restructure its liabilities and recommence its operations. In view of all the actions that are currently underway, these financial statements have been prepared on the basis that the Company is a going concern.

- 55 Due to the current business environment, the Company no longer holds the project loans, SRA loans and wholesale mortgage loan portfolio for the purposes of solely collecting the principal and interest. The Management envisages to monetise the wholesale loan portfolio. Consequently, the said loans aggregating ₹ 3,488,160 lakh (including ₹ 1,648,717 lakh related to note 53) have been reclassified as Fair Value Through Profit or Loss (FVTPL) as at March 31, 2019 due to the change in business model. As required under Ind AS 109, these assets have been fair valued as at March 31, 2019 based on internal valuations which involve management's judgment and assumptions at ₹ 3,162,815 lakh and the resultant fair value loss aggregating ₹ 325,345 lakh (gross of reversal of provision) has been charged to the Statement of Profit and Loss.
- 56 The Company had commenced implementation of Expected Credit Loss (ECL) model as part of its Ind AS transition. During the course of the audit, deficiencies have been identified in the historical data used for the purpose of determination of the ECL provision. The Company is in the process of remediating the same, though does not consider the resultant impact to be material. Additionally, the Company has also taken external bureau supportive information (i.e. CIBIL score range band – Probability of default (PD) analysis) of our portfolio in comparison to Industry standards, which indicates that the PD of the Company's Portfolio is better than the Industry standard. Further, based on the Company's borrower profile and CIBIL score the Company is convinced of its assumptions supporting ECL calculation.
- 57 The Company has received a letter dated July 3, 2019, from the National Housing Bank containing observations emanating from the inspection carried out by NHB for the year ended March 31, 2018 as per the provisions of the National Housing Bank Act, 1987. There are observations in the letter inter-alia being impact on the Capital Adequacy Ratio of the Company as at March 31, 2018 reduced to 10.24%. NHB has directed the Company to provide a specific response to all the observations within a period of 21 days. The management does not concur with the observation of the NHB and will provide an appropriate response within the stipulated time. As mentioned in the note 55 above, on account of classification of project loans, SRA loans and wholesale mortgage loans as Fair Value through Profit or Loss (FVTPL) due to the change in business model as at March 31, 2019, has resulted in a charge of fair value loss aggregating to ₹ 325,345 Lakh (gross of reversal of provision) to the Statement of Profit and Loss. In view of these financial statements being prepared using Indian Accounting Standards (Ind AS) while the NHB observations relate to numbers compiled on the basis of regulatory guidelines, the Management believes that the aforesaid observations may not have any implications on the financial statements.
- 58 The Company has recognized net deferred tax asset of ₹ 44,281 lakh as at March 31, 2019. Ind AS 12 – 'Income Taxes' requires the Company to determine the probability of sufficient future taxable income to utilize the deferred tax asset. Considering the factors described in Note 54, the Company is of the view that no adjustment is required to the carrying value of the deferred tax asset.
- 59 The Company has incurred expenditure aggregating ₹ 10,401 lakh for development of customised software for its operations and recording of transactions which has been carried as intangible asset under development as at March 31, 2019. Considering the factors described in Note 54, the Company is of the view that no adjustment is required to be made to the carrying value of the intangible asset under development pursuant to the requirements of Ind AS 36 on Impairment of Assets.
- 60 The National Housing Bank has imposed penalty of ₹ 0.65 lakh plus applicable taxes due to short provisioning on account of wrong assets classification of 12 rescheduled/ restructured Slum Redevelopment Project loans and 1 non housing loan amounting ₹ 89,307 lakh in terms of paragraph 29(6) of the Housing Finance Companies (NHB) Directions, 2010 in respect of financial year ended March 31, 2017.
- 61 There are no subsequent events other than disclosed in notes to the financial statements.

# Notes

forming part of the Consolidated financial statements for the year ended March 31, 2019

**62** Additional Information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial statements to the Schedule III to the Companies Act, 2013

(As on/for the year ended March 31, 2019)

| Sr no                                                | Name of Entity                                                                  | Net assets i.e. Total Assets minus total Liabilities |                  | Share of Profit/(Loss)              |                  | Share in other comprehensive income |                  | Share in Total comprehensive income |                  |
|------------------------------------------------------|---------------------------------------------------------------------------------|------------------------------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|------------------|-------------------------------------|------------------|
|                                                      |                                                                                 | As % of Consolidated Net assets                      | Amount (In Lakh) | As % of consolidated Profit or Loss | Amount (In Lakh) | As % of other comprehensive income  | Amount (In Lakh) | As % of total comprehensive income  | Amount (In Lakh) |
| Parent                                               |                                                                                 |                                                      |                  |                                     |                  |                                     |                  |                                     |                  |
| 1                                                    | Dewan Housing Finance Corporation Ltd.                                          | 101.91%                                              | 808,904          | 99.37%                              | (95,978)         | 100.26%                             | 1,898            | 99.35%                              | (94,080)         |
| Subsidiaries - Indian                                |                                                                                 |                                                      |                  |                                     |                  |                                     |                  |                                     |                  |
| 1                                                    | DHFL Advisory & Investment Pvt. Ltd.                                            | 0.11%                                                | 861              | 2.50%                               | (2,415)          | 0.00%                               |                  | 2.55%                               | (2,415)          |
| 2                                                    | DHFL Holding Limited                                                            | 0.00%                                                | 1                | 0.00%                               |                  |                                     |                  |                                     | -                |
| Associates (Investment as per the equity method)     |                                                                                 |                                                      |                  |                                     |                  |                                     |                  |                                     |                  |
| 1                                                    | Avanse Financial Services Limited                                               | 0.63%                                                | 4,973            | -0.86%                              | 835              | -0.11%                              | (2)              | -0.88%                              | 833              |
| 2                                                    | Aadhar Housing Finance Ltd. (Formerly known as DHFL Vysya Housing Finance Ltd.) | 0.77%                                                | 6,083            | -1.54%                              | 1487             | -0.16%                              | (3)              | -1.57%                              | 1,484            |
| Joint Ventures (Investment as per the equity method) |                                                                                 |                                                      |                  |                                     |                  |                                     |                  |                                     |                  |
| 1                                                    | DHFL Pramerica Asset Managers Pvt. Ltd.                                         | -3.41%                                               | (27,106)         | 0.56%                               | (538)            |                                     |                  | 0.57%                               | (538)            |
| 2                                                    | DHFL Pramerica Trustees Pvt. Ltd.                                               | 0.00%                                                | 21               | -0.02%                              | 18               |                                     |                  | -0.02%                              | 18               |
|                                                      |                                                                                 | 100%                                                 | 793,737          | 100%                                | (96,591)         | 100%                                | 1,893            | 100%                                | (94,698)         |

## 63 APPROVAL OF FINANCIAL STATEMENTS

The Financial Statements were approved by the Board of Directors of the Company on July 22, 2019.

For and on behalf of the Board

**Kapil Wadhawan**  
Chairman & Managing Director  
(DIN – 00028528)

**Alok Kumar Misra**  
(DIN – 00163959)  
Director

**Sunjoy Joshi**  
(DIN – 00449318)  
Director

**Dheeraj Wadhawan**  
(DIN – 00096026)  
Director

**Dr. Deepali Pant Joshi**  
(DIN – 07139051)  
Director

**Srinath Sridharan**  
(DIN – 03359570)  
Director

Place: Mumbai  
Date: July 22, 2019

## NOTES

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Kapil Wadhawan - Chairman & Managing Director  
Mr. Dheeraj Wadhawan - Non - Executive Director  
Mr. Srinath Sridharan - Additional (Non-Executive) Director  
Mr. Sunjoy Joshi - Additional (Independent) Director  
Mr. Alok Kumar Misra - Additional (Independent) Director  
Mrs. Deepali Joshi - Additional (Independent) Director

## BANKERS

Allahabad Bank  
Andhra Bank  
Axis Bank Limited  
Bank of Baroda  
Bank of India  
Bank of Maharashtra  
Canara Bank  
Central Bank of India  
Corporation Bank  
DCB Bank Limited  
Dena Bank  
Federal Bank Limited  
HDFC Bank Limited  
ICICI Bank Limited  
IDBI Bank Limited  
Indian Bank  
Indian Overseas Bank  
Karnataka Bank Limited  
Kotak Mahindra Bank Limited  
Oriental Bank of Commerce  
Punjab & Sind Bank  
Punjab National Bank  
South Indian Bank Limited  
State Bank of India  
Standard Chartered Bank  
Syndicate Bank  
UCO Bank  
Union Bank of India  
United Bank of India  
Vijaya Bank  
Yes Bank Limited

## FINANCIAL INSTITUTIONS / MULTILATERAL AGENCIES / OTHER LENDERS

National Housing Bank  
International Finance Corporation (IFC)  
Deutsche Investitions-und Entwicklungsgesellschaft MBH (DEG)  
Abu Dhabi Commercial Bank Pjsc  
Afrasia Bank Limited  
SBI (Mauritius) Ltd  
CTBC Bank Co., Ltd  
Taiwan Business Bank, offshore banking branch  
Taiwan Cooperative Bank, Offshore Banking Branch  
The Korea Development Bank  
The Korea Development Bank, Singapore Branch  
Eastspring Investments SICAV-FIS Asia Pacific Loan Fund  
State Bank of India, Singapore Branch

## REGISTRAR & TRANSFER AGENTS

**For Equity Shares and Debentures issued on private placement basis**

### Link Intime India Private Ltd.

C 101, 247 Park, L. B. S. Marg,  
Vikhroli (West), Mumbai – 400083  
Tel. No.: +91 22-49186000  
Fax No.: +91 22-49186060  
e-mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
website : [www.linkintime.co.in](http://www.linkintime.co.in)

**For Debentures issued by way of public issue**

### Karvy Fintech Private Limited

Karvy Selenium Tower B,  
Plot no. 31 & 32, Financial District,  
Nanakramguda, Gachibowli,  
Hyderabad – 500 032  
Telephone +91 40-67162222  
Fax No.: +91 40-23420814  
E-mail: [einward.ris@karvy.com](mailto:einward.ris@karvy.com)

## DEBENTURE TRUSTEES

### Catalyst Trusteeship Limited

(formerly known as GDA Trusteeship Ltd)  
GDA House, 94/95, Plot No. 85,  
Bhusari Colony (Right),  
Paud Road, Pune - 411 038  
Tel. No.: +91 20-25280081  
Fax No.: +91 20-25280275  
e-mail: [dt@ctltrustee.com](mailto:dt@ctltrustee.com)  
website: [www.catalysttrustee.com](http://www.catalysttrustee.com)

### IDBI Trusteeship Services Limited

Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai - 400 001  
Tel. No.: +91 22-40807000  
Fax No.: +91 22-66311776  
email: [itsl@idbitrustee.com](mailto:itsl@idbitrustee.com)  
website: [www.idbitrustee.com](http://www.idbitrustee.com)

## CORPORATE OFFICE

10<sup>th</sup> Floor, TCG Financial Centre,  
Bandra Kurla Complex, BKC Road,  
Bandra (East), Mumbai - 400 098  
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Fax No.: +91 22-66006998

## NATIONAL OFFICE

6<sup>th</sup> and Ground Floor, HDIL Towers,  
Anant Kanekar Marg, Station Road,  
Bandra (East),  
Mumbai - 400 051  
Tel. No.: +91 22-7158 3333  
Fax No.: +91 22-7158 3344

## REGISTERED OFFICE

2<sup>nd</sup> Floor, Warden House,  
Sir P.M. Road, Fort,  
Mumbai - 400 001  
Tel. No.: +91 22-61066800  
Fax No.: +91 22-22871985





Changing Rules Changing Lives

**Dewan Housing Finance Corporation Limited**

CIN - L65910MH1984PLC032639

**Registered Office:**

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**Corporate Office:**

TCG Financial Centre, 10<sup>th</sup> Floor, BKC Road,  
Bandra Kurla Complex, Bandra (East), Mumbai - 400 098  
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Email: [response@dhfl.com](mailto:response@dhfl.com), Website: [www.dhfl.com](http://www.dhfl.com)

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HDIL Tower, Ground & Sixth Floor,  
Anant Kanekar Marg, D Block BKC, Bairam  
Naupada, Bandra East, Mumbai 400 051, Maharashtra, India  
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Fax: +91 22-7158 3344