Independent Auditors' Report

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

We have audited the standalone financial statements of PNB Housing Finance Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of changes in equity and the statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, changes in equity and its cash flows for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	KEY AUDIT MATTER	OUR RESPONSE
1.	**Transition to Ind AS from Indian GAAP** The standalone financial statements of the Company for the year ended March 31, 2019 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, 'First-Time Adoption of Indian Accounting Standards', with April 01, 2017 as the transition date and IGAAP as the previous GAAP. The transition to Ind AS has resulted in material changes in: • Classification and measurement of financial assets and financial liabilities • Measurement of loan losses (expected credit losses) • Accounting for loan related fees and costs • Accounting for employee stock option plan • Accounting for Derivative financial instruments	The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. Our audit procedures included: • Evaluating the accounting interpretations for compliance with Ind AS and testing the adjustments and disclosures made on transition. • The accounting policies (Refer Note 1.2) reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed. (Refer Note 46 for detailed note on First-Time Adoption of Ind AS) • Assessed that the areas of significant estimates and management judgment are in line with principles under Ind AS.
2.	**Impairment of loans** The Company reported total gross loans of ₹74,190.47 crore and ₹437.59 crore of expected credit loss provisions as on March 31, 2019 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2 or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios; • Completeness and valuation of post model adjustments;	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 or 3 were reviewed to verify that they were allocated to the appropriate stage. With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used and the valuation of collateral.

- Measurements of individually assessed provisions including the assessment of multiple scenarios; and
- Accuracy and adequacy of the financial statement disclosures.

To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans.

Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated.

The completeness and appropriateness of post model adjustments was assessed.

The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was evaluated.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, Key Highlights etc., but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

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

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

The other information is expected to be made available to us after the date of this auditors' report. When we read this other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE FINANCIAL STATEMENTS

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

In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors 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.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

2. As required by section 143(3) of the Act, based on our audit we report that:

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

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

(c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of written representations received from the directors as on March 31, 2019 and 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.

(f) 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 'II'.

(g) 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:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) 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 financial statements – Refer Note 37(i) to the standalone financial statements;

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

iii. The Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Annexure 'I' to the Independent Auditors' Report

(Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date)

1) 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) As informed, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such verification.

(c) Based upon the audit procedure performed and according to the records of the Company, the title deeds of all the immovable properties are held in the name of the Company.

2) The provisions of paragraph (ii) of the order are not applicable to the Company, as the Company is engaged in the financial services sector.

3) As informed, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act for the financial year 2018-19, and accordingly clauses (a), (b) and (c) of para (iii) of the order are not applicable.

4) As informed, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security.

5) In our opinion and according to the information and explanations given to us, the Company has complied with the directives issued by the Reserve Bank of India, provisions of section 73 to 76 and other relevant provisions of the Act, the Companies (Acceptance of Deposit) Rules, 2014 to the extent applicable, and The Housing Finance Companies (NHB) Directions, 2010, with regard to acceptance of deposits from the public. No order has been passed by the Company Law Board or the National Company Law Tribunal or Reserve Bank of India or by any other court or tribunal with regard to such deposits.

6) As informed to us, the maintenance of cost records has not been prescribed by the Central Government under section 148(1) of the Act, in respect of the activities carried on by the Company.

7) (a) According to the information and explanations given to us, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2019 for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, the details of disputed amount of Income Tax not deposited by the Company are as follows:

Name of the statute	Nature of the dues	Amount under dispute (₹ in crores)	Period to which the amount relates (Assessment Year)	Forum where dispute is pending
Income tax Act	Income tax	1.84	2016-17	Commissioner of Income Tax (Appeals)
Income tax Act	Income tax	1.06	2015-16	ITAT, Delhi
Income tax Act	Income tax	1.96	2014-15	ITAT, Delhi
Income tax Act	Income tax	0.43	2013-14	ITAT, Delhi
Income tax Act	Income tax	0.43	2012-13	ITAT, Delhi
Income tax Act	Income tax	0.35	2011-12	ITAT, Delhi
Income tax Act	Income tax	14.88	2010-11	ITAT, Delhi
Income tax Act	Income tax	0.55	2009-10	ITAT, Delhi
Total		**21.50**		

8) Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of loans and borrowings to the financial institutions, banks or debenture holders. The Company did not have any outstanding loans and borrowings from government during the year.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

11) In our opinion, the managerial renumeration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company.

13) In our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the standalone financial statements, as required by the applicable accounting standards.

14) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year, therefore reporting under clause 3(xiv) of the Order are not applicable.

15) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not entered into any non-cash transaction with directors or persons connected with him.

16) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Annexure 'II' to the Independent Auditors' Report

(Referred to in Paragraph 2(f) under the heading "Report on other legal and regulatory requirements" of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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 ("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 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 standalone financial statements, whether due to fraud or error.

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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.

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Standalone Balance Sheet

as at March 31, 2019

(₹ in crores)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	4,025.97	2,816.90	65.88
Bank balance other than cash and cash equivalents	4	0.11	0.03	85.62
Trade receivables	5	26.74	0.33	8.01
Loans	6	74,327.47	57,167.27	38,734.68
Investments	7	4,457.43	2,413.15	3,323.57
Other financial assets	8	512.96	240.82	159.81
		83,350.68	**62,638.50**	**42,377.57**
Non-financial assets				
Current tax assets (net)	9	98.82	48.81	12.39
Deferred tax assets (net)	10	51.21	45.60	5.35
Investment property	11	0.56	0.57	0.58
Property, plant and equipment	12	78.23	58.41	47.18
Other intangible assets	13	23.52	16.98	10.63
Capital work-in-progress		3.81	8.23	2.02
Intangible assets under development		1.36	1.46	0.01
Other non-financial assets	14	10.94	20.63	6.95
Assets held for sale		131.11	178.70	154.99
		399.56	**379.39**	**240.10**
Total		**83,750.24**	**63,017.89**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Derivative financial instruments	15	210.80	38.55	40.89
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises		132.16	123.66	92.18
Debt securities	16	29,604.94	31,088.30	17,415.61
Borrowings (other than debt securities)	17	26,793.19	9,950.72	6,719.23
Deposits	18	14,023.04	11,339.75	9,788.04
Subordinated liabilities	19	1,437.68	1,397.93	1,397.80
Other financial liabilities	20	2,081.31	853.06	453.24
		74,283.12	**54,791.97**	**35,906.99**
Non-financial liabilities				
Provisions	21	23.73	18.69	10.26
Other non-financial liabilities	22	2,008.38	1,638.88	900.82
		2,032.11	**1,657.57**	**911.08**
Equity				
Equity share capital	23	167.47	166.59	165.64
Other equity		7,267.54	6,401.76	5,633.96
Total equity		**7,435.01**	**6,568.35**	**5,799.60**
Total		**83,750.24**	**63,017.89**	**42,617.67**
Overview and significant accounting policies	1 & 2			

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Standalone Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	24	6,788.32	5,005.67
Fees and commission income	25	258.69	332.66
Net gain on derecognition of financial instruments under amortised cost category		308.09	116.22
Net gain on fair value changes	26	125.76	33.51
Total revenue from operations		**7,480.86**	**5,488.06**
Other income		3.74	0.63
Total income		**7,484.60**	**5,488.69**
Expenses			
Finance costs	27	5,166.46	3,536.56
Impairment on financial instruments	28	188.95	276.57
Employee benefits expense	29	211.33	142.72
Fees and commission expense		82.75	84.74
Depreciation, amortisation and impairment		31.29	24.11
Other expenses	30	225.77	189.41
Total expenses		**5,906.55**	**4,254.11**
Profit before tax		**1,578.05**	**1,234.58**
Tax expense/(credit)	31		
Current tax		447.49	437.02
Deferred tax		49.18	(44.58)
Profit for the year		**1,081.38**	**842.14**
Other comprehensive (loss)/income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement (loss)/gain on defined benefit plan		(0.69)	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.24	(0.05)
Subtotal (A)		**(0.45)**	**0.08**
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		(156.19)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss		54.55	1.52
Subtotal (B)		**(101.64)**	**(2.24)**
Other comprehensive (loss) / income (A + B)		**(102.09)**	**(2.16)**
Total comprehensive income for the year		**979.29**	**839.98**
Earnings per equity share (Face value of ₹ 10/- each fully paid up)	32		
Basic (₹)		64.61	50.58
Diluted (₹)		64.22	50.00
Overview and significant accounting policies	1 & 2		

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

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Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Standalone Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in crores)

Particular	Equity share	Other equity*						Total other equity	Total equity
		Reserves and surplus					Other comprehensive income		
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balance as at April 01, 2017	**165.64**	**3,932.42**	**334.76**	**40.84**	**20.74**	**1,339.63**	**(34.43)**	**5,633.96**	**5,799.60**
Equity shares issued during the year	0.95	30.97	-	-	-	-	-	30.97	31.92
Employee stock option exercised during the year (Refer note 23.8)	-	10.55	-	-	(10.55)	-	-	-	-
Transfer to special reserve#	-	-	150.00	-	-	(150.00)	-	-	-
Transfer to statutory reserve##	-	-	-	16.13	-	(16.13)	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	17.15	-	-	17.15	17.15
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(120.30)	-	(120.30)	(120.30)
Profit for the year	-	-	-	-	-	842.14	-	842.14	842.14
Fair value changes on derivatives	-	-	-	-	-	-	(2.24)	(2.24)	(2.24)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.08	-	0.08	0.08
Balances as at March 31, 2018	**166.59**	**3,973.94**	**484.76**	**56.97**	**27.34**	**1,895.42**	**(36.67)**	**6,401.76**	**6,568.35**
Equity shares issued during the year	0.88	28.95	-	-	-	-	-	28.95	29.83
Employee stock option exercised during the year (Refer note 23.8)	-	9.86	-	-	(9.86)	-	-	-	-
Transfer to special reserve#	-	-	147.00	-	-	(147.00)	-	-	-
Transfer to statutory reserve##	-	-	-	70.00	-	(70.00)	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	39.25	-	-	39.25	39.25
Transfer on account of stock option lapsed/expired	-	-	-	-	(0.62)	0.62	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(181.70)	-	(181.70)	(181.70)
Profit for the year	-	-	-	-	-	1,081.38	-	1,081.38	1,081.38
Fair value changes on derivatives	-	-	-	-	-	-	(101.64)	(101.64)	(101.64)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.45)	-	(0.45)	(0.45)
Others	-	-	-	-	-	(0.01)	-	(0.01)	(0.01)
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,578.26**	**(138.31)**	**7,267.54**	**7,435.01**

*Refer note 23.6 for nature and the purpose of reserves.

#As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹ 147.00 crores (Previous year ₹ 150.00 crores) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹ 70.00 crores (Previous year ₹ 16.13 crores) to statutory reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 09, 2019

Standalone Statement of Cash Flow

for the year ended March 31, 2019

(Indirect Method)

(₹ in crores)

	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,578.05	1,234.58
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	31.29	24.11
Loss on sale of property, plant and equipment	0.12	0.17
Impairment on financial instruments	162.15	258.27
Impairment/ (reversal of impairment) on assets held for sale	(0.81)	8.73
Net loss on financial asset at fair value through profit or loss	(3.60)	(7.52)
Share based payment expense	39.25	17.15
Effective interest rate on loans and investments	(2.16)	(4.84)
Effective interest rate on borrowings	41.99	(97.10)
Net gain on derecognition of financial instruments under amortised cost category	268.61	78.57
Derivative impact of external commercial borrowings	16.05	(6.10)
Bad debts written-off	26.80	18.30
	579.69	**289.74**
Operating profits before changes in working capital	**2,157.74**	**1,524.32**
Working Capital changes		
Trade payables	8.50	31.48
Provisions	4.70	8.43
Financial liabilities	1,228.25	399.82
Non-financial liabilities	369.05	744.43
Loans at amortised cost	(17,346.27)	(18,703.03)
Trade receivable	(26.41)	7.68
Other financial asset	(540.75)	(159.58)
Other non-financial asset	9.69	(13.68)
Investments (net)	(2,041.06)	916.64
Asset held for sale	48.40	(32.45)
Other bank balances	(0.08)	85.59
	(18,285.98)	**(16,714.67)**
Cash used in operations	**(16,128.24)**	**(15,190.35)**
Taxes paid (net of refunds)	(497.50)	(473.44)
Net cash used in operating activities	**(16,625.74)**	**(15,663.79)**
Cash flow from investing activities		
Purchase of property plant and equipment and other intangible assets	(57.95)	(41.92)
Capital work-in-progress and intangible assets under development (net)	4.52	(7.66)
Sale of property plant and equipment and other intangible assets	0.18	0.07
	(53.25)	**(49.51)**
Net cash used in investing activities	**(53.25)**	**(49.51)**

Standalone Statement of Cash Flow

for the year ended March 31, 2019

(Indirect Method)

(₹ in crores)

	Current Year	Previous Year
Cash flow from financing activities		
Proceeds from borrowings		
Debt securities & subordinated liabilities	1,440.70	8,954.00
Borrowings from bank	24,338.50	5,371.36
Deposits (net)	2,675.64	1,540.34
Commercial paper	33,575.00	26,600.00
Repayment of borrowings		
Commercial paper	(36,025.00)	(20,570.00)
Debt securities & subordinated liabilities	(530.00)	(1,200.00)
Borrowings from bank	(7,434.91)	(2,143.00)
Proceeds from issue of share capital	0.88	0.95
Share premium received	28.95	30.97
Dividend paid (including dividend distribution tax)	(181.70)	(120.30)
Net cash from financing activities	**17,888.06**	**18,464.32**
Net changes in cash and cash equivalents	**1,209.07**	**2,751.02**
Cash and cash equivalents at the beginning of the year	2,816.90	65.88
Cash and cash equivalents at the end the of the year	4,025.97	2,816.90
Net increase of cash and cash equivalents during the year	**1,209.07**	**2,751.02**

Note : Figures in bracket denotes application of cash

The accompanying notes are an integral part of the standalone financial statements.

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

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

1. OVERVIEW

1.1. Overview

PNB Housing Finance Limited ('PNBHFL'), 'the Company' was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and the National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi - 110001.

These standalone financial statement are approved and adopted by the Board of Directors of the Company in their meeting held on May 9, 2019.

1.2. Basis of preperation/Statement of compliance

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading, all of which have been measured at fair value.

The standalone financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the National Housing Bank Act, 1987 and the Housing Finance Companies Directions, 2010 as amended from time to time.

The standalone financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III.

For all periods up to and including the year ended March 31, 2018, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2019 are the first the Company has prepared in accordance with Ind AS.

The standalone financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crores, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 42.

Principles and methods considered for the first time adoption of Ind AS are explained in the note no. 46.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the 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 the assets.

b) Fair value of financial instruments

The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required

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

in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) **Effective Interest Rate (EIR) method**
EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income / expense that are integral parts of the instrument.

d) **Impairment of financial asset**
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

e) **Provisions and other contingent liabilities**
The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents
Cash and cash equivalent comprises cash on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue recognition
a) **Interest and related income**
Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate on net amount and restricting to the extent of the fair valuation of underlying asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at fair value through profit and loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

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

c) **Profit on derecognition of financial assets**
When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip/net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) **Other income**
Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

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

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) PPE

PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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

b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

2.5 Depreciation and Amortisation

a) Depreciation

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is put to use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) Amortisation

Intangible assets are amortised over a period of five years on straight line method except website development costs which are amortised over a period of three years on a straight-line basis from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

2.6 Investment property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Part C of Schedule II of the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in statement of profit and loss in the period of derecognition.

2.7 Foreign currency

Items included in the financial statements are measured using the currency of the primary economic environment

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

in which the entity operates ('the functional currency'). The Company's financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss except for differences arising on cash flow hedges.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Operating Leases

Company as a Lessee - Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognised as per terms of the lease agreement in the Statement of Profit and Loss.

Company as a Lessor - Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. The Company has ascertained that the payments by the lessee are structured to increase in line with expected general inflation to compensate for the Company's (lessor's) expected inflationary cost increases and therefore, the lease income is recognised as per terms of the lease agreement in the Statement of Profit and Loss.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal / external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

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

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

2.10 Provisions

Provisions are recognised when the Company 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.

2.11 Contingent liabilities and assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) **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.
- A present obligation arising from past events, when no reliable estimate is possible.
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) **Contingent assets are not recognised in the financial statements.**

2.12 Employee benefits

a) **Retirement and other employee benefits**

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as Compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Notes to Standalone Financial Statements

for the year ended March 31, 2019

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in the Statement of Profit and Loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

b) 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:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur

c) Share based payments

The Company operates a number of Employee Stock Option Scheme ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These Equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account) . The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2.13 Taxes

Tax expense comprises current and deferred tax.

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

b) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to

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

the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

2.14 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Financial Instruments

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

a) Financial Assets

- **Initial recognition and measurement**

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

- **Classification and Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial asset at amortised cost
- Financial asset (debt instruments) at FVTOCI
- Financial asset at FVTPL

Financial asset at amortised costs

Financial asset is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

Financial assets (debt instruments) at FVOCI

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

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial Asset at FVTPL

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

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b) Financial Liabilities

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees , commission / brokerage and ancillary costs incurred in relation to the financial liability .The EIR amortisation is included in interest expense in the statement of profit and loss.

2.16 Derivative financial instruments

A derivative is a financial instrument or other contract with all three of the following characteristics

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain / loss on fair value changes in the Statement of Profit and Loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

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

2.19 Derecognition of financial assets and liabilities

a) Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash and cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Definition of default: Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. National Housing Bank defines NPA in its Paragraph 2 sub-paragraph (1), clause (v) in its Housing Finance Companies (NHB) Directions, 2010 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

The mechanics and key inputs for computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired & for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the expectation of default.

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

Stage Definition	Details	Classification
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having Significant Increase in Credit Risk ("SICR") since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components of Expected Credit Loss are:

- **Probability of Default (PD)**

Probability of Default (PD) is one of the three risk components needed to estimate ECL under Ind AS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

The Company uses 12 month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**

The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at Default (EAD)**

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	FIRB + Asset coverage based

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail loans is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous year(s) portfolio behaviour of homogeneous pools is considered for PD estimation.

The company has identified various parameters to trigger SICR, which are described in the SICR section.

Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last 4 years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/ expected recoveries, depending on resolution strategies already materialised or in the process. Further, LGD pools have been aligned with the PD pools.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate Loans

Probability of Default

Historically, the Company has observed low instance of default for the corporate portfolio. For nil default portfolio, the Company has floored the PD at the minimum required level and for low default portfolio, statistical technique of Pluto-Tasche methodology, using latest external rating as available as cohort, has used to arrive at PDs. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

The Company has identified various parameters to trigger SICR which are described in the SICR section.

Loss Given Default

Given a very low instance of loss experience, the Company has referred Foundation internal rating based (FIRB) estimates. Further, the Company has applied business logic based on security coverage ratio to normalise the LGD estimates. A cut-off based on the skewness of the density plot of security coverage ratio was calculated.

Exposure at Default

EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for

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

the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Significant increase in credit risk (SICR)
The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans
Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans
The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information
Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of stressed and favourable economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL we have considered several macroeconomic variables such as growth rates of GDP, Housing Price Index (HPI) inflation, money supply, Private Final Consumption Expenditure (PFCE), interest rates among others.

The forward-looking scenario-based PDs were computed based on the selected macroeconomic variables for different portfolios. The list of macroeconomic variables was narrowed down using expert judgement based on business logic. The statistical significance of these variables was checked to finalize variables for each portfolio. List of macroeconomic variables as finalized are given below:

Macro parameter
GDP (Lag 1)
Money Supply (Lag 2)
HPI (Lag 1 and Lag 2)
WPI
CPI (Lag 1)

The macroeconomic variables with up to two-time lags were regressed against 20 quarter historic default rates of the portfolios. A Quasi-Binomial with logit regression was used to establish the relationships between default rates and macroeconomic variables.

Worst, Base, Mild and Best scenarios were created for all the portfolios and default rates were estimated for all the four scenarios. The differential default rates between the Base scenario and the Best, Worst and Mild scenarios were created/built to compute the shock factors. These shock factors were then added to the base Residual maturity probability of default (RMPD) term structure which was arrived using the Kaplan Meier technique, thereby creating four different RMPD term structures for the four scenarios. By this method, RMPD is a combination of the exogenous and the endogenous variables and hence PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors. For the purpose of finding likelihood (probability weights) of different scenarios, the frequency of each of the scenarios was ascertained. ECL for all portfolios is computed for these different scenarios and a probability weighted ECL is computed using the likelihood (weights) as calculated.

2.21 ECL on financial guarantee contracts
ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write-offs
The company undertakes write-off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write-off is vested with committee of senior officials of the Company. For LGD computation, the Company considers contractual amount written-off i.e. principal as well as interest overdue.

2.23 Collateral
Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody & settlement and free from all encumbrances in the relevant jurisdictions and complied with local by laws. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

Notes to Standalone Financial Statements
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On case-to-case basis, the Company may ask for additional security, which may in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Interest for the period from last maturity date to the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

2.26 Share issue expenses

Share issue expenses, net of tax, are adjusted against the securities premium account, as permissible under section 52(2) of the Companies Act. 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27 Assets held for sale

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

2.28 Segment Reporting

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

Notes to Standalone Financial Statements
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3. CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balances with banks in current accounts	3,511.41	2816.09	51.96
Cheques-on-hand	-	-	13.26
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	513.27	-	-
Cash on hand	1.27	0.76	0.63
Stamps on hand	0.02	0.05	0.03
	4,025.97	**2,816.90**	**65.88**

Note : 3.1 Short-term deposits earn interest at the respective short-term deposit rates.

Note : 3.2 Cash and cash equivalents for cash flow statement is including bank overdraft.

4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bank Deposits (More than 3 months & upto 12 months) (Refer Note 4.1)	-	-	85.62
Earmarked balances with bank (Refer Note 4.2)	0.11	0.03	-
	0.11	**0.03**	**85.62**

Note : 4.1 Short-term deposits earn interest at the respective short-term deposit rates.

Note : 4.2 Earmarked balances with bank include unclaimed dividend.

5. RECEIVABLES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables			
Unsecured considered good (Refer note 5.1)	26.74	0.33	8.01
Receivables – credit impaired	-	-	-
	26.74	**0.33**	**8.01**
Provision for impairment			
Unsecured considered good	-	-	-
Receivables – credit impaired	-	-	-
	-	-	-
Other receivables	-	-	-
	26.74	**0.33**	**8.01**

Note : 5.1 No trade or other receivable are due from directors or other officers of the Company 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.

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

6. LOANS (AT AMORTISED COST)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Term Loans	74,921.60	57,599.59	38,908.73
Total	**74,921.60**	**57,599.59**	**38,908.73**
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,327.47**	**57,167.27**	**38,734.68**
Secured by tangible assets	74,921.60	57,599.59	38,908.73
Total	**74,921.60**	**57,599.59**	**38,908.73**
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,327.47**	**57,167.27**	**38,734.68**
Public Sector	-	-	-
Others	74,921.60	57,599.59	38,908.73
Total	**74,921.60**	**57,599.59**	**38,908.73**
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,327.47**	**57,167.27**	**38,734.68**

Note 6.1: Loans - Staging analysis

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans*	54,508.64	1,303.44	325.00	56,137.08	43,985.05	673.19	165.66	44,823.90	30,932.59	461.09	85.77	31,479.45
Total	**54,508.64**	**1,303.44**	**325.00**	**56,137.08**	**43,985.05**	**673.19**	**165.66**	**44,823.90**	**30,932.59**	**461.09**	**85.77**	**31,479.45**

As on March 31, 2018, the Company had loan assets of ₹44,823.90 crores of which 98.13% were in stage 1, 1.50% were in stage 2 and 0.37% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 11.42% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 15.56% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 12.02% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

As on April 01, 2017, the Company had loan assets of ₹31,479.45 crores of which 98.26% were in stage 1, 1.47% were in stage 2 and 0.27% were in stage 3.

Movement of assets is as follows:

a) Movement of Stage 1:

i) 16.58% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 14.62% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

Notes to Standalone Financial Statements
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c) Movement of Stage 3:

i) 26.84% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans*	16,903.67	1,119.85	29.87	18,053.39	11,940.28	293.64	20.44	12,254.36	7,029.26	56.33	-	7,085.59
Total	**16,903.67**	**1,119.85**	**29.87**	**18,053.39**	**11,940.28**	**293.64**	**20.44**	**12,254.36**	**7,029.26**	**56.33**	**-**	**7,085.59**

As on March 31, 2018, the Company had loan assets of ₹12,254.36 crores of which 97.44% were in stage 1, 2.39% were in stage 2 and 0.17% were in stage 3.

Movement of assets is as follows:

a) Movement of Stage 1:

i) 19.46% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 50.78% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 100% of loan assets moved out of books by year end

As on April 01, 2017, the Company had loan assets of ₹7,085.59 crores of which 99.21% were in stage 1, 0.79% were in stage 2 and 0.00% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 26.80% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 0.00% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

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

Note 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	27.89	52.57	64.48	144.94	13.20	31.98	44.19	89.37	16.63	11.17	26.52	54.32
Total	27.89	52.57	64.48	144.94	13.20	31.98	44.19	89.37	16.63	11.17	26.52	54.32

ECL movement as on March 31, 2018 and March 31, 2019

a) The loan assets in stage 2 were 2.32% as on March 31, 2019 as against 1.50% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹370 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.66%.

b) Despite the applicability of SICR, the improvement in stage 2 ECL % POS is attributed to low forward flows from stage 2 to stage 3 for the Company's non-housing portfolio. In addition, lower loan to value ratios for non-housing loan have resulted in improved LGDs.

c) Overall ECL % POS have increased by 26 bps but stage 3 ECL as % POS have reduced because of improvement in trend of resolution of stage 3 assets and applicability of behaviour LGDs.

ECL movement as on March 31, 2017 and March 31, 2018

a) Despite the increase in stage 1 loan assets, the ECL as % POS gets reduced by 2 bps. This decrease in ECL % is attributed to improved performance and resolution of non-housing loans which resulted in lower probability of default.

b) ECL as % POS for stage 2 portfolio increased as there was higher transition due to vintage impact of portfolio and relatively lower percentage of roll backs.

c) Dynamism of portfolio behaviour and model validation exercise have also resulted in improved predictability.

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	112.45	170.34	9.86	292.65	173.45	15.36	8.70	197.41	34.20	2.49	-	36.69
Total	112.45	170.34	9.86	292.65	173.45	15.36	8.70	197.41	34.20	2.49	-	36.69

ECL movement as on March 31, 2018 and March 31, 2019

a) Despite the growth in loan book, stage 1 ECL % of POS reduced from 1.45% to 0.67%. This is attributed to application of SICR and movement of frequent delinquent accounts from stage 1 to stage 2.

b) The loan assets in stage 2 were 6.20% as on March 31, 2019 as against 2.40% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹845 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 5.23% to 15.22%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.52% as against 2.40% as on March 31, 2018.

d) The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

ECL movement as on March 31, 2017 and March 31, 2018

a) In FY 2016-17 and FY 2017-18, the economy had disruptive but far reaching positive impact measures of GST, RERA and demonetisation which slowed the growth engine temporarily and adversely impacted the real estate market. During the FY 2017-18, our corporate finance book also registered increase in early bucket delinquencies i.e. DPD of 1 to 30 days over dues and subsequent forward flows to higher stages of loan assets were also increased. Due to higher flows, stage 1 and stage 2 ECL as % POS has increased.

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

b) Despite the higher forward flows to stage 2, the Company, through its collective efforts and robust monitoring mechanism, was able to hold stage 3 assets at 0.17% as on March 31, 2018. For this, the Company provided provision coverage at 43%.

Given the current state of affairs in real estate industry, transitionary phase of small in medium scale business due to GST and demonetisation, macro-economic factors like interest rate etc. the Company is maintaining an additional provision for unforeseen macro-economic factors of ₹156.54 crores (March 31, 2018 ₹145.54 crores and Marc 31, 2017 ₹83.04 crores).

#Refer note no. 2.20 and 43.1

Note 6.3: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

i) Equitable / Simple / English Mortgage of immovable property;
ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;
iii) Demand Promissory Note;
iv) Post Dated Cheques towards the repayment of the debt;
v) Personal / Corporate Guarantees;
vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts;
vii) Undertaking to create a security;
viii) Letter of comfort.

7. INVESTMENTS

(₹ in crores)

Particulars	As at March 31, 2019			
	Amortised cost	At fair value through profit or loss	Others	Total
Investments in India (a)				
Government securities	1,386.07	-	-	1,386.07
Debt securities	-	166.73	-	166.73
Subsidiaries	-	-	0.25	0.25
Certificate of deposits	-	2,904.38	-	2,904.38
Total	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**
Investments outside India (b)	-	-	-	-
Total (a+b)	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,386.07**	**3,071.11**	**0.25**	**4,457.43**

(₹ in crores)

Particulars	As at March 31, 2018			
	Amortised cost	At fair value through profit or loss	Others	Total
Investments in India (a)				
Mutual funds	-	440.52	-	440.52
Government securities	1,182.72	-	-	1,182.72
Debt securities	-	408.69	-	408.69
Subsidiaries	-	-	0.25	0.25
Commercial papers	-	193.87	-	193.87
Certificate of deposits	-	187.10	-	187.10
Total	**1,182.72**	**1,230.18**	**0.25**	**2,413.15**
Investments outside India (b)	-	-	-	-
Total (a+b)	**1,182.72**	**1,230.18**	**0.25**	**2,413.15**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**1,182.72**	**1,230.18**	**0.25**	**2,413.15**

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

(₹ in crores)

Particulars	As at April 01, 2017 Amortised cost	At fair value through profit or loss	Others	Total
Investments in India (a)				
Mutual funds	-	890.26	-	890.26
Government securities	978.13	-	-	978.13
Debt securities	-	1,224.45	-	1,224.45
Commercial papers	-	230.73	-	230.73
Total	**978.13**	**2,345.44**	**-**	**3,323.57**
Investments outside India (b)	-	-	-	-
Total (a+b)	**978.13**	**2,345.44**	**-**	**3,323.57**
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	**978.13**	**2,345.44**	**-**	**3,323.57**

8. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivables on assignment of loans (Refer note 8.1)	492.99	224.01	147.15
Other Receivables	1.22	0.32	-
Security deposits	18.75	16.49	12.66
Total	**512.96**	**240.82**	**159.81**

Note : 8.1 During the year ended March 31, 2019, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crores)

Loans and advances measured at amortised cost	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Carrying amount of derecognised financial assets	10,699.00	5,238.00	2,960.00

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

9. CURRENT TAX ASSETS (NET)

(₹ in crores)

Particulars	
As at April 01, 2017	**12.39**
Advance tax (including TDS)	473.44
Current tax liability	(437.10)
Current tax related to earlier years	0.08
As at March 31, 2018	**48.81**
Advance tax (including TDS)	497.50
Current tax liability	(452.66)
Current tax related to earlier years	5.17
As at March 31, 2019	**98.82**

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

10. DEFERRED TAX ASSETS (NET)
As at March 31, 2019

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	6.22	-	3.39	-
Provision for employee benefits	21.89	-	15.42	-
Impairment allowance for financial assets	196.86	-	38.75	-
Derivative instruments in cash flow hedge	74.29	-	-	54.55
Expenses paid in advance (net of income received in advance)	-	85.29	(23.89)	-
Interest spread on assigned loans	-	170.36	(93.86)	-
Fair valuation of financial instruments held for trading	0.04	-	1.26	-
Remeasurement gain/(loss) on defined benefit plan	0.19	-	-	0.24
Others temporary differences	7.37	-	9.75	-
Total	**306.86**	**255.65**	**(49.18)**	**54.79**

As at March 31, 2018

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	2.83	-	2.86	-
Provision for employee benefits	6.47	-	2.92	-
Impairment allowance for financial assets	158.11	-	92.76	-
Derivative instruments in cash flow hedge	19.74	-	-	1.52
Expenses paid in advance (net of income received in advance)	-	61.40	(19.14)	-
Interest spread on assigned loans	-	76.50	(27.49)	-
Fair valuation of financial instruments held for trading	-	1.22	2.63	-
Remeasurement gain/(loss) on defined benefit plan	-	0.05	-	(0.05)
Others temporary differences	9.75	12.13	(9.96)	-
Total	**196.90**	**151.30**	**44.58**	**1.47**

As at April 01, 2017

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	-	0.03
Provision for employee benefits	3.55	-
Impairment allowance for financial assets	65.35	-
Derivative instruments in cash flow hedge	18.22	-
Expenses paid in advance (net of income received in advance)	-	42.26
Interest spread on assigned loans	-	49.01
Fair valuation of financial instruments held for trading	-	3.85
Others temporary differences	20.72	7.34
Total	**107.84**	**102.49**

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

11. INVESTMENT PROPERTY

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.58	-	-	0.58	0.01	0.01	-	0.02	0.56	0.57
Total	**0.58**	**-**	**-**	**0.58**	**0.01**	**0.01**	**-**	**0.02**	**0.56**	**0.57**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.58	-	-	0.58	-	0.01	-	0.01	0.57	0.58
Total	**0.58**	**-**	**-**	**0.58**	**-**	**0.01**	**-**	**0.01**	**0.57**	**0.58**

*Refer note 16.1 (a)

Note 11.1: Amount recognised in statement of profit and loss for investment properties are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Rental Income	0.11	0.05
Profit from investment properties before depreciation	**0.11**	**0.05**
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.10**	**0.04**

Note 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum lease payments receivable under non-cancellable leases of investment properties are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Within one year	0.11	0.05	-
Later than one year but not later than five year	0.14	0.25	-
Later than five years	-	-	-

Note 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Investment properties	5.88	5.93	6.03

Notes to Standalone Financial Statements
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12. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.27	-	-	0.27	0.01	0.01	-	0.02	0.25	0.26
Furniture & Fixtures	17.94	5.02	0.26	22.70	3.04	3.08	0.23	5.89	16.81	14.90
Vehicles	0.10	-	-	0.10	0.01	0.01	-	0.02	0.08	0.09
Computers	15.54	8.31	0.40	23.45	4.92	5.19	0.34	9.77	13.68	10.62
Office Equipment & Others	16.74	11.80	0.94	27.60	3.85	5.62	0.84	8.63	18.97	12.89
Leasehold Improvements	26.90	18.92	0.40	45.42	7.25	10.01	0.28	16.98	28.44	19.65
Total	**77.49**	**44.05**	**2.00**	**119.54**	**19.08**	**23.92**	**1.69**	**41.31**	**78.23**	**58.41**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.27	-	-	0.27	-	0.01	-	0.01	0.26	0.27
Furniture & Fixtures	11.73	6.71	0.50	17.94	-	3.31	0.27	3.04	14.90	11.73
Vehicles	0.10	-	-	0.10	-	0.01	-	0.01	0.09	0.10
Computers	7.54	8.00	-	15.54	-	4.92	-	4.92	10.62	7.54
Office Equipment & Others	10.44	6.57	0.27	16.74	-	4.11	0.26	3.85	12.89	10.44
Leasehold Improvements	17.10	9.81	0.01	26.90	-	7.26	0.01	7.25	19.65	17.10
Total	**47.18**	**31.09**	**0.78**	**77.49**	**-**	**19.62**	**0.54**	**19.08**	**58.41**	**47.18**

*Refer note 16.1 (a)

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

13. OTHER INTANGIBLE ASSETS

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	21.46	13.90	-	35.36	4.48	7.36	-	11.84	23.52	16.98
Total	**21.46**	**13.90**	**-**	**35.36**	**4.48**	**7.36**	**-**	**11.84**	**23.52**	**16.98**

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Software	10.63	10.83	-	21.46	-	4.48	-	4.48	16.98	10.63
Total	**10.63**	**10.83**	**-**	**21.46**	**-**	**4.48**	**-**	**4.48**	**16.98**	**10.63**

14. OTHER NON FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	1.31	0.95	1.33
Statutory receivables (net)	5.64	3.04	1.24
Advances recoverable in cash or kind	3.99	16.64	4.38
Total	**10.94**	**20.63**	**6.95**

15. DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crores)

Particulars		As at March 31, 2019			As at March 31, 2018			As at April 01, 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
Currency derivatives:										
Spot forwards		375.89	-	27.00	-	-	-	-	-	-
Currency swaps		5,345.99	1.81	100.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
	(i)	**5,721.88**	**1.81**	**127.00**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**
Interest rate derivatives:										
Forward rate agreements and interest rate swaps		3,216.47	-	85.61	-	-	-	-	-	-
	(ii)	**3,216.47**	**-**	**85.61**	**-**	**-**	**-**	**-**	**-**	**-**

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

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 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
Total derivative financial instruments (i)+(ii)	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**
Included in above are derivatives held for hedging and risk management purposes as follows:									
Cash flow hedging:									
Currency derivatives	5,721.88	1.81	127.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
Interest rate derivatives	3,216.47	-	85.61	-	-	-	-	-	-
Total derivative financial instruments	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**

* Refer note no. 17.3, 40 and 43.2

16. DEBT SECURITIES

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Redeemable non-convertible debentures	21,750.93	-	-	21,750.93	20,877.08	-	-	20,877.08	13,162.05	-	-	13,162.05
Unsecured												
Commercial papers	7,854.01	-	-	7,854.01	10,211.22	-	-	10,211.22	4,253.56	-	-	4,253.56
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**
Debt securities in India	29,604.94	-	-	29,604.94	31,088.30	-	-	31,088.30	17,415.61	-	-	17,415.61
Debt securities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**

Note:16.1 Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, all the redeemable non-convertible debentures are also secured by mortgage of buildings of ₹0.77 crores (Refer Note 11 & 12).

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

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
7.01% - 8.00%	3,870.00	5,570.00	700.00	-	200.00	8,870.00	1,270.00	-	-	800.00	1,275.00	-
8.01% - 9.00%	3,813.00	5,369.00	1,155.00	-	-	5,683.00	2,653.00	600.00	300.00	2,783.00	4,664.00	800.00
9.01% - 10.00%	30.00	460.00	830.00	-	330.00	60.00	960.00	300.00	900.00	360.00	460.00	830.00
	7,713.00	**11,399.00**	**2,685.00**	**-**	**530.00**	**14,613.00**	**4,883.00**	**900.00**	**1,200.00**	**3,943.00**	**6,399.00**	**1,630.00**

Note : 16.2

The rate of interest and amount of repayment appearing in note 16.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Term loans												
National housing bank	7,021.58	-	-	7,021.58	3,891.97	-	-	3,891.97	2,748.40	-	-	2,748.40
Banks	11,212.81	-	-	11,212.81	2,052.18	-	-	2,052.18	221.85	-	-	221.85
External commercial borrowing	2,868.78	-	-	2,868.78	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Bank overdraft	2,417.88	-	-	2,417.88	1,495.43	-	-	1,495.43	1,856.98	-	-	1,856.98
Loans from related party	3,272.14	-	-	3,272.14	1,050.00	-	-	1,050.00	390.00	-	-	390.00
Total	**26,793.19**	**-**	**-**	**26,793.19**	**9,950.72**	**-**	**-**	**9,950.72**	**6,719.23**	**-**	**-**	**6,719.23**
Borrowings in India	22,135.56	-	-	22,135.56	8,489.58	-	-	8,489.58	5,217.23	-	-	5,217.23
Borrowings outside India	4,657.63	-	-	4,657.63	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Total	**26,793.19**	**-**	**-**	**26,793.19**	**9,950.72**	**-**	**-**	**9,950.72**	**6,719.23**	**-**	**-**	**6,719.23**

Note 17.1: Refinance from National Housing Bank (NHB):

a) Nature of security

During FY19, the Company has availed refinance facility aggregating to ₹3,500 crores from NHB under various schemes . All the present and outstanding refinance from NHB are secured by hypothecation of specific loans/ book debts against which refinance has been availed.

Notes to Standalone Financial Statements

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b) **Terms of repayment**

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	132.45	353.20	353.20	311.15	-	-	-	-	-	-	-	-
6.01% - 8.00%	-	-	-	-	153.77	400.82	399.59	718.96	53.55	124.68	116.23	368.24
8.01% - 10.00%	644.68	1,303.03	1,215.63	2,708.24	215.12	573.64	557.16	872.91	213.79	551.85	549.10	770.96
	777.13	**1,656.23**	**1,568.83**	**3,019.39**	**368.89**	**974.46**	**956.75**	**1,591.87**	**267.34**	**676.53**	**665.33**	**1,139.20**

Note 17.2: Term loan from Banks:

a) **Nature of security**

i) Term loan from Punjab National Bank (related party) are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.25 times of outstanding amount

b) **Terms of repayment**

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
7.00% - 9.00%	800.00	558.29	125.00	-	650.00	50.00	350.00	-	-	-	-	-
9.01% - 11.00%	-	-	-	-	-	-	-	-	240.00	150.00	-	-
from others:												
7.00% - 9.00%	4,087.20	5,181.51	919.34	-	750.92	1,051.26	250.00	-	149.68	-	-	-
9.01% - 11.00%	558.33	466.43	-	-	-	-	-	-	72.17	-	-	-
	5,445.53	**6,206.23**	**1,044.34**	**-**	**1,400.92**	**1,101.26**	**600.00**	**-**	**461.85**	**150.00**	**-**	**-**

Note 17.3: External commercial borrowing:

a) **Nature of security**

i) Pursuant to the Reserve bank of India (RBI) circular dated 27th April 2018, whereby RBI allowed Housing finance companies (HFC) to borrow through External commercial borrowings (ECB) under the "Automatic Route", the Company during FY19 has raised ECB of USD 465 million from various lenders under automatic route. Earlier the Company has availed ECB of USD 150 million in FY17 and USD 100 million in FY15 for financing eligible housing units under "approval route" in terms of the erstwhile RBI guidelines. All the ECB borrowings are secured against eligible housing loans / book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

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iii) As at March 31, 2019, the Company has outstanding foreign currency borrowings of USD 683.13 million (March 31, 2018 USD 225.62 million and March 31, 2017 USD 233.13 million). The Company has undertaken principal only swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the Company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

b) **Terms of repayment**

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
USD LIBOR + 120 - 200 bps	-	-	1,833.04	-	-	-	-	-	-	-	-	-
from others:												
USD LIBOR + 120 - 200 bps	743.59	204.92	1,943.72	-	50.09	788.19	450.81	178.47	50.09	744.19	192.08	525.19
	743.59	**204.92**	**3,776.76**	-	**50.09**	**788.19**	**450.81**	**178.47**	**50.09**	**744.19**	**192.08**	**525.19**

Note 17.4: Bank overdraft:

a) **Nature of security**

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.2 times of outstanding amount.

b) **Terms of Repayment**

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
8.00% - 9.85%	**2,417.88**	-	-	-	**1495.43**	-	-	-	**1856.98**	-	-	-

Note : 17.5

The rate of interest and amount of repayment appearing in note 17.1(b), 17.2(b) and 17.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

18. DEPOSITS*

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Particulars	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
From public	11,781.99	-	-	11,781.99	9,131.11	-	-	9,131.11	8,527.86	-	-	8,527.86
From banks	528.94	-	-	528.94	487.84	-	-	487.84	330.87	-	-	330.87
From others	1,712.11	-	-	1,712.11	1,720.80	-	-	1,720.80	929.31	-	-	929.31
Total	**14,023.04**	-	-	**14,023.04**	**11,339.75**	-	-	**11,339.75**	**9,788.04**	-	-	**9,788.04**

* Refer note 34.26

Notes to Standalone Financial Statements
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19. SUBORDINATED LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured												
Redeemable non convertible debentures	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**
Subordinated liabilities in India	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Subordinated liabilities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**

Note :19.1 Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2019, ₹1,258.90 crores (March 31, 2018 ₹1,359.00 crores and March 31, 2017 ₹1,399.00 crores) qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
8.01% - 9.00%	-	-	499.00	700.00	-	-	-	1,199.00	-	-	-	1,199.00
9.01% - 10.00%	-	-	200.00	39.70	-	-	200.00	-	-	-	-	200.00
	-	**-**	**699.00**	**739.70**	**-**	**-**	**200.00**	**1,199.00**	**-**	**-**	**-**	**1,399.00**

Note : 19.2

The rate of interest and amount of repayment appearing in note 19.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

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20. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on deposits	217.89	196.17	159.73
Interest accrued but not due on borrowings	1,271.97	289.41	15.05
Amount payable under assignments	267.99	134.14	133.27
Other liabilities	323.46	233.34	145.19
Total	**2,081.31**	**853.06**	**453.24**

21. PROVISIONS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Retirement benefits	23.39	18.69	10.26
Letter of comforts	0.34	-	-
Total	**23.73**	**18.69**	**10.26**

22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Book overdraft	1,805.17	1455.62	777.74
Advance received from customers	135.62	129.86	95.18
Statutory dues payable	40.55	32.28	22.32
Other liabilities	27.04	21.12	5.58
Total	**2,008.38**	**1,638.88**	**900.82**

23. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised			
50,00,00,000 equity shares of ₹10/- each	500.00	500.00	500.00
	500.00	**500.00**	**500.00**
Issued, subscribed and paid-up			
16,74,69,016 equity shares of ₹10/- each fully paid up (March 31, 2018: 16,65,86,482 and March 31, 2017: 16,56,42,309)	167.47	166.59	165.64
Total	**167.47**	**166.59**	**165.64**

Note 23.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	(₹ in crores)	No. of shares	₹ in crores
At the beginning of the year	16,65,86,482	166.59	16,56,42,309	165.64
Add: Share alloted pursuant to exercise of stock option	8,82,534	0.88	9,44,173	0.95
Outstanding at the end of the year	**16,74,69,016**	**167.47**	**16,65,86,482**	**166.59**

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Note 23.2 Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Punjab National Bank	5,49,14,840	32.79	5,49,14,840	32.96	6,47,30,700	39.08
Quality Investments Holdings	5,41,92,300	32.36	6,21,92,300	37.33	6,21,92,300	37.55
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.91	1,41,99,928	8.52	1,14,24,537	6.90

Note 23.3 Terms / Rights attached to equity shares
The Company has only one class of shares referred to as equity shares having a par value of ₹10/ - per share. Each holder of equity shares is entitled to one vote per share.
The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Note 23.4 The Company has not alloted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 23.5 The Company has not:

i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

Note 23.6 Nature and purpose of reserves

Share premium reserve

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

Statutory reserve and Special reserve

In accordance with Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.
The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29C(i).

Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.(Refer Note 23.8)

Cash flow hedge reserve

The Company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the Company uses foreign currency forward contracts, cross currency swaps and interest rate swaps.
To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedge reserve is reclassified to the statement of profit and loss when the hedged item affects profit or loss (e.g. interest payments).

Note 23.7 Capital Management
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements National Housing Bank ("NHB") the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB from time to time.
Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board at regular intervals.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve , deferred revenue expenditure and other intangible assets. The book value of Investment in equity, bonds, debentures and loan & advances to subsidiaries and group companies exceeding 10% of owned

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funds will be reduced while arriving the Tier I capital.
The other component of regulatory capital is Tier II Capital, which includes non-convertible preference shares, revaluation and loss reserves, hybrid capital instruments and subordinated debts. (Refer note no. 34.1)

Note 23.8 Shares reserved for issue under ESOS
(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	As at March 31, 2019			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹1,333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	As at March 31, 2019		
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019
Number of options granted	18,15,000	2,35,000	1,81,200
Exercise price per option	₹1,333.35	₹1,333.35	₹847.40
Date of vesting	The vesting will be as under:		
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023
Exercise period	Within 3 years from the date of respective vesting		
Method of settlement	Through allotment of one equity share for each option granted		
Vesting conditions	Employee to remain in service on the date of vesting		

Particulars	As at March 31, 2018			As at April 01, 2017
	ESOS - 2016Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche I
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	April 22, 2016
Number of options granted	38,07,690	4,05,700	1,00,000	38,07,690
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹338.00
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on April 22, 2017
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on April 22, 2018
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on April 22, 2019
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on April 22, 2020
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

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(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2019			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	26,70,101	3,57,700	1,00,000	-
Options exercisable at the beginning of the year	(b)	1,500	-	-	-
Options granted during the year	(c)	-	-	-	1,36,485
Options lapsed / expired during the year	(d)	5,500	10,125	-	-
Options vested during the year	(e)	8,90,034	85,800	20,000	-
Options exercised during the year*	(f)	8,82,534	-	-	-
Options forfeited during the year	(g)	1,03,267	44,875	-	29,300
Options outstanding at end of the year	(h) = (a+c-e-g)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,500	75,675	20,000	-
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1,206.35	1,333.35
Contractual life (year)		2.51	3.87	4.91	4.83

Particulars		As at March 31, 2019		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	18,15,000	2,35,000	1,81,200
Options lapsed / expired during the year	(d)	-	-	-
Options vested during the year	(e)	-	-	-
Options exercised during the year**	(f)	-	-	-
Options forfeited during the year	(g)	1,11,200	36,000	9,800
Options outstanding at end of the year	(h) = (a+c-e-g)	17,03,800	1,99,000	1,71,400
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option (₹)		1,333.35	1,333.35	847.40
Contractual life (year)		6.04	4.83	5.47

Particulars		As at March 31, 2018		
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III
Options Outstanding at the beginning of the year	(a)	37,82,690	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	4,05,700	1,00,000
Options lapsed / expired during the year	(d)	-		
Options vested during the year	(e)	9,45,673	-	-
Options exercised during the year*	(f)	9,44,173	-	-
Options forfeited during the year	(g)	1,66,916	48,000	-
Options outstanding at end of the year	(h) = (a+c-e-g)	26,70,101	3,57,700	1,00,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,500	-	-
Weighted Average Exercise Price per option (₹)		338.00	1,600.60	1206.35
Contractual life (year)		3.54	4.92	5.91

* Weighted average share price at the date of the exercise of the stock option is ₹1,008.31

** Weighted average share price at the date of the exercise of the stock option is ₹1,010.65

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(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Estimated Value of Stock Option (₹)	593.17	511.64	321.87
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40
Exercise Price (₹)	1,333.35	1,333.35	847.40
Expected Volatility (%)*	0.3560	0.3560	0.4102
Dividend Yield Rate (%)	0.53	0.55	1.06
Expected Life of Options** (year)	5.21	4.00	4.00
Risk Free Rate of Interest (%)	7.90	7.79	6.97

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the historical data and the current expectation and is not necessarily indicative of exercise pattern that may occur.

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	39.25	17.15
Expense arising from cash settled share based payment transaction	-	-
Total	**39.25**	**17.15**

Note 23.9: Dividend paid and proposed

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2018: ₹9/- per share	181.70	-
Final dividend for 2017: ₹6/- per share	-	120.30
Total dividend paid	**181.70**	**120.30**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2019: ₹9/- per share	182.62	-
Final dividend for 2018: ₹9/- per share	-	181.70

Note 23.9.1: Dividend includes dividend distribution taxes

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24. INTEREST INCOME

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	6,632.90	-	6,632.90	4,867.43	-	4,867.43
Investments						
Financial investments - Debt	101.65	-	101.65	89.55	-	89.55
Financial asset valued at fair value through profit or loss	-	23.86	23.86	-	46.87	46.87
Deposits with banks	25.97	-	25.97	0.53	-	0.53
Other Interest income						
Corporate deposits	2.35	-	2.35	-	-	-
Loan against deposits	1.59	-	1.59	1.29	-	1.29
Total	**6,764.46**	**23.86**	**6,788.32**	**4,958.80**	**46.87**	**5,005.67**

25. FEES AND COMMISSION INCOME

(₹ in crores)

Particulars	Current Year	Previous Year
Fees Income	201.95	252.44
Other charges recovered	56.74	80.22
Total	**258.69**	**332.66**

26. NET GAIN ON FAIR VALUE CHANGES

(₹ in crores)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	125.76	33.51
Total	**125.76**	**33.51**
Fair value changes:		
-Realised	130.53	41.03
-Unrealised	(4.77)	(7.52)
Total	**125.76**	**33.51**

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

27. FINANCE COSTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	2,482.59	2,482.59	-	1,996.84	1,996.84
Interest on borrowings	-	1,491.64	1,491.64	-	531.65	531.65
Interest on deposits	-	1,034.71	1,034.71	-	861.24	861.24
Interest on subordinated liabilities	-	121.12	121.12	-	120.71	120.71
Fee and other charges	-	36.40	36.40	-	26.12	26.12
Total	**-**	**5,166.46**	**5,166.46**	**-**	**3,536.56**	**3,536.56**

28. IMPAIRMENT ON FINANCIAL INSTRUMENT

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	161.81	161.81	-	258.27	258.27
Bad debts written-off	-	26.80	26.80	-	18.30	18.30
Letter of comforts	-	0.34	0.34	-	-	-
Total	**-**	**188.95**	**188.95**	**-**	**276.57**	**276.57**

29. EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	160.93	116.71
Contribution to provident and other funds	8.04	6.43
Share based payments to employees	39.25	17.15
Staff welfare expenses	3.11	2.43
Total	**211.33**	**142.72**

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

30. OTHER EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	48.95	37.66
Repairs and maintenance	12.70	8.74
General office expenses	60.74	35.90
Legal and professional charges	33.29	23.59
Advertisement and publicity	23.91	41.21
Corporate social responsibility expenses (Refer note 30.1)	17.24	10.69
Communication costs	6.93	5.36
Travelling and conveyance	6.68	5.26
Printing and stationery	8.34	6.14
Training and recruitment expenses	3.66	3.28
Director's fees, allowances and expenses	1.62	1.27
Auditor's fees and expenses (Refer note 30.2)	0.55	0.49
Insurance	0.11	0.41
Bank charges	0.83	0.47
Net loss on derecognition of property, plant and equipment	0.12	0.17
Impairment on assets held for sale	-	8.73
Other expenditure	0.10	0.04
Total	**225.77**	**189.41**

Note 30.1 Corporate Social Responsibility expense (CSR)

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

(₹ in crores)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	**17.24**	**10.69**
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
- Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	16.38	11.81
- Expenditure on administrative overheads for CSR	0.86	0.53
Total	**17.24**	**12.34**

*Amount spent during the previous year includes ₹1.65 crores for financial year 2016-17.

Note: 30.2 Auditor's fees and expenses

(₹ in crores)

Particulars	Current Year	Previous Year
Statutory audit fee	0.23	0.16
Tax audit fee	0.05	0.05
Limited review fee	0.11	0.11
Other certification fee	0.16	0.17
Total	**0.55**	**0.49**

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

31. INCOME TAXES

The components of income tax expense are:

(₹ in crores)

Particulars	Current Year	Previous Year
Current tax	452.66	437.10
Adjustments in respect of current income tax of prior years	(5.17)	(0.08)
Deferred tax relating to origination and reversal of temporary differences	49.18	(44.58)
Total	**496.67**	**392.44**
Current tax	447.49	437.02
Deferred tax (Refer note 10)	49.18	(44.58)

Note 31.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended:

(₹ in crores)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,578.05	1,234.58
Statutory income tax rate (%)	(b)	34.944	34.608
Tax at statutory income tax rate	(c) = (a*b)	551.43	427.26
Adjustments in respect of current income tax of prior years	(d)	(5.17)	(0.08)
Impact of:			
Income not subject to tax	(e)	(92.60)	(26.66)
Non-deductible expenses	(f)	52.99	92.76
Deduction under section 35 D	(g)	(5.23)	(5.18)
Deduction under section 36 (1) (viii)	(h)	(51.21)	(49.16)
Deduction under section 80G	(i)	(2.72)	(1.92)
Income tax expense	(c+d+e+f+g+h+i)	**447.49**	**437.02**

32. EARNING PER SHARE

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crores)	1,081.38	842.14
b) Weighted average number of equity shares for basic EPS	Number	16,73,78,194	16,64,83,012
c) Weighted average number of equity shares for diluted EPS	Number	16,83,96,661	16,84,35,845
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	64.61	50.58
-Diluted (a/c)	(in ₹)	64.22	50.00

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented.

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

Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

Particulars	Current Year	Previous Year
Weighted average number of equity shares for computation of basic EPS	16,73,78,194	16,64,83,012
Effect of dilutive equity shares - share option outstanding	10,18,467	19,52,833
Weighted average number of equity shares for computation of dilutive EPS	16,83,96,661	16,84,35,845

33. ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

34. DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

(i) The following additional disclosures have been given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 issued by the National Housing Bank.

Note 34.1: Capital to Risk Assets Ratio (CRAR)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
i) CRAR (%)	13.98	16.67
ii) CRAR – Tier I Capital (%)	11.00	12.75
iii) CRAR – Tier II Capital (%)	2.98	3.92
(iv) Amount of subordinated debt raised as Tier-II Capital	39.70	-

Note 34.2: Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crores)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	56.97	40.84
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	484.76	334.76
(c) Total	**541.73**	**375.60**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	70.00	16.13
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	147.00	150.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from 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 NHB Act, 1987	-	-
Balance at the end of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	56.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	631.76	484.76
(c) Total	**758.73**	**541.73**

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

Note 34.3: Investments

(₹ in crores)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	4,447.28	2,394.58
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	21.47	14.47
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	4,425.81	2,380.11
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	14.47	7.73
(ii) Add: Provisions made during the year	7.00	6.75
(iii) Less: Write-off / Written-back of excess provisions	-	0.01
(iv) Closing balance	21.47	14.47

Note 34.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) The notional principal of swap agreements	8,938.35	1,526.66
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	77.27	17.35
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	8,938.35	1,526.66
(v) The fair value of the swap book	(210.80)	(38.55)

@ The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative – There is no exchange traded interest rate derivative.

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organisation for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of eligible housing units. The derivate transactions entered into for hedging the ECB borrowings are all held-till-maturity transaction. As such, as of now, the Company is not required to have policy on hedging or mitigation of risk on derivative transactions. All the derivatives transaction are executed under specific approval of Board.

Notes to Standalone Financial Statements
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Particulars	Details
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

(₹ in crores)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	4,735.30	4,203.05	1,526.66	-
(ii) Marked to Market Positions				-
(a) Assets (+)	1.81	-	26.26	-
(b) Liability (-)	(127.00)	(85.61)	(64.81)	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	262.27	77.29	61.70	-

Note 34.5: Assignment / Securitisation

i) There are no SPVs sponsored by PNB Housing Finance Limited.

ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)

iii) Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	35,004	14,472
(ii) Aggregate value (net of provisions) of accounts assigned	7,336.89	3,128.49
(iii) Aggregate consideration	7,336.89	3,128.49
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

iv) During the year, the Company has not purchased / sold any non-performing financial assets (Previous year ₹ Nil)

Note 34.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding pre-payments and renewals as prescribed by the National Housing Bank (NHB). Maturity pattern of certain items of assets and liabilities are as follows:

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

As at March 31, 2019

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	277.75	1,398.33	2,400.00	-	1,588.02	89.96	-
Over 1 month to 2 months	242.58	17.73	1,000.00	-	1,392.89	519.73	-
Over 2 months to 3 months	197.95	856.25	2,613.00	12.98	1,812.07	1,606.74	-
Over 3 months to 6 months	885.31	1,212.26	2,990.00	704.68	3,875.78	849.19	-
Over 6 months to 1 year	2,704.73	2,698.30	2,570.00	25.94	6,969.84	0.50	-
Over 1 year to 3 years	3,225.62	9,111.21	11,399.00	204.92	20,057.02	11.15	-
Over 3 years to 5 years	2,152.25	3,822.10	7,474.00	3,776.75	12,413.89	482.79	-
Over 5 years to 7 years	1,867.02	1,338.40	410.00	-	8,094.21	652.17	-
Over 7 years to 10 years	2,762.29	916.55	329.70	-	7,443.02	212.12	-
Over 10 years	-	764.44	-	-	10,575.20	1.46	-
Total	**14,315.50**	**22,135.57**	**31,185.70**	**4,725.27**	**74,221.94**	**4,425.81**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

As at March 31, 2018

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	435.59	1,720.44	2,175.00	-	1,309.58	1,027.10	-
Over 1 month to 2 months	240.46	112.73	1,700.00	-	1,175.44	191.17	-
Over 2 months to 3 months	185.90	675.00	3,700.00	12.16	1,148.21	-	-
Over 3 months to 6 months	597.94	335.70	1,375.00	12.16	3,288.09	0.09	-
Over 6 months to 1 year	1,941.05	421.38	1,980.00	24.31	5,928.95	0.10	-
Over 1 year to 3 years	5,824.46	2,075.72	14,613.00	784.17	17,094.86	0.83	-
Over 3 years to 5 years	1,862.01	1,556.76	5,083.00	437.66	10,273.74	87.68	-
Over 5 years to 7 years	326.39	810.43	1,599.00	197.10	6,194.70	678.89	-
Over 7 years to 10 years	172.40	689.42	500.00	-	5,178.82	357.80	-
Over 10 years	-	92.00	-	-	5,485.94	36.45	-
Total	**11,586.20**	**8,489.58**	**32,725.00**	**1,467.56**	**57,078.33**	**2,380.11**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

Note 34.7: Exposure:
i) Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Direct Exposure		
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Out of which Individual Housing Loans up to ₹15 Lakh – ₹3,935.10 crores, Previous year ₹3,196.37 crores)	47,858.06	38,421.23
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	26,797.32	18,978.39
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
i) Residential	-	-
ii) Commercial Real Estate	-	-
ii) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

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

Note: While computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

ii) As on March 31, 2019, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2019, the Company has not financed any product of the parent Company (Previous year ₹ Nil).

iv) As on March 31, 2019, the Company has not exceeded the prudential exposure limit prescribed by National Housing Bank for single borrower or group borrower (Previous year ₹ Nil).

(v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

Note 34.8: Registration obtained from financial sector regulators
From NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 34.9: Disclosure of Penalties imposed by National Housing Bank and other regulators:
During the financial year ended March 31, 2019:

i) NHB has carried out inspection for FY 2017-18 and has not reported any adverse comment having material impact on the financials.

ii) Company has not been imposed any penalty by National Housing Bank and other regulators.

v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

Note 34.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) PHFL Home Loan and Services Limited *	Wholly owned Subsidiary
ii) Punjab National Bank	Enterprise having Significant Influence
iii) Quality Investments Holdings	Enterprise having Significant Influence
iv) PNB Metlife India Insurance Company Limited	Enterprise having Significant Influence
v) Mr. Sunil Mehta (Chairman-Non Executive Director)	Key Managerial Personnel
vi) Mr. L. V. Prabhakar (Non Executive Director) (w.e.f August 09, 2018)	Key Managerial Personnel
vii) Mr. Sunil Kaul (Non Executive Director)	Key Managerial Personnel
viii) Mr. Shital Kumar Jain (Independent Director)	Key Managerial Personnel
ix) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
x) Dr Gourav Vallabh (Independent Director)	Key Managerial Personnel
xi) Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel
xii) Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xiii) Mrs. Shubhalakshmi Panse (Independent Director)	Key Managerial Personnel
xiv) Mr. Jayant Dang (Independent Director) (upto July 20, 2018)	Key Managerial Personnel
xv) Mr. Sanjaya Gupta (Managing Director)	Key Managerial Personnel
xvi) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xvii) Mr. Kapish Jain (Chief Financial Officer) (February 09,2018 onwards)	Key Managerial Personnel
xviii) Mr. Jayesh Jain (Chief Financial Officer) (upto January 05, 2018)	Key Managerial Personnel

*During the year 2017-18, the Company has incorporated a wholly owned subsidiary PHFL Home Loan and Services Limited" on August 22, 2017.

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

Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence		Subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:						
PHFL Home Loan and Services Limited.						
Investment in Equity Share	-	-	-	0.25	-	-
Reimbursement of Expenses	-	-	0.02	0.70	-	-
Commission expenses	-	-	141.53	4.94	-	-
Fee and Commission Income	-	-	68.80	-	-	-
Lease Rental Income	-	-	0.23	-	-	-
Sale of Assets	-	-	0.12	-	-	-
Punjab National Bank						
- Term Loan Instalment / ECB / OD (Net)	2,763.49	2,914.54	-	-	-	-
- Interest Paid on Term Loan / ECB / OD	175.00	59.97	-	-	-	-
- Processing Fees paid	46.31	0				
- Rent & Maintenance Charges	1.34	1.42	-	-	-	-
- Bank Charges	0.29	0.44	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	4.00	3.39	-	-	-	-
- Interest received on Fixed Deposits	19.15	0.10	-	-	-	-
- Dividend Paid	49.42	38.84	-	-	-	-
- Principal, Interest & Other charges paid on assignment on loans	467.58	99.25	-	-	-	-
- Fixed deposit matured (Net)	4,868.60	6.20	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	48.77	37.32	-	-	-	-
PNB Metlife India Insurance Company Limited						
- Insurance Premium Paid	0.52	0.21	-	-	-	-
Sitting Fee and Commission paid to Directors						
- Punjab National Bank	-	-	-	-	0.06	0.14
- Mr. Shital Kumar Jain	-	-	-	-	0.24	0.20
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.21	0.21
- Dr Gourav Vallabh	-	-	-	-	0.22	0.21
- Mr. Nilesh S Vikamsey	-	-	-	-	0.21	0.21
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.24	0.16
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.20	0.12
- Mr. Jayant Dang	-	-	-	-	0.03	-
Remuneration paid to KMPs:						
Transactions with KMPs:$						
- Mr. Sanjaya Gupta						
- Remuneration paid#	-	-	-	-	2.30	2.16
- Dividend Paid	-	-	-	-	0.12	0.12
- Mr. Sanjay Jain						
- Remuneration paid#	-	-	-	-	0.56	0.57
- Mr. Jayesh Jain						
- Remuneration paid#	-	-	-	-	-	0.88
- Mr. Kapish Jain						
- Remuneration paid	-	-	-	-	0.80	0.32

$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.

Excluding perquisites on exercise of stock options during the year.

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(₹ in crores)

Particulars	Enterprises having significant influence			Subsidiaries		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Outstanding balances#						
Punjab National Bank						
Receivables						
- Bank Deposits	510.26	-	-	-	-	-
- Interest accrued on bank deposits	3.01	-	-	-	-	-
- Servicing fees receivable on assignment on loans	0.52	0.25	0.34	-	-	-
Payables						
- Term loans	1,483.29	1,050.00	390.00	-	-	-
- External Commercial Borrowings##	1,833.04	-	-	-	-	-
- Interest accrued on term loans and external commercial borrowings	12.05	13.36	3.57	-	-	-
- Payable on assignment on loans	87.56	7.87	9.68	-	-	-
PHFL Home Loan and Services Limited						
Receivables						
Others	-	-	-	10.78	-	-
Payables						
Others	-	-	-	-	4.37	-

#Excluding running current / overdraft account balances.

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note 34.11: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note 34.12: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note 34.13: Rating assigned by Credit Rating Agencies and migration of rating during the year

Nature of Instrument	Ratings
Deposits	CRISIL FAAA (Outlook-table)
	CARE AAA (Outlook-Stable)
Long term bonds (Secured and Tier-II bonds)	CRISIL AA+(Outlook-Stable) CARE AAA (Outlook-Stable) IND AA+ (Outlook-Stable) ICRA AA+ (Outlook-Stable)
Commercial Paper	CARE A1+ CRISIL A1+
Bank Term Loan	CRISIL AA+ (Outlook-Stable) CARE AAA (Outlook-Stable)

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

Note 34.14: Provisions and Contingencies:
Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	7.00	6.75
2. Provision made towards Income tax	447.49	437.63
3. Provision towards NPA	34.13	15.52
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	30.23	27.45
iii) CRE – RH	26.76	26.29
iv) Other Loans	19.01	33.29
Total (i + ii + iii + iv)	76.00	87.03
5. Other Provision and Contingencies (Refer Note 2.20)	11.00	62.50
6. Provision for Stock of Acquired Properties	(0.81)	8.73

Note 34.15: Break-up of Loan & Advances and Provisions thereon:
The Company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under Housing Finance Companies (NHB) Directions, 2010.

(₹ in crores)

Particulars	Housing		Non-Housing	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Standard Assets				
a) Total Outstanding Amount	52,249.91	39,870.72	22,050.60	17,342.80
b) Provision made	209.68	171.02	147.32	109.98
Sub-Standard Assets				
a) Total Outstanding Amount	180.01	110.83	62.15	37.38
b) Provision made	27.65	17.79	9.36	5.62
Doubtful Assets - Category-I				
a) Total Outstanding Amount	66.53	16.95	17.21	2.52
b) Provision made	18.73	5.05	4.61	0.65
Doubtful Assets - Category-II				
a) Total Outstanding Amount	19.98	8.45	3.32	2.10
b) Provision made	9.06	4.24	1.36	1.09
Doubtful Assets - Category-III				
a) Total Outstanding Amount	3.42	3.65	2.24	4.21
b) Provision made	3.42	3.65	2.24	4.21
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total Outstanding Amount	**52,519.85**	**40,010.60**	**22,135.52**	**17,389.01**
b) Total provision made	**268.54**	**201.75**	**164.89**	**121.55**

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

Note 34.16: Concentration of Public Deposits

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Deposits of twenty largest depositors	3,858.17	3,239.19
Percentage of Deposits of twenty largest depositors to Total Deposits	31.99%	34.59%

Note 34.17: Concentration of Loans & Advances

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Loans & Advances to twenty largest borrowers	10,831.75	7,703.88
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	14.51%	13.42%

Note 34.18: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers /customers	13,381.38	9,774.53
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	15.83%	14.91%

Note 34.19: Concentration of NPAs

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top ten NPA accounts	71.02	51.04

Note 34.20: Sector-wise NPAs

	Percentage of NPAs to Total Advances in that sector	
Particulars	As at March 31, 2019	As at March 31, 2018
A. Housing Loans:	0.51	0.35
1. Individuals	0.57	0.38
2. Builders/Project Loans	0.26	0.26
3. Corporates*	1.20	-
4. Others (specify)	-	-
B. Non-Housing Loans:	0.38	0.27
1. Individuals	0.57	0.30
2. Builders/Project Loans	-	-
3. Corporates	0.39	0.33
4. Others (specify)	-	-

* It is from two accounts of retail loans.

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

Note 34.21: Movement of NPAs

(₹ in crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.38%	0.25%
(II) Movement of NPAs (Gross)		
a) Opening balance	186.11	85.78
b) Additions during the year	1,054.54	625.54
c) Reductions during the year	885.78	525.21
d) Closing balance	354.87	186.11
(III) Movement of Net NPAs		
a) Opening balance	143.81	59.00
b) Additions during the year	1,004.08	501.11
c) Reductions during the year	869.45	416.30
d) Closing balance	278.44	143.81
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	42.30	26.78
b) Provisions made during the year	50.46	124.44
c) Write-off/write-back of excess provisions	16.33	108.91
d) Closing balance	76.43	42.30

Note 34.22: As on March 31, 2019, the Company does not have any Assets outside the country (Previous year ₹ Nil).

Note 34.23: As on March 31, 2019, the Company does not have any Off-Balance Sheet SPVs sponsored (Previous year Nil).

Note 34.24: Disclosure of Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	22	53
b) No. of complaints received during the year	3,265	4,627
c) No. of complaints redressed during the year	3,259	4,658
d) No. of complaints pending at the end of the year	28	22

(ii) In addition to the disclosures under 34.1 to 34.24 following additional disclosures have been given as per NHB directions, 2010.

Note 34.25: Movement of derecognised interest as at the balance sheet date is summarised as under:-

(₹ in crores)

Particulars	Current Year	Previous Year
Cumulative Derecognised Interest at the begining of the year	24.68	17.71
Add:Interest derecognised during the year:		
- Sub-Standard Assets	52.83	34.66
- Doubtful/ Loss Assets	8.47	5.23
Less:Recovered/Write-off during the year	40.43	32.92
Cumulative Derecognised Interest at the end of the year	45.55	24.68

Note 34.26: Deposit includes Public Deposits 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. As on March 31, 2019, the public deposits (including accrued interest) outstanding amounts to ₹12,060.45 crores (Previous year ₹9,363.49 crores).

The Company is carrying Statutory Liquid Assets amounting to ₹1,360.31 crores (Previous year ₹1,161.59 crores).

Note 34.27: Disclosure given under Note 34.1 to Note 34.26 are based on the earstwhile accounting standard notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (India GAAP or previous GAAP) with the comparative period data as at end and for the year ended March 31, 2018.
Further, above reported figures / narratives would be different had the same being reported as per Ind AS notified under "Companies (Indian Accounting Standard) Rules, 2015"

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

35. OPERATING LEASE - AS LESSEE
The Company has acquired properties under cancellable and non-cancellable operating leases for periods ranging from one year to nine years. The total minimum lease payments for the current year, in respect thereof, included under Rent, aggregates to ₹38.53 crores (Previous year ₹29.67 crores). The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	22.18	17.22
Later than one year but not later than five years	18.06	16.37
More than five years	1.59	Nil

36. SEGMENT REPORTING:
Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/ Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015. The Company operates with in India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenue from transactions with any single external customer.

37. CONTINGENT LIABILITIES AND COMMITMENTS
i) Contingent liabilities in respect of Income-tax of ₹21.50 crores (Previous year ₹21.37 crores) is disputed and are under appeals. These includes contingent liability of ₹19.54 crores (Previous year ₹20.18 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.

ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹20.29 crores (Previous year ₹18.14 crores).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort issued on behalf of the clients ₹80.25 crores (Previous year ₹15 crores)

38. DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:
In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note 38.1: The company has made contribution to Provident Fund of ₹6.20 crores (Previous year ₹4.77 crores) which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 29.

Note 38.2: Defined Benefit Plans

GRATUITY LIABILITY

Change in present value of obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	7.30	5.57
Interest cost	0.65	0.41
Current service cost	1.71	1.43
Past service cost including curtailment gains/losses	-	0.17
Benefits paid	(0.46)	(0.15)
Actuarial (gain) / loss on obligation	0.48	(0.13)
Present value of obligation as at the end of year	9.68	7.30

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

Change in fair value of plan assets*

(₹ in crores)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	7.07	4.64
Actual return on plan assets	0.35	0.35
Contributions	2.76	2.23
Benefits paid	(0.45)	(0.15)
Fair Value of plan assets as at the end of year	9.73	7.07
Funded status	0.05	(0.23)

Expense recognised in the statement of Profit and Loss

(₹ in crores)

Particulars	Current Year	Previous Year
Current service cost	1.71	1.60
Interest cost	0.65	0.41
Actual return on plan assets	(0.35)	(0.35)
Net actuarial (gain) / loss recognised in the year	0.48	(0.13)
Expenses recognised in the statement of profit and losses	2.49	1.53
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	0.69	(0.13)

Expected contribution for the next financial year is ₹2.28 crores.

Assumptions

Particulars	Current Year	Previous Year
a) Discounting Rate	7.65%	7.80%
b) Future salary Increase	7.75%	7.75%
c) Retirement Age (Years)	60	60
d) Mortality Table	IALM (2006-08)	IALM (2006-08)

Maturity profile of defined benefits obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	0.80	0.59
Later than one year but not later than five years	3.14	2.56
More than five years	5.74	4.15

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

Sensitivity analysis of the defined benefit obligation**

(₹ in crores)

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.34)	0.36	0.36	(0.34)

(₹ in crores)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.26)	0.28	0.27	(0.26)

*100% of the plan assets are managed by the insurer for current as well as previous year.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

39. EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crores)

Particulars	Current Year	Previous Year
Interest Paid	98.18	48.23
Other Expenses	71.22	0.08

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

NOTE 40: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	1.81	1.81	-	-	-	-	-	-	-
As at March 31, 2018	26.26	26.26	-	-	-	-	-	-	-
As at April 01, 2017	20.16	20.16	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements.

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	(212.61)	1.81	(210.80)	-	-	(210.80)	-	(210.80)	(210.80)
As at March 31, 2018	(64.81)	26.26	(38.55)	-	-	(38.55)	-	(38.55)	(38.55)
As at April 01, 2017	(61.05)	20.16	(40.89)	-	-	(40.89)	-	(40.89)	(40.89)

41. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crores)

Paticulars	As at April 01, 2018	Cash flows	Exchange difference	Others	As at March 31, 2019
Debt securities & subordinated liabilities	22,275.01	910.70	-	2.90	23,188.61
Borrowings from bank	9,950.72	16,901.78	1.81	(61.22)	26,793.19
Deposits (net)	11,339.75	2,675.64	-	7.65	14,023.04
Commercial paper	10,211.22	(2,450.00)	-	92.79	7,854.01

Notes to Standalone Financial Statements
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(₹ in crores)

Particulars	As at April 01, 2017	Cash flows	Exchange difference	Others	As at March 31, 2018
Debt securities & subordinated liabilities	14,559.85	7,754.00	-	(38.84)	22,275.01
Borrowings from bank	6,719.23	3,210.50	17.86	3.13	9,950.72
Deposits (net)	9,788.04	1,540.34	-	11.37	11,339.75
Commercial paper	4,253.56	6,030.00	-	(72.34)	10,211.22

42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However with regard to loans and advances to customers, the Company has used the contractual maturities for recovery/settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	4,025.97	-	4,025.97	2,816.90	-	2,816.90	65.88	-	65.88
Bank balance other than cash and cash equivalents	0.11	-	0.11	0.03	-	0.03	85.62	-	85.62
Trade receivables	26.74	-	26.74	0.33	-	0.33	8.01	-	8.01
Loans	4,028.54	70,298.93	74,327.47	3,302.73	53,864.54	57,167.27	2,336.00	36,398.68	38,734.68
Investments	3,101.34	1,356.09	4,457.43	1,255.41	1,157.74	2,413.15	2,365.41	958.16	3,323.57
Other financial assets	129.68	383.28	512.96	68.53	172.29	240.82	51.25	108.56	159.81
Total (a)	**11,312.38**	**72,038.30**	**83,350.68**	**7,443.93**	**55,194.57**	**62,638.50**	**4,912.17**	**37,465.40**	**42,377.57**
Non-financial assets									
Current tax assets (net)	-	98.82	98.82	-	48.81	48.81	-	12.39	12.39
Deferred tax assets (net)	-	51.21	51.21	-	45.60	45.60	-	5.35	5.35
Investment property	-	0.56	0.56	-	0.57	0.57	-	0.58	0.58
Property, plant and equipment	-	78.23	78.23	-	58.41	58.41	-	47.18	47.18
Other Intangible assets	-	23.52	23.52	-	16.98	16.98	-	10.63	10.63
Capital work-in-progress	-	3.81	3.81	-	8.23	8.23	-	2.02	2.02
Intangible assets under development	-	1.36	1.36	-	1.46	1.46	-	0.01	0.01
Other non-financial assets	10.89	0.05	10.94	20.46	0.17	20.63	6.60	0.35	6.95
Assets held for sale	131.11	-	131.11	178.70	-	178.70	154.99	-	154.99
Total (b)	**142.00**	**257.56**	**399.56**	**199.16**	**180.23**	**379.39**	**161.59**	**78.51**	**240.10**
Total asset c = (a+b)	**11,454.38**	**72,295.86**	**83,750.24**	**7,643.09**	**55,374.80**	**63,017.89**	**5,073.76**	**37,543.91**	**42,617.67**

Notes to Standalone Financial Statements

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(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES									
Financial Liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade Payables	132.16	-	132.16	123.66	-	123.66	92.18	-	92.18
Debt Securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Other financial liabilities	1,755.39	325.92	2,081.31	591.45	261.61	853.06	293.53	159.71	453.24
Total (d)	**32,108.19**	**42,174.93**	**74,283.12**	**18,172.47**	**36,619.50**	**54,791.97**	**11,666.04**	**24,240.95**	**35,906.99**
Non-financial liabilities									
Provisions	2.22	21.51	23.73	1.88	16.81	18.69	1.26	9.00	10.26
Other Non-financial Liabilities	2,008.38	-	2,008.38	1,638.88	-	1,638.88	900.82	-	900.82
Total (e)	**2,010.60**	**21.51**	**2,032.11**	**1,640.76**	**16.81**	**1,657.57**	**902.08**	**9.00**	**911.08**
Total liabilities f = (d+e)	**34,118.79**	**42,196.44**	**76,315.23**	**19,813.23**	**36,636.31**	**56,449.54**	**12,568.12**	**24,249.95**	**36,818.07**
Net (c-f)			**7,435.01**			**6,568.35**			**5,799.60**

Notes to Standalone Financial Statements
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43. RISK MANAGEMENT

The company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note 43.1: Credit Risk

The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy. The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1) Established an appropriate credit risk environment

The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2) Ensure sound credit approval process

The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialised professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

The credit sanction is done through a well-defined delegation matrix under four eye principal. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3) Maintains an appropriate credit administration, measurement, and monitoring process

Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

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

Note 43.2: Derivative Financial Instruments
Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note 43.3: Analysis of risk concentration

(i) Risk concentrations on loans*
An analysis of the Company's credit risk concentrations per product / sub-product is provided in the below mentioned table:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Concentration by sector - Retail			
Housing Loans	41,018.91	32,052.39	22,888.38
Non-housing loans	15,118.17	12,771.51	8,591.07
Total (a)	**56,137.08**	**44,823.90**	**31,479.45**
Concentration by sector - Corporate			
Construction finance	11,187.52	7,752.54	4,395.48
Corporate term loan	3,773.19	2,644.35	1,531.84
Lease rental discounting	3,092.68	1,857.47	1,158.27
Total (b)	**18,053.39**	**12,254.36**	**7,085.59**
Total (a+b)	**74,190.47**	**57,078.26**	**38,565.04**

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

As of March 31, 2019, top 20 exposure covers 60% of corporate portfolio with delinquency of 1.54%. All delinquent accounts were in stage 1 as on March 31, 2019.

(ii) Risk concentrations on financial assets other than loans

(₹ in crores)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2019					
Cash and cash equivalents	-	4,025.97	-	-	4,025.97
Bank balance other than cash and cash equivalents	-	0.11	-	-	0.11
Trade receivables	-	0.02	26.72	-	26.74
Investments	1,315.33	2,904.37	237.48	-	4,457.18
Other financial assets	-	492.99	-	19.97	512.96
Total	**1,315.33**	**7,423.46**	**264.20**	**19.97**	**9,022.96**
As at March 31, 2018					
Cash and cash equivalents	-	2,816.90	-	-	2,816.90
Bank balance other than cash and cash equivalents	-	0.03	-	-	0.03
Trade receivables	-	0.21	0.03	0.09	0.33
Investments	1,182.72	821.49	408.69	-	2,412.90
Other financial assets	-	224.01	-	16.81	240.82
Total	**1,182.72**	**3,862.64**	**408.72**	**16.90**	**5,470.98**
As at April 01, 2017					
Cash and cash equivalents	-	65.88	-	-	65.88
Bank balance other than cash and cash equivalents	-	85.62	-	-	85.62
Trade receivables	-	-	7.97	0.04	8.01
Investments	978.13	1,571.30	774.14	-	3,323.57
Other financial assets	-	147.15	-	12.66	159.81
Total		**1,869.95**	**782.11**	**12.70**	

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for the year ended March 31, 2019

Note 43.4: Market Risk
Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Note 43.4.1 Total market risk exposure

(₹ in crores)

Particulars	As at March 31, 2019 Carrying Amount	As at March 31, 2018 Carrying Amount	As at April 01, 2017 Carrying Amount	Primary risk Sensitivity
ASSETS				
Financial assets				
Cash and cash equivalents	4,025.97	2,816.90	65.88	-
Bank balance other than cash and cash equivalents	0.11	0.03	85.62	-
Trade receivables	26.74	0.33	8.01	-
Loans	74,327.47	0.33	38,734.68	Interest rate
Investments	4,457.43	2,413.15	3,323.57	Interest rate
Other financial assets	512.96	240.82	159.81	Interest rate
Total	**83,350.68**	**5,471.56**	**42,377.57**	
LIABILITIES				
Financial liabilities				
Derivative financial instruments	210.80	38.55	40.89	Interest rate/ Currency risk
Trade payables	132.16	123.66	92.18	-
Debt securities	29,604.94	31,088.30	17,415.61	-
Borrowings (other than debt securities)	26,793.19	9,950.72	6,719.23	Interest rate
Deposits	14,023.04	11,339.75	9,788.04	-
Subordinated liabilities	1,437.68	1,397.93	1,397.80	-
Other financial liabilities	2,081.31	853.06	453.24	-
Total	**74,283.12**	**54,791.97**	**35,906.99**	

44.4.2 Interest rate risk
Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2017-18	50 bps / (50) bps	177.83 / (177.83)
	2018-19	50 bps / (50) bps	298.58 / (298.58)
Investments	2017-18	25 bps / (25) bps	(4.98) / 4.98
	2018-19	25 bps / (25) bps	(3.54) / 3.54
Other financial assets	2017-18	25 bps / (25) bps	22.73 / (22.73)
	2018-19	25 bps / (25) bps	81.01 / (81.01)
Derivative financial instruments	2017-18	20 bps / (20) bps	(2.87) / 2.87
	2018-19	20 bps / (20) bps	(5.35) / 5.35
Borrowings (other than debt securities)	2017-18	50 bps / (50) bps	(49.75) / 49.75
	2018-19	50 bps / (50) bps	(128.55) / 128.55

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44.4.3 Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contracts. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss with change in currency rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in %	Sensitivity of profit & (loss)
Derivative financial instruments	2017-18	10 % / (10) %	(6.06) / 6.06
	2018-19	10 % / (10) %	(11.19) / 11.19

Note 43.5: Liquidity risk and funding management
Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds ,fixed deposits,liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Compnay keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

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

Note 43.5.1: Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade payables	132.16	-	132.16	123.66	-	123.66	92.18	-	92.18
Debt securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,237.82	11,362.69	14,600.51	3,510.69	6,250.58	9,761.27	1,834.00	6,132.00	7,966.00
Other financial liabilities	1,755.39	325.92	2,081.31	591.45	261.61	853.06	293.53	159.71	453.24
Total	**35,346.01**	**53,537.62**	**88,883.63**	**21,683.16**	**42,870.08**	**64,553.24**	**13,500.04**	**30,372.95**	**43,872.99**

The table below shows the contractual expiry by maturity of the Company's contingent assets, liabilities and commitments.

(₹ in crores)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2019			
Undrawn commitments relating to advances	4,942.00	4,942.00	9,884.00
Undrawn commitments relating to Letter of comfort	-	80.00	80.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn commitments relating to borrowings	3,787.43	-	3,787.43
As at March 31, 2018			
Undrawn commitments relating to advances	6,360.14	1,780.14	8,140.28
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	4,680.00	-	4,680.00
As at April 01, 2017			
Undrawn commitments relating to advances	4,822.00	-	4,822.00
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	569.00	-	569.00

Notes to Standalone Financial Statements
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44. FAIR VALUE MEASUREMENT
The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that includes one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance
The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

(c) Assets and liabilities by fair value hierarchy
The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crores)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Debt securities	-	166.73	-	166.73
Certificate of deposits	-	2,904.38	-	2,904.38
Total assets measured at fair value on a recurring basis (a)	**-**	**3,071.11**	**-**	**3,071.11**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	131.11	-	131.11
Total assets measured at fair value on a non recurring basis (b)	**-**	**131.11**	**-**	**131.11**
Total assets measured at fair value (a)+(b)	**-**	**3,202.22**	**-**	**3,202.22**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	125.19	-	125.19
Interest rate swaps	-	85.61	-	85.61
Total liabilities measured at fair value through profit or loss	**-**	**210.80**	**-**	**210.80**

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(₹ in crores)

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	440.52	-	-	440.52
Debt securities	-	408.69	-	408.69
Commercial papers	-	193.87	-	193.87
Certificate of deposits	-	187.10	-	187.10
Total assets measured at fair value on a recurring basis (a)	**440.52**	**789.66**	**-**	**1,230.18**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	178.70	-	178.70
Total assets measured at fair value on a non recurring basis (b)	-	178.70	-	178.70
Total assets measured at fair value (a)+(b)	**440.52**	**968.36**	**-**	**1,408.88**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	38.55	-	38.55
Total liabilities measured at fair value through profit or loss	**-**	**38.55**	**-**	**38.55**

(₹ in crores)

As at April 01, 2017	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	890.26	-	-	890.26
Debt securities	-	1,224.45	-	1,224.45
Commercial papers	-	230.73	-	230.73
Total assets measured at fair value on a recurring basis (a)	890.26	1,455.18	-	2,345.44
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	154.99	-	154.99
Total assets measured at fair value on a non recurring basis (b)	-	154.99	-	154.99
Total assets measured at fair value (a)+(b)	**890.26**	**1,610.17**	**-**	**2,500.43**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	40.89	-	40.89
Total liabilities measured at fair value through profit or loss	**-**	**40.89**	**-**	**40.89**

Valuation methodologies of financial instruments measured at fair value

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

1 **Mutual funds**

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

2 **Debt securities**

The Company's debt instruments are standard fixed rate securities, some with zero coupon feature.The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

3 **Commercial paper / Certificate of deposit**

Commercial paper / Certificate of deposit have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

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4 **Assets held for sale**

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

5 **Derivative financial instruments**

Interest rate derivatives

For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the-counter foreign exchange options.

However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair Value of financial instruments not measured at fair value

(₹ in crores)

As at March 31, 2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans	74,327.47	-	74,310.85	-	74,310.85
Investment in government securities	1,386.07	-	1,436.43	-	1,436.43
Total financial assets	**75,713.54**	**-**	**75,747.28**	**-**	**75,747.28**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	21,750.93	-	21,724.30	-	21,724.30
Borrowing other than debt securities	26,793.19	-	26,793.19	-	26,793.19
Deposits (including interest accrued)	14,240.93	-	14,345.09	-	14,345.09
Subordinated liabilities	1,437.68	-	1,448.00	-	1,448.00
Total financial liabilities	**64,222.73**	**-**	**64,310.58**	**-**	**64,310.58**

(₹ in crores)

As at March 31, 2018	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	57,167.27	-	57,181.35	-	57,181.35
Investment in government securities	1,182.72	-	1,207.03	-	1,207.03
Total financial assets	**58,349.99**	**-**	**58,388.38**	**-**	**58,388.38**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	20,877.08	-	20,896.17	-	20,896.17
Borrowing other than debt securities	9,950.72	-	9,950.72	-	9,950.72
Deposits (including interest accrued)	11,535.92	-	11,738.14	-	11,738.14
Subordinated liabilities	1,397.93	-	1,404.60	-	1,404.60
Total financial liabilities	**43,761.65**	**-**	**43,989.63**	**-**	**43,989.63**

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for the year ended March 31, 2019

(₹ in crores)

As at March 31, 2017	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	38,734.68	-	38,774.24	-	38,774.24
Investment in government securities	978.13	-	1,042.16	-	1,042.16
Total financial assets	**39,712.81**	**-**	**39,816.40**	**-**	**39,816.40**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	13,162.05	-	13,413.33	-	13,413.33
Borrowing other than debt securities	6,719.23	-	6,719.23	-	6,719.23
Deposits (including interest accrued)	9,947.77	-	10,209.63	-	10,209.63
Subordinated liabilities	1,397.80	-	1,451.44	-	1,451.44
Total financial liabilities	**31,226.85**	**-**	**31,793.63**	**-**	**31,793.63**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. **Financial assets and liabilities (Short term)**

   In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not be disclosed.

2. **Loans**

   The fair values of loans are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

3. **Government debt securities**

   Government debt securities are financial instruments issued by sovereign governments and include both long- term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification.

   When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

4. **Financial liabilities**

   Debt securities and Subordinated liabilities

   Debt securities arand subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

   Borrowings other than debt securities and deposits

   The fair values of borrowings other than debt securities and deposits are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2019, March 31, 2018 and April 01, 2017.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

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45. STANDARD ISSUES BUT NOT YET EFFECTIVE
In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires le es 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 under process of assessing the impact of application of Ind AS 116.

46. FIRST-TIME ADOPTION OF Ind AS
These financial statements, for the year ended March 31, 2019, are the first financial statements which the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).
Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/ exceptions:

a) Mandatory exemptions
(i) Use of Estimates
The estimates at April 1, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL and FVOCI

- Impairment of financial assets based on Expected Credit Loss (ECL) model

- Determination of discounted value for financial instruments carried at amortised cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS, and as of March 31, 2018.

(ii) Classification and measurement of financial assets
The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(iii) Impairment of financial assets
The Company has applied the exception related impairment of financial assets given in 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 assets were initially recognised and compared that to the credit risk as at April 1, 2017.

(iv) Derecognition of financial assets and liabilities
The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(b) Optional exemptions
(i) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)
Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognised in its Indian GAAP financial as deemed cost at the transition date.

(ii) Arrangements containing a lease:
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

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

Equity Reconciliation as on April 01, 2017

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Non Current Investments		961.35	(961.35)	-
Current Investments		2,318.21	(2,318.21)	-
Long term loans and advances		36,443.79	(36,443.79)	-
Short term loans and advances		39.94	(39.94)	-
Other Non current assets		278.43	(278.43)	-
Other current assets		2,705.93	(2,705.93)	-
Cash and cash equivalents		151.47	(85.59)	65.88
Bank balance other than cash and cash equivalents		-	85.62	85.62
Derivative financial instruments		-	-	-
Trade receivables		-	8.01	8.01
Loans	1(a), 2,10	-	38,734.68	38,734.68
Investments	4 (a),(b)	-	3,323.57	3,323.57
Other financial assets	3	-	159.81	159.81
		42,899.12	**(521.55)**	**42,377.57**
Non-financial assets				
Current tax assets (net)		-	12.39	12.39
Deferred tax assets (net)	9	-	5.35	5.35
Investment property		-	0.58	0.58
Property, plant and equipment		47.77	(0.59)	47.18
Other Intangible assets		10.63	-	10.63
Capital work-in-progress		2.03	(0.01)	2.02
Intangible assets under development		-	0.01	0.01
Other non-financial assets		-	6.95	6.95
Assets held for sale		-	154.99	154.99
		60.43	179.67	240.10
Total		**42,959.55**	**(341.88)**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		24,083.96	(24,083.96)	-
Short term borrowings		7,947.41	(7,947.41)	-
Other long term liabilities		103.90	(103.90)	-
Other current liabilities		4,836.06	(4,836.06)	-
Derivative financial instruments	7	-	40.89	40.89
Trade payables		93.56	(1.38)	92.18
Debt Securities	1 (b)	-	17,415.61	17,415.61
Borrowings (other than debt securities)	1 (b)	-	6,719.23	6,719.23
Deposits	1 (b)	-	9,788.04	9,788.04
Subordinated liabilities	1 (b)	-	1,397.80	1,397.80
Other financial liabilities		-	453.24	453.24
		37,064.89	**(1,157.90)**	**35,906.99**
Non-financial liabilities				
Long term provisions	10	242.45	(242.45)	-
Short term provisions	10	28.04	(28.04)	-
Provisions	5	-	10.26	10.26
Deferred tax liabilities (net)		46.86	(46.86)	-
Other non-financial liabilities		-	900.82	900.82
		317.35	**593.73**	**911.08**
Equity				
Equity share capital		165.64	-	165.64
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	5,411.67	222.29	5,633.96
Total equity		**5,577.31**	**222.29**	**5,799.60**
Total		**42,959.55**	**(341.88)**	**42,617.67**

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

Equity Reconciliation as on March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment impact	Ind AS
ASSETS				
Financial assets				
Non Current Investments		1,161.65	(1,161.65)	-
Current Investments		1,218.46	(1,218.46)	-
Long term loans and advances		54,121.79	(54,121.79)	-
Short term loans and advances		81.31	(81.31)	-
Other Non current assets		468.13	(468.13)	-
Other current assets		3,847.72	(3,847.72)	-
Cash and cash equivalents		2,816.87	0.03	2,816.90
Bank balance other than cash and cash equivalents		-	0.03	0.03
Receivables		-	0.33	0.33
Loans	1(a), 2, 10	-	57,167.27	57,167.27
Investments	4 (a),(b)	-	2,413.15	2,413.15
Other financial assets	3	-	240.82	240.82
		63,715.93	**(1,077.43)**	**62,638.50**
Non-financial assets				
Current tax assets (net)		-	48.81	48.81
Deferred tax assets (net)	9	-	45.60	45.60
Investment property		-	0.57	0.57
Property, plant and equipment		58.98	(0.57)	58.41
Other Intangible assets		16.98	-	16.98
Capital work-in-progress		9.69	(1.46)	8.23
Intangible assets under development		-	1.46	1.46
Other non-financial assets		-	20.63	20.63
Assets held for sale		-	178.70	178.70
		85.65	293.74	379.39
Total		**63,801.58**	**(783.69)**	**63,017.89**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		36,388.70	(36,388.70)	-
Short term borrowings		14,241.96	(14,241.96)	-
Other long term liabilities		141.98	(141.98)	-
Other current liabilities		6,095.17	(6,095.17)	-
Derivative financial instruments		-	38.55	38.55
Trade payables		125.36	(1.70)	123.66
Debt Securities	1 (b)	-	31,088.30	31,088.30
Borrowings (other than debts securities)	1 (b)	-	9,950.72	9,950.72
Deposits	1 (b)	-	11,339.75	11,339.75
Subordinated liabilities	1 (b)	-	1,397.93	1,397.93
Other financial liabilities		-	853.06	853.06
		56,993.17	**(2,201.20)**	**54,791.97**
Non-financial liabilities				
Long term provisions	10	399.79	(399.79)	-
Short term provisions	10	44.18	(44.18)	-
Provisions	5	-	18.69	18.69
Deferred tax liabilities (net)		57.66	(57.66)	-
Other non-financial liabilities		-	1,638.88	1,638.88
		501.63	**1,155.94**	**1,657.57**
Equity				
Equity share capital		166.59	-	166.59
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	6,140.19	261.57	6,401.76
Total equity		6,306.78	261.57	6,568.35
Total		**63,801.58**	**(783.69)**	**63,017.89**

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

Profit Reconciliation for the year ended March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment impact	Ind AS
Revenue from operations				
Revenue from operations		5,516.39	(5,516.39)	-
Interest Income	1 (a), 4 (a)	-	5,005.67	5,005.67
Fees and commission Income	1 (a), 3	-	332.66	332.66
Net gain on derecognition of financial instruments under amortised cost category	3	-	116.22	116.22
Net gain on fair value changes	4(b)	-	33.51	33.51
Total revenue from operations		**5,516.39**	**(28.33)**	**5,488.06**
Other Income		0.56	0.07	0.63
Total income		**5,516.95**	**(28.26)**	**5,488.69**
Expenses				
Finance costs	1 (b)	3,530.80	5.76	3,536.56
Office operating expenses		101.20	(101.20)	-
Provisions and Contingencies		180.53	(180.53)	-
Bad debts written off		18.30	(18.30)	-
Impairment on financial instruments	2	-	276.57	276.57
Employee benefits expense	5,6	136.48	6.24	142.72
Fees and commission expense		-	84.74	84.74
Depreciation, amortisation and impairment		24.11	-	24.11
Other expenses		246.45	(57.04)	189.41
Total expenses		4,237.87	16.24	4,254.11
Profit before tax		**1,279.08**	**(44.50)**	**1,234.58**
Tax expense				
Current tax		437.71	(0.69)	437.02
Earlier years		(0.08)	0.08	-
Deferred tax	9	10.80	(55.38)	(44.58)
Profit for the year		**830.65**	**11.49**	**842.14**
Other Comprehensive (loss) / income				
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gain / (loss) on defined benefit plan	5	-	0.13	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss	9	-	(0.05)	(0.05)
Subtotal (A)		**-**	**0.08**	**0.08**
B (i) Items that will be reclassified to profit or loss				
Cash flow hedge	7	-	(3.76)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss	9	-	1.52	1.52
Subtotal (B)		**-**	**(2.24)**	**(2.24)**
Other comprehensive (loss) / income (A + B)		**-**	**(2.16)**	**(2.16)**
Total comprehensive income for the year		**830.65**	**9.33**	**839.98**

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

Foot notes to the reconciliation of the equity as at April 01, 2017 and March 31, 2018 and profit and loss for the year ended March 31, 2018:

1. **EIR on loans and borrowings**
   a) Under Indian GAAP, transaction costs on origination of loan assets was recognised as an expense on straight line basis over the expected life of the loan assets and fees collected from the customer on origination of loan assets was recognised as an income on straight line basis over the expected life of the loan assets.

   Under Ind AS, transaction costs and fees from customers are included in the initial recognition amount of loan assets and recognised as interest income using the effective interest rate method.

   Consequently loan assets as at March 31, 2018 have increased by ₹199.97 crores and on the date of transition (i.e April 01, 2017) have increased by ₹138.56 crores. Interest income for the year ended March 31, 2018 have decreased by ₹0.14 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹18.52 crores.

   b) Under Indian GAAP, transaction costs incurred on borrowings was recognised as an expense on straight line basis over the life of the borrowings.

   Under Ind AS, transaction costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest rate method.

   Consequently, borrowings as at March 31, 2018 have decreased by ₹67.42 crores and on the date of transition (i.e April 01, 2017) have decreased by ₹60.02 crores and interest exepnse for the year ended March 31, 2018 have increased by ₹6.23 crores and retained earnings on the date of transition (i.e April 01, 2017) decreased by ₹8.94 crores.

2. **Expected Credit Loss on loans**
   Under Indian GAAP, the Company has created provision for loans based on the guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

   Consequently, loan assets as at March 31, 2018 have impaired by ₹432.32 crores and on the date of transition (i.e April 01, 2017) have impaired by ₹174.05 crores (including additional provision for unforeseen macro-economic factors).
   Impairment on financial instruments for the year ended March 31, 2018 have increased by ₹93.22 crores and on the date of transition (i.e April 01, 2017) decreased by ₹86.18 crores.

3. **Gain on derecognition of loans (assignment of loans)**
   Under Indian GAAP, interest spread and servicing fees on derecognition of the loans was recognised as an income during the contractual term of the derecognised loans.

   Under Ind AS, interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of loans.

   Consequently, other financial assets as at March 31, 2018 have increased by ₹220.17 crores and on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

   Gain on derecognition of loans for the year ended March 31, 2018 have increased by ₹116.22 crores.

   Fees and commission income for the year ended March 31, 2018 have decreased by ₹37.65 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

4. **Investments**
   a) Under Indian GAAP, the company accounted for long term investments in Central and State Government securities at cost less provision for diminution in the value of investments (other than temporary).

   Under Ind AS, these Investments are classified as amortised cost since these are to be held till maturity and the cash flows are solely payments of principal and interest only.

   Consequently Investments as at March 31, 2018 have increased by ₹3.12 crores and on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

   Interest income for the year ended March 31, 2018 have increased by ₹1.30 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

   b) Under Indian GAAP, the company accounted for short term investments in quoted bonds / debentures and mutual funds as investment measured at cost or market value whichever is less.

   Under Ind AS, the company has classified such investments as FVTPL investments and are measured at fair value.

   Consequently Investments as at March 31, 2018 have increased by ₹3.60 crores and on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

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

Net gain on fair value changes for the year ended March 31, 2018 have decreased by ₹7.51 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

5. **Defined benefit obligations**
Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, premeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus for the year ended March 31, 2018 the employee benefit cost is increased by ₹0.13 crores and premeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

6. **Share-based payments**
Under Indian GAAP, the Company recognised only the intrinsic value for the share based payments plans as an expense.

Under Ind AS, the fair value of the share options to be determined using an appropriate pricing model, recognised over the vesting period.

Consequently, share based expense to employees for the year ended March 31, 2018 have increased by ₹17.15 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹20.74 crores with the corrosponding adjustment to reserves as "share option outstanding account."

7. **Derivative Instruments (forward contracts / currency swaps / interest rate swaps)**
Under Indian GAAP, exchange differences arising on principal only swaps are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes.

Under Ind AS , derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied. The Company applies hedge accounting for derivative instruments.The effective portion of the cumulative gain or loss on the hedging instrument is recognised directly in other comprehensive income (OCI) and accumulated in a seperate component of equity as "cash flow hedge reserve."

8. **Other comprehensive income**
Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9. **Deferred tax**
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. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

10. **Reclassification of provision of standard / non-performing assets (NPA)**
Under Indian GAAP provision for non performing assets, standard assets and contingencies were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A Subsidiaries

Sr. No.	Particulars	Details / (₹ in crores)
1	Name of the subsidiary	PHFL Home Loans and Services Limited
2	Date since when subsidiary was acquired/ incorporated	August 22, 2017
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	From April 01, 2018 to March 31, 2019
4	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	₹
5	Share capital	0.25
6	Reserves and surplus	138.38
7	Total assets	190.00
8	Total Liabilities	51.37
9	Investments	103.45
10	Turnover	404.22
11	Profit before taxation	193.09
12	Provision for taxation	56.24
13	Profit after taxation	136.85
14	Proposed Dividend (including Dividend Distribution Tax)	Nil
15	Extent of shareholding (in percentage)	**100**

Notes: 1. Names of subsidiaries which are yet to commence operations: None
2. Names of subsidiaries which have been liquidated or sold during the year: None

Part B Associates and Joint Ventures

The Company has no associate company or joint venture.

For **and on behalf of the Board of Directors**

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Place: New Delhi
Date: May 09, 2019

Independent Auditors' Report

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and its consolidated profit, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sl. No.	KEY AUDIT MATTER	OUR RESPONSE
1.	**Transition to Ind AS from Indian GAAP** The consolidated financial statements of the Company for the year ended March 31, 2019 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101, 'First-Time Adoption of Indian Accounting Standards', with April 01, 2017 as the transition date and IGAAP as the previous GAAP. The transition to Ind AS has resulted in material changes in: • Classification and measurement of financial assets and financial liabilities • Measurement of loan losses (expected credit losses) • Accounting for loan related fees and costs • Accounting for employee stock option plan • Accounting for Derivative financial instruments	The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. Our audit procedures included: • Evaluating the accounting interpretations for compliance with Ind AS and testing the adjustments and disclosures made on transition. • The accounting policies (Refer Note 1.2) reflected in the comparative information are consistent with those applied in the current period or, if there have been changes in accounting policies, whether those changes have been properly accounted for and adequately presented and disclosed. (Refer Note 47 for detailed note on First-Time Adoption of Ind AS) • Assessed that the areas of significant estimates and management judgment are in line with principles under Ind AS.
2.	**Impairment of loans** The Company reported total gross loans of ₹74,190.47 crore and ₹437.59 crore of expected credit loss provisions as on March 31, 2019 (Refer Note 6). Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include: • Allocation of assets to stage 1, 2 or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL;	Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof. The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 or 3 were reviewed to verify that they were allocated to the appropriate stage.

- Completeness and accuracy of data used to calculate the ECL;
- Inputs and assumptions used to estimate the impact of multiple economic scenarios;
- Completeness and valuation of post model adjustments;
- Measurements of individually assessed provisions including the assessment of multiple scenarios; and
- Accuracy and adequacy of the financial statement disclosures

With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used and the valuation of collateral.

To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans.

Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated.

The completeness and appropriateness of post model adjustments was assessed.

The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was evaluated.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report, for example, Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, Key Highlights etc., but does not include the consolidated financial statements, standalone financial statements and our auditors' report thereon.

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

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

The other information is expected to be made available to us after the date of this auditors' report. When we read this other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Companies include in a Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 consolidated 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 Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, based on our audit we report that:

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

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

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

    (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of written representations received from the directors as on March 31, 2019 and 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.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure 'I'.

(g) 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:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) 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 Consolidated financial statements disclose the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 37(i) to the consolidated financial statements;

ii. The Group did not have any long term contracts including any derivative contracts for which there were any material foreseeable losses;

iii. The Holding Company has generally been regular in depositing the amounts required to be transferred to the Investor Education and Protection Fund.

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Annexure 'I' to the Independent Auditors' Report

(Referred to in Paragraph 1(f) under the heading "Report on other legal and regulatory requirements" of our report of even date)

Report on the Internal Financial Controls under clause (i) of sub section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited ("the Holding Company") and its Subsidiary as of March 31, 2019 in conjunction with our audit of the consolidated 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 Group are 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 ("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 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 consolidated financial statements, whether due to fraud or error.

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

OPINION

In our opinion, the Holding Company and its Subsidiary, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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.

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

Consolidated Balance Sheet

as at March 31, 2019

(₹ in crores)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
ASSETS				
Financial assets				
Cash and cash equivalents	3	4,033.96	2,816.95	65.88
Bank balance other than cash and cash equivalents	4	0.11	0.03	85.62
Trade receivables	5	38.88	0.33	8.01
Loans	6	74,287.88	57,164.80	38,734.68
Investments	7	4,560.67	2,412.95	3,323.57
Other financial assets	8	512.99	240.82	159.81
		83,434.49	**62,635.88**	**42,377.57**
Non-financial assets				
Current tax assets (net)	9	115.60	48.46	12.39
Deferred tax assets (net)	10	60.99	45.46	5.35
Investment property	11	0.56	0.57	0.58
Property, plant and equipment	12	78.34	58.41	47.18
Other intangible assets	13	24.21	17.14	10.63
Capital work-in-progress		3.81	8.23	2.02
Intangible assets under development		1.36	1.46	0.01
Other non-financial assets	14	18.52	20.16	6.95
Assets held for sale		131.11	178.70	154.99
		434.50	**378.59**	**240.10**
Total		**83,868.99**	**63,014.47**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Derivative financial instruments	15	210.80	38.55	40.89
Trade payables				
Total outstanding dues of micro enterprises and small enterprises		-	-	-
Total outstanding dues of creditors other than micro and small enterprises		127.16	119.60	92.18
Debt securities	16	29,604.94	31,088.30	17,415.61
Borrowings (other than debt securities)	17	26,793.19	9,950.72	6,719.23
Deposits	18	14,023.04	11,339.75	9,788.04
Subordinated liabilities	19	1,437.68	1,397.93	1,397.80
Other financial liabilities	20	2,091.26	854.46	453.24
		74,288.07	**54,789.31**	**35,906.99**
Non-financial liabilities				
Provisions	21	25.26	18.74	10.26
Other non-financial liabilities	22	2,011.76	1,639.08	900.82
		2,037.02	**1,657.82**	**911.08**
Equity				
Equity share capital	23	167.47	166.59	165.64
Other equity		7,376.43	6,400.75	5,633.96
Equity attributable to equity holders of the parent		7,543.90	6,567.34	5,799.60
Non-controlling interest		-	-	-
Total equity		**7,543.90**	**6,567.34**	**5,799.60**
Total		**83,868.99**	**63,014.47**	**42,617.67**
Overview, principles of consolidation and significant accounting policies	1 & 2			

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Consolidated Statement of Profit and Loss

for the year ended March 31, 2019

(₹ in crores)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	24	6,792.86	5,046.70
Fees and commission income	25	449.44	292.26
Net gain on derecognition of financial instruments under amortised cost category		308.09	116.22
Net gain on fair value changes	26	128.93	33.53
Total revenue from operations		**7,679.32**	**5,488.71**
Other income		3.90	0.63
Total income		**7,683.22**	**5,489.34**
Expenses			
Finance costs	27	5,166.37	3,536.56
Impairment on financial instruments	28	188.95	276.57
Employee benefits expense	29	303.88	144.14
Fees and commission expense		54.62	83.47
Depreciation, amortisation and impairment		31.37	24.13
Other expenses	30	203.64	189.89
Total expenses		**5,948.83**	**4,254.76**
Profit before tax		**1,734.39**	**1,234.58**
Tax expense/(credit)	31		
Current tax		503.48	437.87
Deferred tax		39.39	(44.44)
Profit for the year		**1,191.52**	**841.15**
Other comprehensive (loss)/income			
A (i) Items that will not be reclassified to profit or loss Remeasurement (loss) / gain on defined benefit plan		(1.06)	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss		0.37	(0.05)
Subtotal (A)		(0.69)	0.08
B (i) Items that will be reclassified to profit or loss Cash flow hedge		(156.19)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss		54.55	1.52
Subtotal (B)		(101.64)	**(2.24)**
Other comprehensive (loss) / income (A + B)		**(102.33)**	**(2.16)**
Total comprehensive income for the year		**1,089.19**	**838.99**
Profit for the year, net of tax attributable to			
Owners of the parent		1,191.52	841.15
Non-controlling interest		-	-
Other comprehensive loss for the year, net of tax attributable to			
Owners of the parent		(102.33)	(2.16)
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax attributable to			
Owners of the parent		1,089.19	838.99
Non-controlling interest		-	-
Earnings per equity share (Face value of ₹10/- each fully paid up)	32		
Basic (₹)		71.19	50.52
Diluted (₹)		70.76	49.94
Overview, principles of consolidation and significant accounting policies	1 & 2		

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Consolidated Statement of Changes in Equity

for the year ended March 31, 2019

(₹ in crores)

Particular	Equity share	Other equity*						Total equity attributable to equity holders of the parent	Total non-controlling interest	Total equity
		Reserves and surplus					Other comprehensive income			
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges			
Balance as at April 01, 2017	**165.64**	**3,932.42**	**334.76**	**40.84**	**20.74**	**1,339.63**	**(34.43)**	**5,633.96**	**-**	**5,799.60**
Equity shares issued during the year	0.95	30.97	-	-	-	-	-	30.97	-	31.92
Employee stock option exercised during the year (Refer note 23.8)	-	10.55	-	-	(10.55)	-	-	-	-	-
Transfer to special reserve#	-	-	150.00	-	-	(150.00)	-	-	-	-
Transfer to statutory reserve##	-	-	-	16.13	-	(16.13)	-	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	17.15	-	-	17.15	-	17.15
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(120.30)	-	(120.30)	-	(120.30)
Profit for the year	-	-	-	-	-	841.15	-	841.15	-	841.15
Fair value changes on derivatives	-	-	-	-	-	-	(2.24)	(2.24)	-	(2.24)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.08	-	0.08	-	0.08
Others	-	-	-	-	-	(0.02)	-	(0.02)	-	(0.02)
Balances as at March 31, 2018	**166.59**	**3,973.94**	**484.76**	**56.97**	**27.34**	**1,894.41**	**(36.67)**	**6,400.75**	**-**	**6,567.34**
Equity shares issued during the year	0.88	28.95	-	-	-	-	-	28.95	-	29.83
Employee stock option exercised during the year (Refer note 23.8)	-	9.86	-	-	(9.86)	-	-	-	-	-
Transfer to special reserve#	-	-	147.00	-	-	(147.00)	-	-	-	-
Transfer to statutory reserve##	-	-	-	70.00	-	(70.00)	-	-	-	-
Share based payment to employees (Refer note 23.8 (iv))	-	-	-	-	39.25	-	-	39.25	-	39.25
Transfer on account of stock option lapsed/ expired	-	-	-	-	(0.62)	0.62	-	-	-	-
Dividend (including dividend distribution tax) (Refer note 23.9)	-	-	-	-	-	(181.70)	-	(181.70)	-	(181.70)
Profit for the year	-	-	-	-	-	1,191.52	-	1,191.52	-	1,191.52
Fair value changes on derivatives	-	-	-	-	-	-	(101.64)	(101.64)	-	(101.64)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	(0.69)	-	(0.69)	-	(0.69)
Others	-	-	-	-	-	(0.01)	-	(0.01)	-	(0.01)
Balances as at March 31, 2019	**167.47**	**4,012.75**	**631.76**	**126.97**	**56.11**	**2,687.15**	**(138.31)**	**7,376.43**	**-**	**7,543.90**

* Refer note 23.6 for nature and the purpose of reserves

#As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any special reserve created by the Company under section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹147.00 crores (Previous year ₹150.00 crores) to special reserve in terms of section 36(1) (viii) of the Income Tax Act, 1961.

##The Company has transferred an amount of ₹70.00 crores (Previous year ₹16.13 crores) to statutory reserve u/s 29C of the National Housing Bank Act, 1987.

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date
For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

Sudhir Maheshwari
Partner
Membership No. 081075

Place: New Delhi
Date: May 09, 2019

For and on behalf of the Board of Directors

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Consolidated Statement of Cash Flow

for the year ended March 31, 2019

(Indirect Method)

(₹ in crores)

	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,734.39	1,234.58
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	31.37	24.13
Loss on sale of property, plant and equipment	0.12	0.17
Impairment on financial instruments	162.15	258.27
Impairment/ (reversal of impairment) on assets held for sale	(0.81)	8.73
Net loss on financial asset at fair value through profit or loss	(3.80)	(7.51)
Share based payment expense	39.25	17.15
Effective interest rate on loans and investments	(31.13)	(4.44)
Effective interest rate on borrowings	41.99	(97.10)
Net gain on derecognition of financial instruments under amortised cost category	268.61	78.57
Derivative impact of external commercial borrowings	16.05	(6.10)
Bad debts Written-off	26.80	18.30
	550.60	**290.17**
Operating profits before changes in working capital	**2,284.99**	**1,524.75**
Working Capital changes		
Trade payables	7.56	27.42
Provisions	6.18	8.48
Financial liabilities	1,236.80	401.22
Non-financial liabilities	371.86	744.60
Loans at amortised cost	(17,280.18)	(18,700.96)
Trade receivable	(38.55)	7.68
Other financial asset	(540.78)	(159.58)
Other non-financial asset	1.64	(13.21)
Investments (net)	(2,144.30)	916.84
Asset held for sale	48.40	(32.45)
Other bank balances	(0.08)	85.59
	(18,331.45)	**(16,714.37)**
Cash used in operations	**(16,046.46)**	**(15,189.62)**
Taxes paid (net of refunds)	(570.62)	(473.94)
Net cash used in operating activities	**(16,617.08)**	**(15,663.56)**
Cash flow from investing activities		
Purchase of property plant and equipment and other intangible assets	(58.67)	(42.10)
Capital work-in-progress and intangible assets under development (net)	4.52	(7.66)
Sale of property plant and equipment and other intangible assets	0.18	0.07
Net cash used in investing activities	**(53.97)**	**(49.69)**

Consolidated Statement of Cash Flow

for the year ended March 31, 2019

(₹ in crores)

	Current Year	Previous Year
Cash flow from financing activities		
Proceeds from borrowings		
Debt securities & subordinated liabilities	1,440.70	8,954.00
Borrowings from bank	24,338.50	5,371.36
Deposits (net)	2,675.64	1,540.34
Commercial paper	33,575.00	26,600.00
Repayment of borrowings		
Commercial paper	(36,025.00)	(20,570.00)
Debt securities & subordinated liabilities	(530.00)	(1,200.00)
Borrowings from bank	(7,434.91)	(2,143.00)
Proceeds from issue of share capital	0.88	0.95
Share premium received	28.95	30.97
Dividend paid (including dividend distribution tax)	(181.70)	(120.30)
Net cash from financing activities	**17,888.06**	**18,464.32**
Net changes in cash and cash equivalents	**1,217.01**	**2,751.07**
Cash and cash equivalents at the beginning of the year	2,816.95	65.88
Cash and cash equivalents at the end the of the year	4,033.96	2,816.95
Net increase of cash and cash equivalents during the year	**1,217.01**	**2,751.07**

Note : Figures in bracket denotes application of cash

The accompanying notes are an integral part of the consolidated financial statements.

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**
Chartered Accountants
FR No : 001035N/N500050

For and on behalf of the Board of Directors

Sudhir Maheshwari
Partner
Membership No. 081075

Sanjaya Gupta
Managing Director
DIN: 02939128

Sunil Kaul
Director
DIN: 05102910

L. V. Prabhakar
Director
DIN: 08110715

Place: New Delhi
Date: May 09, 2019

Kapish Jain
Chief Financial Officer
ACA: 057737

Sanjay Jain
Company Secretary
FCS: 002642

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

1. OVERVIEW AND PRINCIPLES OF CONSOLIDATION

1.1. Overview

PNB Housing Finance Limited ('PNBHFL'), 'the Company' was incorporated on November 11, 1988. The Company is primarily engaged in the business of providing loans to individuals and corporate bodies for purchase, construction, repair and up-gradation of houses. It also provides loans for commercial space, loan against property and loan for purchase of residential plots. The Company is deposit taking Housing Finance Company registered with National Housing Bank (NHB) under Section 29A of the National Housing Bank Act, 1987. The Company is listed on BSE Limited and the National Stock Exchange of India Limited. The Company's registered office is at 9th floor, Antriksh Bhawan, 22, K.G.Marg, New Delhi -110001.

These consolidated financial statement are approved and adopted by the Board of Directors of the Company in their meeting held on May 9, 2019.

1.2. Basis of preparation / Statement of compliance

The consolidated financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments and other financial assets held for trading, all of which have been measured at fair value.

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the National Housing Bank Act, 1987 and the Housing Finance Companies Directions, 2010 as amended from time to time.

The consolidated financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III.

The consolidated financial statements relate to the Company and its wholly owned subsidiary Company (herewith referred to as "Company") incorporated in India.

For all periods up to and including the year ended March 31, 2018, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2019 are the first the Company has prepared in accordance with Ind AS.

The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crore, except when otherwise indicated.

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 43.

Principles and methods considered for the first time adoption of Ind AS are explained in the note no. 47.

1.3. Principles of consolidation

The 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 consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statement of the Company and its subsidiary are consolidated on line-by-line basis, by combining the like items of assets, liabilities, income, expense and cash flow after as far as possible eliminating the intra company balances and transactions resulting in unrealised profits or losses.

The financial statements of all Companies used for the purpose of consolidation are drawn up to same reporting date as that of the holding Company. (i.e. year ended and as at March 31).

The subsidiary considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
PHFL Home Loans and Services Limited	100%	India	August 22, 2017	Professional, consultancy and advisory services

*Including nominee shareholders

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates

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are recognised in the period in which the estimates are known or materialised.

Some of the judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are:

a) **Business model assessment**
Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the 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 the assets.

b) **Fair value of financial instruments**
The fair value of financial instruments is the price that would be received upon selling of an asset or paid upon transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility.

c) **Effective Interest Rate (EIR) method**
EIR methodology recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments, penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

d) **Impairment of financial asset**
The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

e) **Provisions and other contingent liabilities**
The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. Cases where Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows probable, it recognises a provision against the same. Where the probability of outflow is considered remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed for the same.

2.2 Cash and cash equivalents
Cash and cash equivalent comprises cash on hand, demand deposits and time deposits with original maturity of less than three months from the date of acquisition, highly liquid investments that are readily convertible in the known amounts of cash and which are subject to insignificant risk of change in value, debit balance in cash credit account.

Time deposits held with bank, with original maturity of more than three months but less than twelve months is a part of bank balance other than cash and cash equivalents.

For the purpose of the statement of cash flow, cash and cash equivalents consist of cash at banks and on hand and short term deposits, as defined above.

2.3 Revenue recognition
a) **Interest and related income**
Interest income, for all financial instruments measured either at amortised cost or at fair value through other comprehensive income, is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any discount or premium on acquisition, fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by

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applying the effective interest rate on net amount and restricting to the extent of the fair valuation of underlying asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets measured at Fair value through profit or loss (FVTPL) is recognised using the contractual interest rate under interest income and the fair value impact is recognised in net gain / loss on fair value changes.

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

c) **Profit on derecognition of financial assets**
When the Company transfers the financial asset in a transfer that qualifies for derecognition in its entirety, then whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of financial asset.

d) **Other income**
Fees and commissions income i.e. login fee, penal interest on defaults, pre-payment / other charges, fees for advertising in offices / website etc. (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable when the Company satisfies the performance obligation.

Interest on tax refunds or other claims where quantum of accruals cannot be ascertained with reasonable certainty, are recognised as income only when revenue is virtually certain which generally coincides with receipts.

2.4 Property, plant and equipment (PPE) and Intangible assets

a) **PPE**
PPE are stated at cost (including incidental expenses directly attributable to bringing the asset to its working condition for its intended use) less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure related to PPE is capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

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

b) **Intangible assets**
Intangible assets acquired separately are measured on initial recognition at cost and are capitalised only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Subsequent to initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

2.5 Depreciation and Amortisation

a) **Depreciation**
Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

All fixed assets individually costing ₹5,000/- or less are fully depreciated in the year of purchase.

Depreciation on additions to fixed assets is provided on a pro-rata basis from the date the asset is put to use. Depreciation on sale / derecognition of fixed assets is provided for up to the date of sale / derecognition, as the case may be.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

b) **Amortisation**
Intangible assets are amortised over a period of five years on straight line basis, except website development costs which are amortised over a period of three years from the date when the assets are available for use.

The amortisation period and the amortisation method for these Intangibles with a finite useful life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or methodology, as appropriate, which are then treated as changes in accounting estimates.

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2.6 Investment property

Investment property comprises freehold properties that are held to earn rentals or for capital appreciation or both.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalised to the assets carrying amount only when it is probable that future economic benefit associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Investment properties are depreciated using the straight-line method over their estimated useful lives prescribed in Part C of Schedule II of the Companies Act 2013.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

2.7 Foreign currency

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

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss except for differences arising on cash flow hedges.

Non–monetary items that are measured at historical cost in a foreign currency are translated using the spot exchange rates as at the date of initial recognition.

2.8 Operating leases

Company as a Lessee - Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. The Company has ascertained that the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases and therefore, the lease payments are recognised as per terms of the lease agreement in the statement of profit and loss.

Company as a Lessor - Leases where the Company does not transfer substantially all of the risk and benefits of ownership of the asset are classified as operating leases. The Company has ascertained that the payments by the lessee are structured to increase in line with expected general inflation to compensate for the Company's (lessor's) expected inflationary cost increases and therefore, the lease income is recognised as per terms of the lease agreement in the statement of profit and loss.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

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

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

2.10 Provisions

Provisions are recognised when the Company 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.

2.11 Contingent liabilities and assets

The Company does not recognise a contingent liability but discloses its existence in the financial statements.

a) 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.
- A present obligation arising from past events, when no reliable estimate is possible.

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- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

b) Contingent assets are not recognised in the financial statements.

2.12 Employee benefits

a) **Retirement and other employee benefits**

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund and Employee State Insurance scheme. The Company recognises contribution payable to the provident fund and Employee State Insurance scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to reduction in future payment or a cash refund.

Defined Benefit Plan

The Company has defined benefit plans as compensated absences and Gratuity for all eligible employees, the liability for which is determined based on actuarial valuation at each year-end using projected unit credit method.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service, costs are recognised in statement of profit and loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

The Company recognises the following changes in the net defined benefit obligation as an employee benefits expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

b) **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:

- In case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- In case of non-accumulating compensated absences, when the absences occur

c) **Share based payments**

The Company operates a number of Employee Stock Option Scheme ('the Scheme') which provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. These equity-settled share based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company`s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (Share option outstanding account) . The fair value of options is estimated using valuation techniques, which incorporate exercise price, term, risk-free interest rates, the current share price, its expected volatility etc.

At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in statement of profit and loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the share option outstanding account.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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2.13 Taxes

Tax expense comprises current and deferred tax.

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with Income tax Act, 1961, Income Computation and Disclosure Standards and other applicable tax laws. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current tax relating to items recognised outside statement of profit and loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

b) Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow, all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity.

2.14 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Financial Instruments

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

a) Financial assets

- **Initial recognition and measurement**

  Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. Loans and advances to customers are recognised when funds are disbursed to the customers. The classification of financial assets at initial recognition depends on their purpose, characteristics and the intention of the management's while acquiring the same. All financial assets measured at fair value through profit or loss (FVTPL) are recognised initially at fair value. Financial assets measured at amortised cost or at fair value through other comprehensive income (FVTOCI) is recorded at fair value plus transaction costs that are attributable to the acquisition of that financial asset.

- **Classification and subsequent measurement**

  For purposes of subsequent measurement, financial assets are classified in three categories:

  - Financial asset at amortised cost
  - Financial asset (debt instruments) at FVTOCI
  - Financial asset at FVTPL

  Financial asset at amortised costs

  Financial asset is measured at the amortised cost if both the following conditions are met:

  i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

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ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees / costs incurred on acquisition of financial asset. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

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

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent SPPI.

Financial assets included within the above category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

b) Financial liabilities
Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as on initial recognition to be measured at FVTPL. All financial liabilities, other than classified at FVTPL, are classified at amortised cost in which case they are initially measured at fair value, net of transaction costs and subsequently at amortised cost using effective interest rate.

Amortised cost is calculated by taking into account any fees , commission / brokerage and ancillary costs incurred in relation to the financial liability .The EIR amortisation is included in interest expense in the statement of profit and loss.

2.16 Derivative financial instruments
A derivative is a financial instrument or other contract with all three of the following characteristics

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided that, in the case of a non-financial variable, it is not specific to a party to the contract (i.e., the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts expected to have a similar response to changes in market factors.
- It is settled at a future date.

The Company holds derivative to mitigate the risk of changes in exchange rates on foreign currency exposures as well as interest fluctuations. The counterparty for such contracts are generally banks.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied.

2.17 Hedge accounting
The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies hedge accounting for transactions that meet specified criteria.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the criteria for hedge accounting are accounted for as Cash flow hedges.

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A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and could affect profit or loss.

For designated and qualifying cash flow hedges, the effective portion of the cumulative gain or loss on the hedging instrument is initially recognised directly in OCI within equity (cash flow hedge reserve). The ineffective portion of the gain or loss on the hedging instrument is recognised immediately in net gain/loss on fair value changes in the statement of profit and loss.

When the hedged cash flow affects the statement of profit and loss, the effective portion of the gain or loss on the hedging instrument is recorded in the corresponding income or expense line of the statement of profit and loss. When the forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in OCI are reversed and included in the initial cost of the asset or liability.

When a hedging instrument expires, is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in OCI at that time remains in OCI and is recognised when the hedged forecast transaction is ultimately recognised in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

The Company doesn't reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

2.19 Derecognition of financial assets and liabilities

a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognised the financial asset if it has transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if and only if, either:

- It has transferred its contractual rights to receive cash flows from the financial asset

Or

- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full or in part without material delay to a third party under a 'pass-through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash and cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Company has transferred substantially all the risks and rewards of the asset

Or

- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are

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substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

2.20 Measurement of Expected Credit Loss (ECL)

The Company records allowance for expected credit loss for all loans, other debts financial assets not held at FVTPL together with the financial guarantee contracts. Equity instruments are not subject to impairment under Ind AS 109. The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk (SICR) since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

Definition of default: Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. National Housing Bank defines NPA in its Paragraph 2 sub-paragraph (1), clause (v) in its Housing Finance Companies (NHB) Directions, 2010 as exposures where interest or principal is in arrears for a period of more than ninety days.

The Company will maintain the definition of default in line with any amendments made by the regulator from time to time through its circulars and through its Master Circular published from time to time.

The mechanics and key inputs for computing the ECL are defined below:

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired & for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the expectation of default.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having Significant Increase in Credit Risk ("SICR") since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components of Expected Credit Loss are:

- **Probability of Default (PD)**

Probability of default (PD) is one of the three risk components needed to estimate ECL under Ind AS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.

The Company uses 12-month PD for stage 1 borrowers and lifetime PD for stage 2 and Stage 3 assets.

- **Loss Given Default (LGD)**

The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.

- **Exposure at Default (EAD)**

Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail loans	Multinomial logistic regression	Workout Method
Corporate loans	Pluto-Tasche	FIRB + Asset coverage based

Broadly, the Company has grouped the portfolio into retail and corporate categories. ECL computation is based on collective approach. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

The retail portfolio is segregated into homogenous pools at the product level and occupational level.

For ECL computation, basis risk emergence curve movement, the Company has adopted statistical technique of multinomial logistic regression using behaviour and credit variables. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Previous years(s) portfolio behavior of homogeneous pool is considered for PD estimation.

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The company has identified various parameters to trigger SICR, which are described in the SICR section.

Loss Given Default
The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last 4 years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/ expected recoveries, depending on resolution strategies already materialised or in the process. Further, LGD pools have been aligned with the PD pools.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Corporate loans
Probability of Default
Historically, the Company has observed low instance of default for the corporate portfolio. For nil default portfolio, the Company has floored the PD at the minimum required level and for low default portfolio, statistical technique of Pluto-Tasche methodology, using latest external rating as available as cohort, has used to arrive at PDs. For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

The Company has identified various parameters to trigger SICR which are described in the SICR section.

Loss Given Default
Given a very low instance of loss experience, the Company has referred Foundation internal rating based (FIRB) estimates. Further, the Company has applied business logic based on security coverage ratio to normalise the LGD estimates. A cut-off based on the skewness of the density plot of security coverage ratio was calculated.

Exposure at Default
EAD is the sum of the outstanding principle, interest outstanding and future interest receivables for the expected life of the asset, computed basis the behavioural analysis of the Company's historical experience.

Significant increase in credit risk (SICR)
The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk in the assets falling in stage 1 then the Company measures the loss allowance over the lifetime of the loan instead of 12 month ECL.

Retail Loans
Given the prevalent environment, the qualitative criteria for triggering SICR in retail exposure is those stage 1 loan assets where underlying property is under construction and construction progress in last one year is slow.

Corporate Loans
The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and for such assets SICR has been triggered.

Incorporation of forward looking information
Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of stressed and favourable economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL we have considered several macroeconomic variables such as growth rates of GDP, Housing Price Index (HPI) inflation, money supply, Private Final Consumption Expenditure (PFCE), interest rates among others.

The forward-looking scenario-based PDs were computed based on the selected macroeconomic variables for different portfolios. The list of macroeconomic variables was narrowed down using expert judgement based on business logic. The statistical significance of these variables was checked to finalise variables for each portfolio. List of macroeconomic variables as finalised are given below:

Macro parameter
GDP (Lag 1)
Money Supply (Lag 2)
HPI (Lag 1 and Lag 2)
WPI
CPI (Lag 1)

The macroeconomic variables with up to two-time lags were regressed against 20 quarter historic default rates of the portfolios. A Quasi-Binomial with logit regression was used to establish the relationships between default rates and macroeconomic variables.

Worst, Base, Mild and Best scenarios were created for all the portfolios and default rates were estimated for all the four scenarios. The differential default rates between the Base scenario and the Best, Worst and Mild scenarios were created/built to compute the shock factors. These shock factors were then added to the base Residual maturity probability of default (RMPD)

Notes to Consolidated Financial Statements
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term structure which was arrived using the Kaplan Meier technique, thereby creating four different RMPD term structures for the four scenarios. By this method, RMPD is a combination of the exogenous and the endogenous variables and hence PD value will constitute both idiosyncratic risk of the portfolio as well as the influence of macroeconomic risk factors. For the purpose of finding likelihood (probability weights) of different scenarios, the frequency of each of the scenarios was ascertained. ECL for all portfolios is computed for these different scenarios and a probability weighted ECL is computed using the likelihood (weights) as calculated.

2.21 ECL on financial guarantee contracts

ECL on financial guarantee contracts has been computed basis the methodologies defined under note no 2.20.

2.22 Write offs

The company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. For LGD computation, the Company considers contractual amount written off i.e. principal as well as interest overdue.

2.23 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being re-assessed as and when required.

The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody & settlement and free from all encumbrances in the relevant jurisdictions and complied with local by laws. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies.

The company has specified the maximum loan-to-value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

On case-to-case basis, the Company may ask for additional security, which may be in the form of guarantee or financial assets or any other real estate assets.

The Company may take actions as provided in the SARFAESI Act which enables it to enforce the underlying collateral of stage 3 assets without court intervention.

2.24 Dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.25 Unclaimed Deposits

Deposits, which has become overdue but have not been presented for payment or renewal, are transferred to unclaimed deposits. Interest for the period from last maturity date to the date of renewal of unclaimed deposits is accounted for during the year of its renewal.

2.26 Share Issue Expenses

Share issue expenses, net of tax, are adjusted against the securities premium account, as permissible under section 52(2) of the Companies Act. 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27 Assets held for sale

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

2.28 Segment reporting

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

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for the year ended March 31, 2019

3. CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Balances with banks in current accounts	3,519.40	2816.14	51.96
Cheques-on-hand	-	-	13.26
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	513.27	-	-
Cash on hand	1.27	0.76	0.63
Stamps on hand	0.02	0.05	0.03
	4,033.96	**2,816.95**	**65.88**

Note: 3.1: Short-term deposits earn interest at the respective short-term deposit rates.

Note: 3.2: Cash and cash equivalents for cash flow statement is including bank overdraft.

4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Bank Deposits (More than 3 months & upto 12 months) (Refer Note 4.1)	-	-	85.62
Earmarked balances with bank (Refer Note 4.2)	0.11	0.03	-
	0.11	**0.03**	**85.62**

Note: 4.1: Short-term deposits earn interest at the respective short-term deposit rates.

Note: 4.2: Earmarked balances with bank include unclaimed dividend.

5. RECEIVABLES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables			
Unsecured considered good (Refer note 5.1)	38.88	0.33	8.01
Receivables – credit impaired	-	-	-
	38.88	0.33	8.01
Provision for impairment			
Unsecured considered good	-	-	-
Receivables – credit impaired	-	-	-
	-	-	-
Other receivables	-	-	-
	38.88	**0.33**	**8.01**

Note: 5.1: No trade or other receivable are due from directors or other officers of the Company 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.

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

6. LOANS (AT AMORTISED COST)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Term Loans	74,882.01	57,597.12	38,908.73
Total	74,882.01	57,597.12	38,908.73
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,287.88**	**57,164.80**	**38,734.68**
Secured by tangible assets	74,882.01	57,597.12	38,908.73
Total	74,882.01	57,597.12	38,908.73
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,287.88**	**57,164.80**	**38,734.68**
Public Sector	-	-	-
Others	74,882.01	57,597.12	38,908.73
Total	74,882.01	57,597.12	38,908.73
Less: Impairment loss allowance	594.13	432.32	174.05
Total Net	**74,287.88**	**57,164.80**	**38,734.68**

Note: 6.1: Loans - Staging analysis

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Particulars	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail loans*	54,508.64	1,303.44	325.00	56,137.08	43,985.05	673.19	165.66	44,823.90	30,932.59	461.09	85.77	31,479.45
Total	**54,508.64**	**1,303.44**	**325.00**	**56,137.08**	**43,985.05**	**673.19**	**165.66**	**44,823.90**	**30,932.59**	**461.09**	**85.77**	**31,479.45**

As on March 31, 2018, the Company had loan assets of ₹44,823.90 crores of which 98.13% were in stage 1, 1.50% were in stage 2 and 0.37% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

   i) 11.42% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

   i) 15.56% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

   i) 12.02% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 3 or had backward flows

As on April 01, 2017, the Company had loan assets of ₹31,479.45 crores of which 98.26% were in stage 1, 1.47% were in stage 2 and 0.27% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

   i) 16.58% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

   i) 14.62% of loan assets moved out of books by year end

   ii) Residual portfolio either remained in stage 2 or had forward or backward flows

Notes to Consolidated Financial Statements
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c) Movement of Stage 3:

i) 26.84% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans*	16,903.67	1,119.85	29.87	18,053.39	11,940.28	293.64	20.44	12,254.36	7,029.26	56.33	-	7,085.59
Total	**16,903.67**	**1,119.85**	**29.87**	**18,053.39**	**11,940.28**	**293.64**	**20.44**	**12,254.36**	**7,029.26**	**56.33**	**-**	**7,085.59**

As on March 31, 2018, the Company had loan assets of ₹12,254.36 crores of which 97.44% were in stage 1, 2.39% were in stage 2 and 0.17% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 19.46% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 50.78% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

i) 100% of loan assets moved out of books by year end

As on April 01, 2017, the Company had loan assets of ₹7,085.59 crores of which 99.21% were in stage 1, 0.79% were in stage 2 and 0.00% were in stage 3.

Movement of loan assets is as follows:

a) Movement of Stage 1:

i) 26.80% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

i) 0.00% of loan assets moved out of books by year end

ii) Residual portfolio either remained in stage 2 or had forward or backward flows

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

Note: 6.2: Expected Credit Loss (ECL) - Staging analysis#

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail loans	27.89	52.57	64.48	144.94	13.20	31.98	44.19	89.37	16.63	11.17	26.52	54.32
Total	**27.89**	**52.57**	**64.48**	**144.94**	**13.20**	**31.98**	**44.19**	**89.37**	**16.63**	**11.17**	**26.52**	**54.32**

Notes to Consolidated Financial Statements

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ECL movement as on March 31, 2018 and March 31, 2019

a) The loan assets in stage 2 were 2.32% as on March 31, 2019 as against 1.50% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹370 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.66%.

b) Despite the applicability of SICR, the improvement in stage 2 ECL % POS is attributed to low forward flows from stage 2 to stage 3 for the Company's non-housing portfolio. In addition, lower loan to value ratios for non-housing loan have resulted in improved LGDs.

c) Overall ECL % POS have increased by 26 bps but stage 3 ECL as % POS have reduced because of improvement in trend of resolution of stage 3 assets and applicability of behaviour LGDs.

ECL movement as on March 31, 2017 and March 31, 2018

a) Despite the increase in stage 1 loan assets, the ECL as % POS gets reduced by 2 bps. This decrease in ECL % is attributed to improved performance and resolution of non-housing loans which resulted in lower probability of default.

b) ECL as % POS for stage 2 portfolio increased as there was higher transition due to vintage impact of portfolio and relatively lower percentage of roll backs.

c) Dynamism of portfolio behaviour and model validation exercise have also resulted in improved predictability.

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Particulars	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Corporate loans	112.45	170.34	9.86	292.65	173.35	15.36	8.70	197.41	34.20	2.49	-	36.69
Total	**112.45**	**170.34**	**9.86**	**292.65**	**173.35**	**15.36**	**8.70**	**197.41**	**34.20**	**2.49**	**-**	**36.69**

ECL movement as on March 31, 2018 and March 31, 2019

a) Despite the growth in loan book, stage 1 ECL % of POS reduced from 1.45% to 0.67%. This is attributed to application of SICR and movement of frequent delinquent accounts from stage 1 to stage 2.

b) The loan assets in stage 2 were 6.20% as on March 31, 2019 as against 2.40% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹845 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 5.23% to 15.22%.

c) Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.52% as against 2.40% as on March 31, 2018.

d) The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

ECL movement as on March 31, 2017 and March 31, 2018

a) In FY 2016-17 and FY 2017-18, the economy had disruptive but far reaching positive impact measures of GST, RERA and demonetisation which slowed the growth engine temporarily and adversely impacted the real estate market. During the FY 2017-18, our corporate finance book also registered increase in early bucket delinquencies i.e. DPD of 1 to 30 days over dues and subsequent forward flows to higher stages of loan assets were also increased. Due to higher flows, stage 1 and stage 2 ECL as % POS has increased.

b) Despite the higher forward flows to stage 2, the Company, through its collective efforts and robust monitoring mechanism, was able to hold stage 3 assets at 0.17% as on March 31, 2018. For this, the Company provided provision coverage at 43%.

Given the current state of affairs in real estate industry, transitionary phase of small and medium scale business due to GST and demonetisation, macro economic factors like interest rates etc. the Company is maintaining an additional provision for unforeseen macro-economic factors of ₹156.54 crores (March 31, 2018 ₹145.54 crores and April 01, 2017 ₹83.04 crores).

#Refer note no. 2.20 and 44.1

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

Note: 6.3: Loans due from borrowers are secured wholly or partly by any one or all of the below as applicable:

i) Equitable / Simple / English Mortgage of immovable property;

ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property;

iii) Demand Promissory Note;

iv) Post Dated Cheques towards the repayment of the debt;

v) Personal / Corporate Guarantees;

vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account , fixed deposit, current and escrow accounts;

vii) Undertaking to create a security;

viii) Letter of comfort.

7. INVESTMENTS

(₹ in crores)

Particulars	As at March 31, 2019		
	Amortised cost	At fair value through profit or loss	Total
Investments in India (a)			
Mutual funds	-	103.49	103.49
Government securities	1,386.07	-	1,386.07
Debt securities	-	166.73	166.73
Certificate of deposits	-	2,904.38	2,904.38
Total	**1,386.07**	**3,174.60**	**4,560.67**
Investments outside India (b)	-	-	-
Total (a+b)	**1,386.07**	**3,174.60**	**4,560.67**
Less: Allowance for impairment loss (c)	-	-	-
Total net (a+b-c)	**1,386.07**	**3,174.60**	**4,560.67**

(₹ in crores)

Particulars	As at March 31, 2018		
	Amortised cost	At fair value through profit or loss	Total
Investments in India (a)			
Mutual funds	-	440.57	440.57
Government securities	1,182.72	-	1,182.72
Debt securities	-	408.69	408.69
Commercial papers	-	193.87	193.87
Certificate of deposits	-	187.10	187.10
Total	**1,182.72**	**1,230.23**	**2,412.95**
Investments outside India (b)	-	-	-
Total (a+b)	**1,182.72**	**1,230.23**	**2,412.95**
Less: Allowance for impairment loss (c)	-	-	-
Total net (a+b-c)	**1,182.72**	**1,230.23**	**2,412.95**

Notes to Consolidated Financial Statements
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(₹ in crores)

Particulars	As at April 01, 2017 Amortised cost	At fair value through profit or loss	Total
Investments in India (a)			
Mutual funds	-	890.26	890.26
Government securities	978.13	-	978.13
Debt securities	-	1,224.45	1,224.45
Commercial papers	-	230.73	230.73
Total	**978.13**	**2,345.44**	**3,323.57**
Investments outside India (b)	-	-	-
Total (a+b)	**978.13**	**2,345.44**	**3,323.57**
Less: Allowance for impairment loss (c)	-	-	-
Total net (a+b-c)	**978.13**	**2,345.44**	**3,323.57**

8. OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Receivables on assignment of loan (Refer note 8.1)	492.99	224.01	147.15
Other receivables	1.25	0.32	-
Security deposit	18.75	16.49	12.66
Total	**512.99**	**240.82**	**159.81**

Note: 8.1: During the year ended March 31, 2019, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the de-recognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

The table below summarises the carrying amount of the derecognised financial assets:

(₹ in crores)

Loans and advances measured at amortised cost	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Carrying amount of derecognised financial assets	10,699.00	5,238.00	2,960.00

Since the Company transferred the above financial asset in a transfer that qualified for derecognition in its entirety therefore the whole of the interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable ("Receivables on assignment of loan") and correspondingly recognised as profit on derecognition of financial asset.

9. CURRENT TAX ASSETS (NET)

(₹ in crores)

Particulars	
As at April 01, 2017	**12.39**
Advance tax (including TDS)	473.94
Current tax liability	(437.95)
Current tax related to earlier years	0.08
As at March 31, 2018	**48.46**
Advance tax (including TDS)	570.62
Current tax liability	(508.64)
Current tax related to earlier years	5.16
As at March 31, 2019	**115.60**

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

10. DEFERRED TAX ASSETS (NET)

As at March 31, 2019

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	6.21	-	3.38	-
Provision for employee benefits	22.04	-	15.56	-
Impairment allowance for financial assets	196.86	-	38.75	-
Derivative instruments in cash flow hedge	74.29	-	-	54.55
Expenses paid in advance (net of income received in advance)	-	75.31	(13.77)	-
Interest spread on assigned loans	-	170.36	(93.86)	-
Fair valuation of financial instruments held for trading	-	0.30	0.92	-
Remeasurement gain/(loss) on defined benefit plan	0.32	-	-	0.37
Others temporary differences	7.24	-	9.63	-
Total	**306.96**	**245.97**	**(39.39)**	**54.92**

As at March 31, 2018

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	2.83	-	2.86	-
Provision for employee benefits	6.48	-	2.93	-
Impairment allowance for financial assets	158.11	-	92.76	-
Derivative instruments in cash flow hedge	19.74	-	-	1.52
Expenses paid in advance (net of income received in advance)	-	61.54	(19.28)	-
Interest spread on assigned loans	-	76.50	(27.49)	-
Fair valuation of financial instruments held for trading	-	1.22	2.63	-
Remeasurement gain/(loss) on defined benefit plan	-	0.05	-	(0.05)
Others temporary differences	9.74	12.13	(9.97)	-
Total	**196.90**	**151.44**	**44.44**	**1.47**

As at April 01, 2017

(₹ in crores)

Particulars	Deferred Tax Asset	Deferred Tax Liabilities
Depreciation on property, plant and equipment and amortisation of Other Intangible asset	-	0.03
Provision for employee benefits	3.55	-
Impairment allowance for financial assets	65.35	-
Derivative instruments in cash flow hedge	18.22	-
Expenses paid in advance (net of income received in advance)	-	42.26
Interest spread on assigned loans	-	49.01
Fair valuation of financial instruments held for trading	-	3.85
Others temporary differences	20.72	7.34
Total	**107.84**	**102.49**

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

11. INVESTMENT PROPERTY

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.58	-	-	0.58	0.01	0.01	-	0.02	0.56	0.57
Total	**0.58**	-	-	**0.58**	**0.01**	**0.01**	-	**0.02**	**0.56**	**0.57**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.58	-	-	0.58	-	0.01	-	0.01	0.57	0.58
Total	**0.58**	-	-	**0.58**	-	**0.01**	-	**0.01**	**0.57**	**0.58**

*Refer note 16.1 (a)

Note: 11.1: Amount recognised in statement of profit and loss for investment properties are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Rental Income	0.11	0.05
Profit from investment properties before depreciation	0.11	0.05
Depreciation	(0.01)	(0.01)
Profit from investment properties	**0.10**	**0.04**

Note: 11.2: Investment properties are leased to tenants under long term operating leases with rentals receivable on monthly basis. Minimum lease payments receivable under non-cancellable leases of investment properties are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Within one year	0.11	0.05	-
Later than one year but not later than five year	0.14	0.25	-
Later than five years	-	-	-

Note: 11.3: The Company obtains independent valuations for its investment properties by a specialist in valuing these type of investment property. The best estimate of fair value is current prices in an active market for similar properties. Fair value are as follows:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Investment properties	5.88	5.93	6.03

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

12. PROPERTY PLANT AND EQUIPMENT

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Buildings*	0.27	-	-	0.27	0.01	0.01	-	0.02	0.25	0.26
Furniture & Fixtures	17.94	5.04	0.26	22.72	3.04	3.08	0.23	5.89	16.83	14.90
Vehicles	0.10	-	0.00	0.10	0.01	0.01	0.00	0.02	0.08	0.09
Computers	15.54	8.33	0.40	23.47	4.92	5.19	0.34	9.77	13.70	10.62
Office Equipment & Others	16.74	11.87	0.94	27.67	3.85	5.62	0.84	8.63	19.04	12.89
Leasehold Improvements	26.90	18.92	0.40	45.42	7.25	10.01	0.28	16.98	28.44	19.65
Total	**77.49**	**44.16**	**2.00**	**119.65**	**19.08**	**23.92**	**1.69**	**41.31**	**78.34**	**58.41**

(₹ in crores)

Particulars	Gross carrying value				Depreciation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Buildings*	0.27	-	-	0.27	-	0.01	-	0.01	0.26	0.27
Furniture & Fixtures	11.73	6.71	0.50	17.94	-	3.31	0.27	3.04	14.90	11.73
Vehicles	0.10	-	-	0.10	-	0.01	-	0.01	0.09	0.10
Computers	7.54	8.00	-	15.54	-	4.92	-	4.92	10.62	7.54
Office Equipment & Others	10.44	6.57	0.27	16.74	-	4.11	0.26	3.85	12.89	10.44
Leasehold Improvements	17.10	9.81	0.01	26.90	-	7.26	0.01	7.25	19.65	17.10
Total	**47.18**	**31.09**	**0.78**	**77.49**	**-**	**19.62**	**0.54**	**19.08**	**58.41**	**47.18**

*Refer note 16.1(a)

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

13. OTHER INTANGIBLE ASSETS

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2018	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at April 01, 2018	For the year	Adjustments/ Deductions during the year	As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Software	21.64	14.51	-	36.15	4.50	7.44	-	11.94	24.21	17.14
Total	**21.64**	**14.51**	**-**	**36.15**	**4.50**	**7.44**	**-**	**11.94**	**24.21**	**17.14**

(₹ in crores)

Particulars	Gross carrying value				Amortisation				Net carrying value	
	As at April 01, 2017	Addition during the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at April 01, 2017	For the year	Adjustments/ Deductions during the year	As at March 31, 2018	As at March 31, 2018	As at April 01, 2017
Software	10.63	11.01	-	21.64	-	4.50	-	4.50	17.14	10.63
Total	**10.63**	**11.01**	**-**	**21.64**	**-**	**4.50**	**-**	**4.50**	**17.14**	**10.63**

14. OTHER NON FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Prepaid expenses	2.61	1.35	1.33
Statutory receivables (net)	10.89	2.17	1.24
Advances recoverable in cash or kind	5.02	16.64	4.38
Total	**18.52**	**20.16**	**6.95**

15. DERIVATIVE FINANCIAL INSTRUMENTS*

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 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
Currency derivatives:									
Spot forwards	375.89	-	27.00	-	-	-	-	-	-
Currency swaps	5,345.99	1.81	100.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
(i)	**5,721.88**	**1.81**	**127.00**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**
Interest rate derivatives:									
Forward rate agreements and interest rate swaps	3,216.47	-	85.61	-	-	-	-	-	-
(ii)	**3,216.47**	**-**	**85.61**	**-**	**-**	**-**	**-**	**-**	**-**
Total derivative financial instruments (i)+(ii)	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**

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

(₹ in crores)

Particulars	As at March 31, 2019 Notional amounts	As at March 31, 2019 Fair value assets	As at March 31, 2019 Fair value liabilities	As at March 31, 2018 Notional amounts	As at March 31, 2018 Fair value assets	As at March 31, 2018 Fair value liabilities	As at April 01, 2017 Notional amounts	As at April 01, 2017 Fair value assets	As at April 01, 2017 Fair value liabilities
Included in above are derivatives held for hedging and risk management purposes as follows:									
Cash flow hedging:									
Currency derivatives	5,721.88	1.81	127.00	1,526.66	26.26	64.81	1,604.13	20.16	61.05
Interest rate derivatives	3,216.47	-	85.61	-	-	-	-	-	-
Total derivative financial instruments	**8,938.35**	**1.81**	**212.61**	**1,526.66**	**26.26**	**64.81**	**1,604.13**	**20.16**	**61.05**

* Refer note no. 17.3, 40 and 44.2

16. DEBT SECURITIES

(₹ in crores)

Particulars	As at March 31, 2019 At amortised cost	As at March 31, 2019 At fair value through profit or loss	As at March 31, 2019 Designated at fair value through profit or loss	As at March 31, 2019 Total	As at March 31, 2018 At amortised cost	As at March 31, 2018 At fair value through profit or loss	As at March 31, 2018 Designated at fair value through profit or loss	As at March 31, 2018 Total	As at April 01, 2017 At amortised cost	As at April 01, 2017 At fair value through profit or loss	As at April 01, 2017 Designated at fair value through profit or loss	As at April 01, 2017 Total
Secured												
Redeemable non convertible debentures	21,750.93	-	-	21,750.93	20,877.08	-	-	20,877.08	13,162.05	-	-	13,162.05
Unsecured												
Commercial papers	7,854.01	-	-	7,854.01	10,211.22	-	-	10,211.22	4,253.56	-	-	4,253.56
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**
Debt securities in India	29,604.94	-	-	29,604.94	31,088.30	-	-	31,088.30	17,415.61	-	-	17,415.61
Debt securities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**29,604.94**	-	-	**29,604.94**	**31,088.30**	-	-	**31,088.30**	**17,415.61**	-	-	**17,415.61**

Note:16.1: Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible debentures are secured by hypothecation of specific book debts to the extent of 1.10 to 1.25 times of outstanding amount. In addition, all the redeemable non-convertible debentures are also secured by mortgage of buildings of ₹0.77 crores (Refer Note 11 & 12).

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

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
7.01% - 8.00%	3,870.00	5,570.00	700.00	-	200.00	8,870.00	1,270.00	-	-	800.00	1,275.00	-
8.01% - 9.00%	3,813.00	5,369.00	1,155.00	-	-	5,683.00	2,653.00	600.00	300.00	2,783.00	4,664.00	800.00
9.01% - 10.00%	30.00	460.00	830.00	-	330.00	60.00	960.00	300.00	900.00	360.00	460.00	830.00
	7,713.00	**11,399.00**	**2,685.00**	-	**530.00**	**14,613.00**	**4,883.00**	**900.00**	**1,200.00**	**3,943.00**	**6,399.00**	**1,630.00**

Note: 16.2:
The rate of interest and amount of repayment appearing in note 16.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

17. BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured												
Term loans												
National housing bank	7,021.58	-	-	7,021.58	3,891.97	-	-	3,891.97	2,748.40	-	-	2,748.40
Banks	11,212.81	-	-	11,212.81	2,052.18	-	-	2,052.18	221.85	-	-	221.85
External commercial borrowing	2,868.78	-	-	2,868.78	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Bank overdraft	2,417.88	-	-	2,417.88	1,495.43	-	-	1,495.43	1,856.98	-	-	1,856.98
Loans from related party	3,272.14	-	-	3,272.14	1,050.00	-	-	1,050.00	390.00	-	-	390.00
Total	**26,793.19**	-	-	**26,793.19**	**9,950.72**	-	-	**9,950.72**	**6,719.23**	-	-	**6,719.23**
Borrowings in India	22,135.56	-	-	22,135.56	8,489.58	-	-	8,489.58	5,217.23	-	-	5,217.23
Borrowings outside India	4,657.63	-	-	4,657.63	1,461.14	-	-	1,461.14	1,502.00	-	-	1,502.00
Total	**26,793.19**	-	-	**26,793.19**	**9,950.72**	-	-	**9,950.72**	**6,719.23**	-	-	**6,719.23**

Note: 17.1: Refinance from National Housing Bank (NHB):

a) Nature of security
During FY19, the Company has availed refinance facility aggregating to ₹3,500 crores from NHB under various schemes. All the present and outstanding refinance from NHB are secured by hypothecation of specific loans/ book debts against which refinance has been availed.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	132.45	353.20	353.20	311.15	-	-	-	-	-	-	-	-
6.01% - 8.00%	-	-	-	-	153.77	400.82	399.59	718.96	53.55	124.68	116.23	368.24
8.01% - 10.00%	644.68	1,303.03	1,215.63	2,708.24	215.12	573.64	557.16	872.91	213.79	551.85	549.10	770.96
	777.13	**1,656.23**	**1,568.83**	**3,019.39**	**368.89**	**974.46**	**956.75**	**1,591.87**	**267.34**	**676.53**	**665.33**	**1,139.20**

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

Note 17.2: Term loan from Banks:

a) Nature of security

i) Term loan from Punjab National Bank (related party) are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.

ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.25 times of outstanding amount.

b) Terms of repayment

(₹ in crores)

	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
Maturities	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
7.00% - 9.00%	800.00	558.29	125.00	-	650.00	50.00	350.00	-	-	-	-	-
9.01% - 11.00%	-	-	-	-	-	-	-	-	240.00	150.00		
from others:												
7.00% - 9.00%	4,087.20	5,181.51	919.34	-	750.92	1,051.26	250.00	-	149.68	-	-	-
9.01% - 11.00%	558.33	466.43	-	-	-	-	-	-	72.17	-	-	-
	5,445.53	**6,206.23**	**1,044.34**	**-**	**1,400.92**	**1,101.26**	**600.00**	**-**	**461.85**	**150.00**	**-**	**-**

Note: 17.3: External commercial borrowing:

a) Nature of security

i) Pursuant to the Reserve bank of India (RBI) circular dated 27th April 2018, whereby RBI allowed Housing finance companies (HFC) to borrow through External commercial borrowings (ECB) under the "Automatic Route", the company during FY19 has raised ECB of USD 465 million from various lenders under automatic route. Earlier the company has availed ECB of USD 150 million in FY17 and USD 100 million in FY15 for financing eligible housing units under "approval route" in terms of the erstwhile RBI guidelines. All the ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.

ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

iii) As at March 31, 2019, the company has outstanding foreign currency borrowings of USD 683.13 million (March 31, 2018 USD 225.62 million and March 31, 2017 USD 233.13 million). The Company has undertaken principal only swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

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

b) **Terms of repayment**

(₹ in crores)

Maturities	As at March 31, 2019 ≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	As at March 31, 2018 ≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	As at April 01, 2017 ≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:												
USD LIBOR + 120 - 200 bps	-	-	1,833.04	-	-	-	-	-	-	-	-	-
from others:												
USD LIBOR + 120 - 200 bps	743.59	204.92	1,943.72	-	50.09	788.19	450.81	178.47	50.09	744.19	192.08	525.19
	743.59	**204.92**	**3,776.76**	-	**50.09**	**788.19**	**450.81**	**178.47**	**50.09**	**744.19**	**192.08**	**525.19**

Note 17.4: Bank overdraft:

a) **Nature of security**

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.2 times of outstanding amount.

b) **Terms of Repayment**

(₹ in crores)

Maturities	As at March 31, 2019 ≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	As at March 31, 2018 ≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	As at April 01, 2017 ≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
8.00% - 9.85%	2,417.88	-	-	-	1495.43	-	-	-	1856.98	-	-	-

Note : 17.5:

The rate of interest and amount of repayment appearing in note 17.1(b), 17.2(b) and 17.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

18. DEPOSITS*

(₹ in crores)

Particulars	As at March 31, 2019 Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	As at March 31, 2018 Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	As at April 01, 2017 Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
From public	11,781.99	-	-	11,781.99	9,131.11	-	-	9,131.11	8,527.86	-	-	8,527.86
From banks	528.94	-	-	528.94	487.84	-	-	487.84	330.87	-	-	330.87
From others	1,712.11	-	-	1,712.11	1,720.80	-	-	1,720.80	929.31	-	-	929.31
Total	**14,023.04**	-	-	**14,023.04**	**11,339.75**	-	-	**11,339.75**	**9,788.04**	-	-	**9,788.04**

* Refer note 34.26

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

19. SUBORDINATED LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured												
Redeemable non convertible debentures	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**
Subordinated liabilities in India	1,437.68	-	-	1,437.68	1,397.93	-	-	1,397.93	1,397.80	-	-	1,397.80
Subordinated liabilities outside India	-	-	-	-	-	-	-	-	-	-	-	-
Total	**1,437.68**	**-**	**-**	**1,437.68**	**1,397.93**	**-**	**-**	**1,397.93**	**1,397.80**	**-**	**-**	**1,397.80**

Note: 19.1: Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2019, ₹1,258.90 crores (March 31, 2018 ₹1,359.00 crores and March 31, 2017 ₹1,399.00 crores) qualify as Tier II Capital under National Housing Bank's (NHB) guidelines for assessing capital adequacy.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2019				As at March 31, 2018				As at April 01, 2017			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest												
8.01% - 9.00%	-	-	499.00	700.00	-	-	-	1,199.00	-	-	-	1,199.00
9.01% - 10.00%	-	-	200.00	39.70	-	-	200.00	-	-	-	-	200.00
	-	-	699.00	739.70	-	-	200.00	1,199.00	-	-	-	1,399.00

Note: 19.2:

The rate of interest and amount of repayment appearing in note 19.1(b) are as per the term of the debt instruments.(i.e. excluding impact of effective interest rate)

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

20. OTHER FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Interest accrued but not due on deposits	217.89	196.17	159.73
Interest accrued but not due on borrowings	1,271.97	289.41	15.05
Amount payable under assignments	267.99	134.14	133.27
Other liabilities	333.41	234.74	145.19
Total	**2,091.26**	**854.46**	**453.24**

21. PROVISIONS

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Retirement benefits	24.92	18.74	10.26
Letter of comforts	0.34	-	-
Total	**25.26**	**18.74**	**10.26**

22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Book overdraft	1,805.17	1455.62	777.74
Advance received from customers	135.62	129.86	95.18
Statutory dues payable	43.93	32.48	22.32
Other liabilities	27.04	21.12	5.58
Total	**2,011.76**	**1,639.08**	**900.82**

23. EQUITY SHARE CAPITAL

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Authorised			
50,00,00,000 equity shares of ₹10/- each	500.00	500.00	500.00
	500.00	**500.00**	**500.00**
Issued, subscribed and paid-up			
16,74,69,016 equity shares of ₹10/- each fully paid up (March 31, 2018: 16,65,86,482 and March 31, 2017: 16,56,42,309)	167.47	166.59	165.64
Total	**167.47**	**166.59**	**165.64**

Note: 23.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	(₹ in crores)	No. of shares	₹ in crores
At the beginning of the year	16,65,86,482	166.59	16,56,42,309	165.64
Add: Share alloted pursuant to exercise of stock option	8,82,534	0.88	9,44,173	0.95
Outstanding at the end of the year	**16,74,69,016**	**167.47**	**16,65,86,482**	**166.59**

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

Note: 23.2: Details of shareholders holding more than 5% of equity shares in the Company

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	No. of shares	% of Holding	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.79	5,49,14,840	32.96	6,47,30,700	39.08
Quality Investments Holdings	5,41,92,300	32.36	6,21,92,300	37.33	6,21,92,300	37.55
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.91	1,41,99,928	8.52	1,14,24,537	6.90

Note: 23.3: Terms/Rights attached to equity shares
The company has only one class of shares referred to as equity shares having a par value of ₹10/ - per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in ₹. Dividend distribution is for all equity shareholders who are eligible for dividend as on record date. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in propotion to the number of equity shares held by the shareholders.

Note: 23.4: The Company has not alloted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note: 23.5: The Company has not

i. Issued any securities convertible into equity / preference shares.

ii. Issued any shares where calls are unpaid.

iii. Forfeited any shares.

Note: 23.6: Nature and purpose of reserves

Share premium reserve

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

Statutory reserve and Special reserve

In accordance with Section 29C(i) of the National Housing Bank Act,1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.
The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29(C(i).

Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity settled transaction is credited to share option outstanding account in equity.(Refer Note 23.8)

Cash flow hedge reserve

The company uses hedging instruments as part of its management of foreign currency risk and interest rate risk associated on borrowings. For hedging foreign currency and interest rate risk, the company uses foreign currency forward contracts, cross currency swaps and interest rate swaps.
To the extent these hedges are effective, the change in fair value of the hedging instrument is recognised in the cash flow hedge reserve. Amounts recognised in the cash flow hedging reserve is reclassified to the statement of profit or loss when the hedged item affects profit or loss (e.g. interest payments).

Note: 23.7: Capital Management
The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements National Housing Bank ("NHB") the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB from time to time.
Company has complied in full with all its externally imposed capital requirements.

The primary objectives of the Company capital management policy are to ensure that it complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value.

The Company manages its capital structure after taking in to consideration the inherent business risk and the changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return of capital to shareholders or issue capital securities.

No changes have been made to the objectives, policies and processes from the previous years and they are reviewed by the Board at regular intervals.

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and other intangible assets. The book value of Investment in equity, bonds, debentures and loan & advances to subsidiaries and group companies exceeding 10% of owned funds will be reduced while arriving the Tier I capital.

Notes to Consolidated Financial Statements
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The other component of regulatory capital is Tier II Capital, which includes non convertible preference shares, revaluation and loss reserves, hybrid capital instruments and subordinated debts.(Refer note no. 34.1).

Note: 23.8: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

Particulars	As at March 31, 2019			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	July 27, 2018
Number of options granted	38,07,690	4,05,700	1,00,000	1,36,485
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹1,333.35
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on July 27, 2019
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on July 27, 2020
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on July 27, 2021
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on July 27, 2022
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Particulars	As at March 31, 2019		
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019
Number of options granted	18,15,000	2,35,000	1,81,200
Exercise price per option	₹1,333.35	₹1,333.35	₹847.40
Date of vesting	The vesting will be as under:		
	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023
Exercise period	Within 3 years from the date of respective vesting		
Method of settlement	Through allotment of one equity share for each option granted		
Vesting conditions	Employee to remain in service on the date of vesting		

Particulars	As at March 31, 2018			As at April 01, 2017
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche I
Date of Grant	April 22, 2016	August 30, 2017	February 23, 2018	April 22, 2016
Number of options granted	38,07,690	4,05,700	1,00,000	38,07,690
Exercise price per option	₹338.00	₹1,600.60	₹1,206.35	₹338.00
Date of vesting	The vesting will be as under:			
	25% on April 22, 2017	25% on August 30, 2018	20% on February 23, 2019	25% on April 22, 2017
	25% on April 22, 2018	25% on August 30, 2019	20% on February 23, 2020	25% on April 22, 2018
	25% on April 22, 2019	25% on August 30, 2020	20% on February 23, 2021	25% on April 22, 2019
	25% on April 22, 2020	25% on August 30, 2021	20% on February 23, 2022	25% on April 22, 2020
	-	-	20% on February 23, 2023	-
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

Notes to Consolidated Financial Statements
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(ii) Employee Stock Option Scheme movement and related weighted average exercise price are as follows:

Particulars		As at March 31, 2019			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	26,70,101	3,57,700	1,00,000	-
Options exercisable at the beginning of the year	(b)	1,500	-	-	-
Options granted during the year	(c)	-	-	-	1,36,485
Options lapsed / expired during the year	(d)	5,500	10,125	-	-
Options vested during the year	(e)	8,90,034	85,800	20,000	-
Options exercised during the year*	(f)	8,82,534	-	-	-
Options forfeited during the year	(g)	1,03,267	44,875	-	29,300
Options outstanding at end of the year	(h) = (a+c-e-g)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the end of the year	(i) = (b+e-d-f)	3,500	75,675	20,000	-
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35
Contractual life (year)		2.51	3.87	4.91	4.83

Particulars		As at March 31, 2019		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	-	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	18,15,000	2,35,000	1,81,200
Options lapsed / expired during the year	(d)	-	-	-
Options vested during the year	(e)	-	-	-
Options exercised during the year*	(f)	-	-	-
Options forfeited during the year	(g)	1,11,200	36,000	9,800
Options outstanding at end of the year	(h) = (a+c-e-g)	17,03,800	1,99,000	1,71,400
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-	-
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40
Contractual life (year)		6.04	4.83	5.47

Particulars		As at March 31, 2018		
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III
Options Outstanding at the beginning of the year	(a)	37,82,690	-	-
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	4,05,700	1,00,000
Options lapsed / expired during the year	(d)	-		
Options vested during the year	(e)	9,45,673	-	-
Options exercised during the year**	(f)	9,44,173	-	-
Options forfeited during the year	(g)	1,66,916	48,000	-
Options outstanding at end of the year	(h) = (a+c-e-g)	26,70,101	3,57,700	1,00,000
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,500	-	-
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35
Contractual life (year)		3.54	4.92	5.91

* Weighted average share price at the date of the exercise of the stock option is ₹1008.31

** Weighted average share price at the date of the exercise of the stock option is ₹1010.65

Notes to Consolidated Financial Statements
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(iii) Black-Scholes Model have been used to derive the fair value of the stock option granted, taking in to account the terms and conditions upon which the share options were granted. The fair value of each stock options and the related parameters considered for the same are:

Particulars	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Estimated Value of Stock Option (₹)	111.71	546.15	487.10	511.64
Share Price at Grant Date (₹)	338.00	1,600.60	1,206.35	1,333.35
Exercise Price (₹)	338.00	1,600.60	1,206.35	1,333.35
Expected Volatility (%)*	0.4065	0.4097	0.3560	0.3560
Dividend Yield Rate (%)	1.24	0.31	0.39	0.55
Expected Life of Options** (year)	3.00	3.00	4.50	4.00
Risk Free Rate of Interest (%)	7.23	6.30	7.43	7.79

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Estimated Value of Stock Option (₹)	593.17	511.64	321.87
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40
Exercise Price (₹)	1,333.35	1,333.35	847.40
Expected Volatility (%)*	0.3560	0.3560	0.4102
Dividend Yield Rate (%)	0.53	0.55	1.06
Expected Life of Options** (year)	5.21	4.00	4.00
Risk Free Rate of Interest (%)	7.90	7.79	6.97

*Expected volatility has been computed from the date of the listing of the share to the grant date.

**Expected life of the share option is based on the historical data and the current expectation and is not necessarily indicative of exercise pattern that may occur.

(iv) The expense recognised for the employee services received during the year are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	39.25	17.15
Expense arising from cash settled share based payment transaction	-	-
Total	**39.25**	**17.15**

Note: 23.9: Dividend paid and proposed

The final dividend on shares is recorded as a liability on the date of the approval by the shareholders.

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2018: ₹9/- per share	181.70	-
Final dividend for 2017: ₹6/- per share	-	120.30
Total dividend paid	**181.70**	**120.30**
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2019: ₹9/- per share	182.62	-
Final dividend for 2018: ₹9/- per share	-	181.70

Note: 23.9.1: Dividend includes dividend distribution taxes

Notes to Consolidated Financial Statements
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24. INTEREST INCOME

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	6,637.44	-	6,637.44	4,908.46	-	4,908.46
Investments						
Financial investments - Debt	101.65	-	101.65	89.55	-	89.55
Financial asset valued at fair value through profit or loss	-	23.86	23.86	-	46.87	46.87
Deposits with banks	25.97	-	25.97	0.53	-	0.53
Other interest income						
Corporate deposits	2.35	-	2.35	-	-	-
Loan against deposits	1.59	-	1.59	1.29	-	1.29
Total	**6,769.00**	**23.86**	**6,792.86**	**4,999.83**	**46.87**	**5,046.70**

25. FEES AND COMMISSION INCOME

(₹ in crores)

Particulars	Current Year	Previous Year
Fees Income	392.70	212.04
Other charges recovered	56.74	80.22
Total	**449.44**	**292.26**

26. NET GAIN ON FAIR VALUE CHANGES

(₹ in crores)

Particulars	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	128.93	33.53
Total	**128.93**	**33.53**
Fair value changes:		
-Realised	132.73	41.04
-Unrealised	(3.80)	(7.51)
Total	**128.93**	**33.53**

27. FINANCE COSTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
Interest on debt securities	-	2,482.59	2,482.59	-	1,996.84	1,996.84
Interest on borrowings	-	1,491.64	1,491.64	-	531.65	531.65
Interest on deposits	-	1,034.62	1,034.62	-	861.24	861.24
Interest on subordinated liabilities	-	121.12	121.12	-	120.71	120.71
Fee and other charges	-	36.40	36.40	-	26.12	26.12
Total	**-**	**5,166.37**	**5,166.37**	**-**	**3,536.56**	**3,536.56**

Notes to Consolidated Financial Statements

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28. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	161.81	161.81	-	258.27	258.27
Bad debts written off	-	26.80	26.80	-	18.30	18.30
Letter of comforts	-	0.34	0.34	-	-	-
Total	**-**	**188.95**	**188.95**	**-**	**276.57**	**276.57**

29. EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	242.92	117.95
Contribution to provident and other funds	17.26	6.58
Share based payments to employees	39.25	17.15
Staff welfare expenses	4.45	2.46
Total	**303.88**	**144.14**

30. OTHER EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	49.18	37.68
Repairs and maintenance	12.71	8.74
General office expenses	37.10	35.90
Legal and professional charges	34.05	23.77
Advertisement and publicity	23.64	41.48
Corporate social responsibility expenses (Refer note 30.1)	17.24	10.69
Communication costs	7.19	5.36
Travelling and conveyance	6.80	5.26
Printing and stationery	8.51	6.14
Training and recruitment expenses	3.81	3.28
Director's fees, allowances and expenses	1.62	1.27
Auditor's fees and expenses (Refer note 30.2)	0.63	0.50
Insurance	0.11	0.41
Bank charges	0.83	0.47
Net loss on derecognition of property, plant and equipment	0.12	0.17
Impairment on assets held for sale	-	8.73
Other expenditure	0.10	0.04
Total	**203.64**	**189.89**

Notes to Consolidated Financial Statements
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Note: 30.1: Corporate Social Responsibility expense (CSR)

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

(₹ in crores)

Particulars	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	**17.24**	**10.69**
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon	16.38	11.81
Expenditure on administrative overheads for CSR	0.86	0.53
Total	**17.24**	**12.34**

*Amount spent during the previous year includes ₹1.65 crores for financial year 2016-17.

Note: 30.2: Auditor's fees and expenses

(₹ in crores)

Particulars	Current Year	Previous Year
Statutory audit fee	0.25	0.17
Tax audit fee	0.07	0.06
Limited review fee	0.15	0.11
Other certification fee	0.16	0.16
Total	**0.63**	**0.50**

31. INCOME TAXES

The components of income tax expense are:

(₹ in crores)

Particulars	Current Year	Previous Year
Current tax	508.64	437.95
Adjustments in respect of current income tax of prior years	(5.16)	(0.08)
Deferred tax relating to origination and reversal of temporary differences	39.39	(44.44)
Total	**542.87**	**393.43**
Current tax	503.48	437.87
Deferred tax (Refer note 10)	39.39	(44.44)

Notes to Consolidated Financial Statements
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Note: 31.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2019 and March 31, 2018 is as follows:

(₹ in crores)

Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,734.39	1,234.58
Statutory income tax rate (%)	(b)	34.944	34.608
Tax at statutory income tax rate	(c) = (a*b)	606.07	427.26
Adjustments in respect of current income tax of prior years	(d)	(5.16)	(0.08)
Impact of:			
Income not subject to tax	(e)	(92.94)	(26.66)
Non deductible expenses	(f)	65.87	93.79
Deduction under section 35 D	(g)	(5.23)	(5.18)
Deduction under section 36 (1) (viii)	(h)	(51.21)	(49.16)
Deduction under section 80G	(i)	(2.72)	(1.92)
Tax impact on differential tax rates of subsidiary	(j)	(11.20)	(0.17)
Income tax expense	(c+d+e+f+g+h+i+j)	**503.48**	**437.87**

32. EARNING PER SHARE

i) The Earnings Per Share (EPS) is calculated as follows:

Particulars	Unit	Current Year	Previous Year
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crores)	1,191.52	841.15
b) Weighted average number of equity shares for basic EPS	Number	16,73,78,194	16,64,83,012
c) Weighted average number of equity shares for diluted EPS	Number	16,83,96,661	16,84,35,845
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	71.19	50.52
-Diluted (a/c)	(in ₹)	70.76	49.94

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented.
Reconciliation of equity shares used in computation of basic and diluted earning per equity share is as follows:-

Particulars	Current Year	Previous Year
Weighted average number of equity shares for computation of basic EPS	16,73,78,194	16,64,83,012
Effect of dilutive equity shares - share option outstanding	10,18,467	19,52,833
Weighted average number of equity shares for computation of dilutive EPS	16,83,96,661	16,84,35,845

33. ASSETS HELD FOR SALE

The Company has took possession of mortgage properties (residential / commercial) and is in the process of selling the same. These properties are classified as assets held for sale.

Notes to Consolidated Financial Statements
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34. DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

(i) The following additional disclosures have been given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 issued by the National Housing Bank.

Note 34.1: Capital to Risk Assets Ratio (CRAR)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
i) CRAR (%)	13.98	16.67
ii) CRAR – Tier I Capital (%)	11.00	12.75
iii) CRAR – Tier II Capital (%)	2.98	3.92
(iv) Amount of subordinated debt raised as Tier-II Capital	39.70	-

Note: 34.2: Reserve Fund u/s 29C of NHB Act, 1987

(₹ in crores)

Particulars	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	56.97	40.84
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	484.76	334.76
(c) Total	**541.73**	**375.60**
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	70.00	16.13
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	147.00	150.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from 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 NHB Act, 1987	-	-
Balance at the end of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	56.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	631.76	484.76
(c) Total	**758.73**	**541.73**

Note: 34.3: Investments

(₹ in crores)

Particulars	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	4,447.28	2,394.58
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	21.47	14.47
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	4,425.81	2,380.11
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	14.47	7.73
(ii) Add: Provisions made during the year	7.00	6.75
(iii) Less: Write-off / Written-back of excess provisions	-	0.01
(iv) Closing balance	21.47	14.47

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

Note: 34.4: Derivatives

i) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
(i) The notional principal of swap agreements	8,938.35	1,526.66
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	77.27	17.35
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps@	8,938.35	1,526.66
(v) The fair value of the swap book	(210.80)	(38.55)

@ The Company has entered into swap and forward agreements with various banks having almost equal exposure with each of them. Hence, there is no concentration of credit risk which could be exposure to particular industries or swaps with highly geared companies.

ii) Exchange Traded Interest Rate (IR) Derivative – There is no exchange traded interest rate derivative.

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organisation for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction except as required under RBI guidelines for its ECB borrowing for financing prospective buyers of eligible housing units. The derivate transactions entered into for hedging the ECB borrowings are all held-till-maturity transaction. As such, as of now, the Company is not required to have policy on hedging or mitigation of risk on derivative transactions. All the derivatives transaction are executed under specific approval of Board.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

(₹ in crores)

Particulars	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	4,735.30	4,203.05	1,526.66	-
(ii) Marked to Market Positions				
(a) Assets (+)	1.81	-	26.26	-
(b) Liability (-)	(127.00)	(85.61)	(64.81)	-
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	262.27	77.29	61.70	-

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

Note: 34.5: Assignment / Securitisation

i) There are no SPVs sponsored by PNB Housing Finance Limited.

ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)

iii) Details of assignment transactions undertaken:

(₹ in crores)

Particulars	Current Year	Previous Year
(i) No. of accounts	35,004	14,472
(ii) Aggregate value (net of provisions) of accounts assigned	7,336.89	3,128.49
(iii) Aggregate consideration	7,336.89	3,128.49
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

iv) During the year, the Company has not purchased / sold any non-performing financial assets (Previous year ₹ Nil)

Note: 34.6: Asset Liability Management

The residual maturity profile of Assets and Liabilities is carried out based on the estimates and assumptions regarding pre-payments and renewals as prescribed by the National Housing Bank (NHB). Maturity pattern of certain items of assets and liabilities are as follows:

As at March 31, 2019

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	277.75	1,398.33	2,400.00	-	1,588.02	89.96	-
Over 1 month to 2 months	242.58	17.73	1,000.00	-	1,392.89	519.73	-
Over 2 months to 3 months	197.95	856.25	2,613.00	12.98	1,812.07	1,606.74	-
Over 3 months to 6 months	885.31	1,212.26	2,990.00	704.68	3,875.78	849.19	-
Over 6 months to 1 year	2,704.73	2,698.30	2,570.00	25.94	6,969.84	0.50	-
Over 1 year to 3 years	3,225.62	9,111.21	11,399.00	204.92	20,057.02	11.15	-
Over 3 years to 5 years	2,152.25	3,822.10	7,474.00	3,776.75	12,413.89	482.79	-
Over 5 years to 7 years	1,867.02	1,338.40	410.00	-	8,094.21	652.17	-
Over 7 years to 10 years	2,762.29	916.55	329.70	-	7,443.02	212.12	-
Over 10 years	-	764.44	-	-	10,575.20	1.46	-
Total	**14,315.50**	**22,135.57**	**31,185.70**	**4,725.27**	**74,221.94**	**4,425.81**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

As at March 31, 2018

(₹ in crores)

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency	Net Advances*	Investments	Foreign Currency
Upto 30/31 days (one month)	435.59	1,720.44	2,175.00	-	1,309.58	1,027.10	-
Over 1 month to 2 months	240.46	112.73	1,700.00	-	1,175.44	191.17	-
Over 2 months to 3 months	185.90	675.00	3,700.00	12.16	1,148.21	-	-
Over 3 months to 6 months	597.94	335.70	1,375.00	12.16	3,288.09	0.09	-
Over 6 months to 1 year	1,941.05	421.38	1,980.00	24.31	5,928.95	0.10	-
Over 1 year to 3 years	5,824.46	2,075.72	14,613.00	784.17	17,094.86	0.83	-
Over 3 years to 5 years	1,862.01	1,556.76	5,083.00	437.66	10,273.74	87.68	-
Over 5 years to 7 years	326.39	810.43	1,599.00	197.10	6,194.70	678.89	-
Over 7 years to 10 years	172.40	689.42	500.00	-	5,178.82	357.80	-
Over 10 years	-	92.00	-	-	5,485.94	36.45	-
Total	**11,586.20**	**8,489.58**	**32,725.00**	**1,467.56**	**57,078.33**	**2,380.11**	**-**

* Includes Installments Due from Borrowers, Loan against deposit and Interest accrued but not due on loans.

Notes to Consolidated Financial Statements
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Note: 34.7: Exposure:
i) Exposure to Real Estate Sector

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
i) Direct Exposure		
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented (Out of which Individual Housing Loans up to ₹15 Lakh – ₹3,935.10 crores, Previous year ₹3,196.37 crores)	47,858.06	38,421.23
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	26,797.32	18,978.39
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures – i) Residential	-	-
ii) Commercial Real Estate	-	-
ii) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

Note: While computing the above information, certain estimates, assumptions and adjustments have been made by the Management which have been relied upon by the auditors.

ii) As on March 31, 2019, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).

iii) As on March 31, 2019, the Company has not financed any product of the parent company (Previous year ₹ Nil).

iv) As on March 31, 2019, the Company has not exceeded the prudential exposure limit prescribed by National Housing Bank for single borrower or group borrower (Previous year ₹ Nil).

v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

Note: 34.8: Registration obtained from financial sector regulators

From NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note: 34.9: Disclosure of Penalties imposed by National Housing Bank and other regulators:

During the financial year ended March 31, 2019:

i) NHB has carried out inspection for FY 2017-18 and has not reported any adverse comment having material impact on the financial.

ii) Company has not been imposed any penalty by National Housing Bank and other regulators.

Note: 34.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Punjab National Bank	Enterprise having Significant Influence
ii) Quality Investments Holdings	Enterprise having Significant Influence
iii) PNB Metlife India Insurance Company Limited	Enterprise having Significant Influence
iv) Mr. Sunil Mehta (Chairman-Non Executive Director)	Key Managerial Personnel
v) Mr. L. V. Prabhakar (Non-Executive Director) (w.e.f August 09, 2018)	Key Managerial Personnel
vi) Mr. Sunil Kaul (Non-Executive Director)	Key Managerial Personnel
vii) Mr. Shital Kumar Jain (Independent Director)	Key Managerial Personnel
viii) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
ix) Dr Gourav Vallabh (Independent Director)	Key Managerial Personnel
x) Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel

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

Name of the Related Party	Nature of Relationship
xi) Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xii) Mrs. Shubhalakshmi Panse (Independent Director)	Key Managerial Personnel
xiii) Mr. Jayant Dang (Independent Director) (upto July 20, 2018)	Key Managerial Personnel
xiv) Mr. Sanjaya Gupta (Managing Director)	Key Managerial Personnel
xv) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xvi) Mr. Kapish Jain (Chief Financial Officer) (February 09, 2018 onwards)	Key Managerial Personnel
xvii) Mr. Jayesh Jain (Chief Financial Officer) (upto January 05, 2018)	Key Managerial Personnel

Transactions with Related Parties

The nature & volume of transactions of the Company during the year, with the above related parties were as follows. These transactions were carried out in ordinary course of business and were at arm's length price:

(₹ in crores)

Particulars	Enterprises having significant influence		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:				
Punjab National Bank				
- Term Loan Instalment / ECB / OD (Net)	2,763.49	2,914.54	-	-
- Interest Paid on Term Loan Instalment / ECB / OD	175.00	59.97	-	-
- Processing Fees Paid	46.31	-		
- Rent & Maintenance Charges	1.34	1.42	-	-
- Bank Charges	0.29	0.44	-	-
- Servicing Fees received on assignment	4.00	3.39	-	-
- Interest received on Fixed Deposits	19.15	0.10	-	-
- Dividend Paid	49.42	38.84	-	-
- Principal, Interest & Other charges paid on assignment on loans	467.58	99.25	-	-
- Fixed deposit matured (Net)	4,868.60	6.20	-	-
Quality Investments Holdings				
- Dividend Paid	48.77	37.32	-	-
PNB Metlife India Insurance Company Limited				
- Insurance Premium Paid	0.52	-	-	-
Sitting Fee and Commission paid to Directors				
- Punjab National Bank	-	-	0.06	0.14
- Mr. Shital Kumar Jain	-	-	0.24	0.20
- Mr. Chandrasekaran Ramakrishnan	-	-	0.21	0.21
- Dr Gourav Vallabh	-	-	0.22	0.21
- Mr. Nilesh S Vikamsey	-	-	0.21	0.21
- Mr. Ashwani Kumar Gupta	-	-	0.24	0.16
- Mrs. Shubhalakshmi Panse	-	-	0.20	0.12
- Mr. Jayant Dang			0.03	-
Remuneration paid to KMPs:				
Transactions with KMPs:$				
- Mr. Sanjaya Gupta				
- Remuneration paid#	-	-	2.30	2.16
- Dividend Paid	-	-	0.12	0.12
- Mr. Sanjay Jain				
- Remuneration paid#	-	-	0.56	0.57
- Mr. Jayesh Jain				
- Remuneration paid#	-	-	-	0.88
- Mr. Kapish Jain				
- Remuneration paid	-	-	0.80	0.32

$ As the liabilities for gratuity are provided on actuarial basis for the Company as a whole, amount accrued pertaining to key management personnel are not included above.

Excluding perquisites on exercise of stock options during the year.

Notes to Consolidated Financial Statements
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(₹ in crores)

Particulars	Enterprises having significant influence		
	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Outstanding balances#			
Punjab National Bank			
Receivables			
- Bank Deposits	510.26	-	-
- Interest accrued on bank deposits	3.01	-	-
- Servicing fees receivable on assignment on loans	0.52	0.25	0.34
Payables			
- Term loans	1,483.29	1,050.00	390.00
- External Commercial Borrowings##	1,833.04	-	-
- Interest accrued on term loans and external commercial borrowings	12.05	13.36	3.57
- Payable on assignment on loans	87.56	7.87	9.68

#Excluding running current / overdraft account balances.

##Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website www.pnbhousing.com

Note: 34.11: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note: 34.12: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

Note: 34.13: Rating assigned by Credit Rating Agencies and migration of rating during the year

Nature of Instrument	Ratings
Deposits	CRISIL FAAA (Outlook-table) CARE AAA (Outlook-Stable)
Long term bonds (Secured and Tier-II bonds)	CRISIL AA+(Outlook-Stable) CARE AAA (Outlook-Stable) IND AA+ (Outlook-Stable) ICRA AA+ (Outlook-Stable)
Commercial Paper	CARE A1+ CRISIL A1+
Bank Term Loan	CRISIL AA+ (Outlook-Stable) CARE AAA (Outlook-Stable)

Note: 34.14: Provisions and Contingencies:

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account is given as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
1. Provisions for depreciation on Investment	7.00	6.75
2. Provision made towards Income tax	447.49	437.63
3. Provision towards NPA	34.13	15.52
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	30.23	27.45
iii) CRE – RH	26.76	26.29
iv) Other Loans	19.01	33.29
Total (i + ii + iii + iv)	76.00	87.03
5. Other Provision and Contingencies (Refer Note 1.20)	11.00	62.50
6. Provision for Stock of Acquired Properties	(0.81)	8.73

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

Note: 34.15: Break-up of Loan & Advances and Provisions thereon:

The Company has complied with the norms prescribed under Housing Finance Companies (NHB) Directions, 2010 for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under Housing Finance Companies (NHB) Directions, 2010.

(₹ in crores)

Particulars	Housing		Non-Housing	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Standard Assets				
a) Total Outstanding Amount	52,249.91	39,870.72	22,050.60	17,342.80
b) Provision made	209.68	171.02	147.32	109.98
Sub-Standard Assets				
a) Total Outstanding Amount	180.01	110.83	62.15	37.38
b) Provision made	27.65	17.79	9.36	5.62
Doubtful Assets - Category-I				
a) Total Outstanding Amount	66.53	16.95	17.21	2.52
b) Provision made	18.73	5.05	4.61	0.65
Doubtful Assets - Category-II				
a) Total Outstanding Amount	19.98	8.45	3.32	2.10
b) Provision made	9.06	4.24	1.36	1.09
Doubtful Assets - Category-III				
a) Total Outstanding Amount	3.42	3.65	2.24	4.21
b) Provision made	3.42	3.65	2.24	4.21
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total Outstanding Amount	**52,519.85**	**40,010.60**	**22,135.52**	**17,389.01**
b) Total Provision made	**268.54**	**201.75**	**164.89**	**121.55**

Note: 34.16: Concentration of Public Deposits

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Deposits of twenty largest depositors	3,858.17	3,239.19
Percentage of Deposits of twenty largest depositors to Total Deposits	31.99%	34.59%

Note: 34.17: Concentration of Loans & Advances

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Loans & Advances to twenty largest borrowers	10,831.75	7,703.88
Percentage of Loans & Advances to twenty largest borrowers to Total Advances	14.51%	13.42%

Note: 34.18: Concentration of all Exposure (including off-balance sheet exposure)

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to twenty largest borrowers /customers	13,381.38	9,774.53
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	15.83%	14.91%

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

Note: 34.19: Concentration of NPAs

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018
Total Exposure to top ten NPA accounts	71.02	51.04

Note: 34.20: Sector-wise NPAs

	Percentage of NPAs to Total Advances in that sector	
Particulars	**As at March 31, 2019**	**As at March 31, 2018**
A. Housing Loans:	0.51	0.35
1. Individuals	0.57	0.38
2. Builders/Project Loans	0.26	0.26
3. Corporates*	1.20	-
4. Others (specify)	-	-
B. Non-Housing Loans:	0.38	0.27
1. Individuals	0.57	0.30
2. Builders/Project Loans	-	-
3. Corporates	0.39	0.33
4. Others (specify)	-	-

* It is from two accounts of retail loans.

Note: 34.21: Movement of NPAs

(₹ in crores)

Particulars	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	0.38%	0.25%
(II) Movement of NPAs (Gross)		
a) Opening balance	186.11	85.78
b) Additions during the year	1,054.54	625.54
c) Reductions during the year	885.78	525.21
d) Closing balance	354.87	186.11
(III) Movement of Net NPAs		
a) Opening balance	143.81	59.00
b) Additions during the year	1,004.08	501.11
c) Reductions during the year	869.45	416.30
d) Closing balance	278.44	143.81
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	42.30	26.78
b) Provisions made during the year	50.46	124.44
c) Write-off/write-back of excess provisions	16.33	108.91
d) Closing balance	76.43	42.30

Note: 34.22: As on March 31, 2019, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note: 34.23: As on March 31, 2019, the Company does not have any Off-Balance Sheet SPVs sponsored (Previous year Nil).

Note: 34.24: Disclosure of Complaints

Particulars	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	22	53
b) No. of complaints received during the year	3,265	4,627
c) No. of complaints redressed during the year	3,259	4,658
d) No. of complaints pending at the end of the year	28	22

Notes to Consolidated Financial Statements

for the year ended March 31, 2019

(ii) In addition to the disclosures under 34.1 to 34.24 following additional disclosures have been given as per NHB directions, 2010.

Note: 34.25: Movement of derecognised interest as at the Balance Sheet date is summarised as under:-

(₹ in crores)

Particulars	Current Year	Previous Year
Cumulative Derecognised Interest at the beginning of the year	24.68	17.71
Add: Interest derecognised during the year:		
- Sub-Standard Assets	52.83	34.66
- Doubtful/ Loss Assets	8.47	5.23
Less: Recovered/Write-off during the year	40.43	32.92
Cumulative Derecognised Interest at the end of the year	45.55	24.68

Note: 34.26: Deposit includes Public Deposits 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. As on March 31, 2019, the public deposits (including accrued interest) outstanding amounts to ₹12,060.45 crores (Previous year ₹9,363.49 crores).

The Company is carrying Statutory Liquid Assets amounting to ₹1,360.31 crores (Previous year ₹1,161.59 crores).

Note: 34.27: Disclosure given under Note 34.1 to Note 34.26 are based on the erstwhile accounting standard notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (India GAAP or previous GAAP) with the comparative period data as at end and for the year ended March 31, 2018.
Further, above reported figures / narratives would be different had the same being reported as per Ind AS notified under "Companies (Indian Accounting Standard) Rules, 2015".
NHB Directions are applicable to the Company on standalone basis , hence the above disclosures are basis the standalone financial statement of the Company

35. OPERATING LEASE - AS LESSEE

The Company has acquired properties under cancellable and non-cancellable operating leases for periods ranging from one year to nine years. The total minimum lease payments for the current year, in respect thereof, included under Rent, aggregates to ₹38.53 crores (Previous year ₹29.67 crores). The future minimum lease payments in respect of properties taken under non-cancellable operating lease are as follows:

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	22.18	17.22
Later than one year but not later than five years	18.06	16.37
More than five years	1.59	Nil

36. SEGMENT REPORTING

Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/ Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015.

The Company operates in India and does not have operations in economic environments with different risks and returns, hence it is considered operating in single geographical segment.

The Company is not reliant on revenues from transactions with any single external customer and does not receive 10% or more of its revenues from transactions with any single external customer.

37. CONTINGENT LIABILITIES AND COMMITMENTS

i) Contingent liabilities in respect of Income-tax of ₹21.50 crores (Previous year ₹21.37 crores) is disputed and are under appeals. These includes contingent liability of ₹19.54 crores (Previous year ₹20.18 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.

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ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹20.37 crores (Previous year ₹18.59 crores).

iii) Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)

iv) Letter of comfort and bank guarantee issued on behalf of the clients ₹80.25 crores (Previous year ₹15 crores)

38. DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note: 38.1: The company has made contribution to Provident Fund of ₹14.56 crores (Previous year ₹4.91 crores) which has been recognised in the statement of profit and loss which are included under "Contribution to Provident Fund and Other Funds" in Note 29.

Note: 38.2: Defined Benefit Plans

GRATUITY LIABILITY

Change: in present value of obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Present value of obligation as at the beginning of the year	7.32	5.57
Interest cost	0.68	0.41
Current service cost	2.54	1.45
Past service cost including curtailment gains / losses	-	0.17
Benefits paid	(0.45)	(0.15)
Actuarial (gain) / loss on obligation	0.86	(0.13)
Present value of obligation as at the end of year	10.95	7.32

Change in fair value of plan assets*

(₹ in crores)

Particulars	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	7.07	4.64
Actual return on plan assets	0.35	0.35
Contributions	2.76	2.23
Benefits paid	(0.45)	(0.15)
Fair Value of plan assets as at the end of year	9.73	7.07
Funded status	(1.22)	(0.25)

Expense recognised in the statement of Profit and Loss

(₹ in crores)

Particulars	Current Year	Previous Year
Current service cost	2.54	1.45
Interest cost	0.68	0.41
Actual return on plan assets	(0.35)	(0.35)
Net actuarial (gain) / loss recognised in the year	0.86	(0.13)
Expenses recognised in the statement of profit and losses	3.73	1.38
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	1.06	(0.13)

Expected contribution for the next financial year is ₹4.32 crores.

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Assumptions

Particulars	Current Year	Previous Year
a) Discounting rate	7.65%	7.80%
b) Future salary increase	7.75%	7.75%
c) Retirement age (Years)	60	60
d) Mortality table	IALM (2006-08)	IALM (2006-08)

Maturity profile of defined benefits obligation

(₹ in crores)

Particulars	Current Year	Previous Year
Not later than one year	0.81	0.59
Later than one year but not later than five years	3.27	2.56
More than five years	6.87	4.17

Sensitivity analysis of the defined benefit obligation**

(₹ in crores)

Particulars	Current Year			
	Discount Rate		Future salary increase	
Sensitivity level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.46)	0.50	0.49	(0.47)

(₹ in crores)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
Sensitivity Level	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on defined benefit obligation	(0.26)	0.28	0.28	(0.27)

*100% of the plan assets are managed by the insurer for current as well as previous year.

**Sensitivities due to mortality and withdrawals are not material and hence impact of change due to these are not calculated.

39. EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crores)

Particulars	Current Year	Previous Year
Interest Paid	98.18	48.23
Other Expenses	71.22	0.23

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NOTE 40: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements	Total derivative assets	Maximum exposure to risk
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	1.81	1.81	-	-	-	-	-	-	-
As at March 31, 2018	26.26	26.26	-	-	-	-	-	-	-
As at April 01, 2017	20.16	20.16	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements.

(₹ in crores)

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements	Total derivative liabilities	Maximum exposure to risk
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet	Recognised in the balance sheet	After consideration of netting potential
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D+ E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	(212.61)	1.81	(210.80)	-	-	(210.80)	-	(210.80)	(210.80)
As at March 31, 2018	(64.81)	26.26	(38.55)	-	-	(38.55)	-	(38.55)	(38.55)
As at April 01, 2017	(61.05)	20.16	(40.89)	-	-	(40.89)	-	(40.89)	(40.89)

41. ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013, OF ENTERPRISE CONSOLIDATED AS SUBSIDIARY/ASSOCIATES/JOINT VENTURES

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Parent								
PNB Housing Finance Limited	98.56	7,435.01	90.76	1,081.38	99.76	(102.09)	89.91	979.29
Indian subsidiary								
PHFL Home Loans and Services Limited	1.84	138.63	11.49	136.85	0.24	(0.24)	12.54	136.59
Inter-Company elimination and other consolidated adjustments	(0.40)	(29.74)	(2.25)	(26.71)	-		(2.45)	(26.69)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**7,543.90**	**100.00**	**1,191.52**	**100.00**	**(102.33)**	**100.00**	**1,089.19**

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Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Parent								
PNB Housing Finance Limited	100.02	6,568.35	100.12	842.14	100.00	(2.16)	100.12	839.98
Indian subsidiary								
PHFL Home Loans and Services Limited	0.03	2.04	0.21	1.79	-	-	0.21	1.79
Inter-Company elimination and other consolidated adjustments	(0.05)	(3.05)	(0.33)	(2.78)	-	-	(0.33)	(2.78)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	**100.00**	**6,567.34**	**100.00**	**841.15**	**100.00**	**(2.16)**	**100.00**	**838.99**

42. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

(₹ in crores)

Paticulars	As at April 01, 2018	Cash flows	Exchange difference	Other	As at March 31, 2019
Debt securities & subordinated liabilities	22,275.01	910.70	-	2.90	23,188.61
Borrowings from bank	9,950.72	16,901.78	1.81	(61.22)	26,793.19
Deposits (net)	11,339.75	2,675.64	-	7.65	14,023.04
Commercial paper	10,211.22	(2,450.00)	-	92.79	7,854.01

(₹ in crores)

Paticulars	As at April 01, 2017	Cash flows	Exchange difference	Other	As at March 31, 2018
Debt securities & subordinated liabilities	14,559.85	7,754.00	-	(38.84)	22,275.01
Borrowings from bank	6,719.23	3,210.50	17.86	3.13	9,950.72
Deposits (net)	9,788.04	1,540.34	-	11.37	11,339.75
Commercial paper	4,253.56	6,030.00	-	(72.34)	10,211.22

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43. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. However, with regard to loans and advances to customers the Company has used the contractual maturities for recovery/settlement. Borrowings (including debt securities and deposits) are reflected basis the contractual maturities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS									
Financial assets									
Cash and cash equivalents	4,033.96	-	4,033.96	2,816.95	-	2,816.95	65.88	-	65.88
Bank balance other than cash and cash equivalents	0.11	-	0.11	0.03	-	0.03	85.62	-	85.62
Trade receivables	38.88	-	38.88	0.33	-	0.33	8.01	-	8.01
Loans	4,014.95	70,272.93	74,287.88	3,283.10	53,881.70	57,164.80	2,336.00	36,398.68	38,734.68
Investments	3,204.83	1,355.84	4,560.67	1,255.46	1,157.49	2,412.95	2,365.41	958.16	3,323.57
Other financial assets	129.71	383.28	512.99	68.53	172.29	240.82	51.25	108.56	159.81
Total (a)	**11,422.44**	**72,012.05**	**83,434.49**	**7,424.40**	**55,211.48**	**62,635.88**	**4,912.17**	**37,465.40**	**42,377.57**
Non- financial assets									
Current tax assets (net)	-	115.60	115.60	-	48.46	48.46	-	12.39	12.39
Deferred tax assets (net)	-	60.99	60.99	-	45.46	45.46	-	5.35	5.35
Investment property	-	0.56	0.56	-	0.57	0.57	-	0.58	0.58
Property, plant and equipment	-	78.34	78.34	-	58.41	58.41	-	47.18	47.18
Other Intangible assets	-	24.21	24.21	-	17.14	17.14	-	10.63	10.63
Capital work-in-progress	-	3.81	3.81	-	8.23	8.23	-	2.02	2.02
Intangible assets under development	-	1.36	1.36	-	1.46	1.46	-	0.01	0.01
Other non- financial assets	18.22	0.30	18.52	20.01	0.15	20.16	6.60	0.35	6.95
Assets held for sale	131.11	-	131.11	178.70	-	178.70	154.99	-	154.99
Total (b)	**149.33**	**285.17**	**434.50**	**198.71**	**179.88**	**378.59**	**161.59**	**78.51**	**240.10**
Total asset c = (a+b)	**11,571.77**	**72,297.22**	**83,868.99**	**7,623.11**	**55,391.36**	**63,014.47**	**5,073.76**	**37,543.91**	**42,617.67**
LIABILITIES									
Financial liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade Payables	127.16	-	127.16	119.60	-	119.60	92.18	-	92.18
Debt Securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Other financial liabilities	1,765.29	325.97	2,091.26	609.62	244.84	854.46	293.53	159.71	453.24
Total (d)	**32,113.09**	**42,174.98**	**74,288.07**	**18,186.58**	**36,602.73**	**54,789.31**	**11,666.04**	**24,240.95**	**35,906.99**
Non financial liabilities									
Provisions	2.22	23.04	25.26	1.90	16.84	18.74	1.26	9.00	10.26
Other Non-financial liabilities	2,011.76	-	2,011.76	1,639.08	-	1,639.08	900.82	-	900.82
Total (e)	**2,013.98**	**23.04**	**2,037.02**	**1,640.98**	**16.84**	**1,657.82**	**902.08**	**9.00**	**911.08**
Total liabilities f = (d+e)	**34,127.07**	**42,198.02**	**76,325.09**	**19,827.56**	**36,619.57**	**56,447.13**	**12,568.12**	**24,249.95**	**36,818.07**
Net (c-f)			7,543.90			6,567.34			5,799.60

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44. RISK MANAGEMENT

The company has formulated a comprehensive enterprise risk management policy to take care of major risks, such as credit risk, market risk, liquidity risk. The Company has an integrated risk management policy (IRM) in place, which communicates the risk management strategy, framework, and risk processes across the organisation, and has been approved by the board. The risk management framework broadly includes governance, risk appetite approach, risk-specific guidelines, risk measurement, mitigation, monitoring reporting, and key risk indicators (KRIs). The Company has developed a clearly articulated risk appetite statement, functional policies, and KRIs to explicitly define the level and nature of risk that an organisation willing to take in order to pursue the articulated mission on behalf of various stakeholders. The board has delegated the responsibility of risk management to its risk management committee (RMC), which reviews the efficacy of our risk management framework, provides important oversight, and assesses whether it is consistent with the risk tolerance levels laid down. The RMC gives directions to executive risk management committee (ERMC), comprising senior management.

Note: 44.1: Credit Risk

The Company's asset base comprises of retail loans and corporate loans.

Retail loans mainly focusses on financing of acquisition or construction of houses that includes repair, upgradation, and development of plot of land. In retail loans category, the Company also provides loan against properties and loans for purchase & construction of non-residential premises.

Corporate finance loans are given mainly to developers for financing the construction of residential / commercial properties, i.e. construction finance loans, and for general corporate purpose loans. i.e. corporate term loans and lease rental discounting loans.

Being in the lending domain, credit risk is one of the major risks in the business model of the Company. Credit risk stems from outright default due to inability or unwillingness of a customer or counterparty to meet the contractual commitments. The essence of credit risk management in the Company's pivots around the early assessment of stress, both at a portfolio and account level, and taking appropriate measures.

Credit Risk Management

Credit risk of the Company is managed through a robust Credit Risk Management set-up at various levels. Given the pervasiveness of credit risk in the Company's line of business, the Board and the senior management consider credit risk management to be an integral part of the organisational strategy. The Board has constituted a Risk Management Committee (RMC) that owns the risk management framework. The RMC oversees the Risk Management practices and gives direction to the Executive Risk Management Committee (ERMC), comprising of the MD and functional heads, in implementing the risk management framework and policy.

The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

The risk management function is led by the Chief Risk Officer who is independent and has direct access to the RMC.

The Company's Risk Framework for credit risk management is mentioned below:

1 Established an appropriate credit risk environment

The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.

2 Ensure sound credit approval process

The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialised professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

The Company has clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Spoke or branch act as the primary point of sale, undertake loan originations, collection, deposit sourcing and customer service. Hubs perform functions, such as loan processing, credit appraisal and monitoring through subject matter experts comprising team of underwriters, fraud control unit, legal counsels, and technical evaluators.

The credit sanction is done through a well-defined delegation matrix under four eye principle. All functions are subject to audit, undertaken by an independent team directly reporting to the Board.

Hubs and Spokes are supported by central support office (CSO), centralised operations (COPS) and central processing centre (CPC).

3 Maintains an appropriate credit administration, measurement, and monitoring process

Policies and procedures have been developed for identifying, measuring, monitoring and mitigating credit risk. Portfolio monitoring allows a proactive approach to identify, at an early stage, credit quality deterioration. A system of independent, periodical reviews of the Company's credit risk management process is established and the results of such reviews are communicated across the levels for corrective actions as applicable.

Adequate controls are in place to ensure that the credit approval function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.

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Note: 44.2: Derivative Financial Instruments
Credit risk arising from derivative financial instruments is, at any time, limited to those with positive fair values, as recorded on the balance sheet.

Note: 44.3: Analysis of risk concentration
(i) Risk concentrations on loans*

An analysis of the Company's credit risk concentrations per product / sub-product is provided in the below mentioned table:

(₹ in crores)

Particulars	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Concentration by sector - Retail			
Housing loans	41,018.91	32,052.39	22,888.38
Non-housing loans	15,118.17	12,771.51	8,591.07
Total (a)	**56,137.08**	**44,823.90**	**31,479.45**
Concentration by sector - Corporate			
Construction finance	11,187.52	7,752.54	4,395.48
Corporate term loan	3,773.19	2,644.35	1,531.84
Lease rental discounting	3,092.68	1,857.47	1,158.27
Total (b)	**18,053.39**	**12,254.36**	**7,085.59**
Total (a+b)	**74,190.47**	**57,078.26**	**38,565.04**

* Loans represents principal outstanding (including principal overdue) as on the date of reporting.

As of March 31, 2019, top 20 exposure covers 60% of corporate portfolio with delinquency of 1.54%. All delinquent accounts were in stage 1 as on March 31, 2019.

(ii) Risk concentrations on financial assets other than loans

(₹ in crores)

Particulars	Government	Financial Services	Corporate	Others	Total
As at March 31, 2019					
Cash and cash equivalents	-	4,033.96	-	-	4,033.96
Bank balance other than cash and cash equivalents	-	0.11	-	-	0.11
Trade receivables	-	0.02	28.25	10.61	38.88
Investments	1,315.33	3,007.86	237.48	-	4,560.67
Other financial assets	-	492.99	-	20.00	512.99
Total	**1,315.33**	**7,534.94**	**265.73**	**30.61**	**9,146.61**
As at March 31, 2018					
Cash and cash equivalents	-	2,816.95	-	-	2,816.95
Bank balance other than cash and cash equivalents	-	0.03	-	-	0.03
Trade receivables	-	0.21	0.03	0.09	0.33
Investments	1,182.72	821.54	408.69	-	2,412.95
Other financial assets	-	224.01	-	16.81	240.82
Total	**1,182.72**	**3,862.74**	**408.72**	**16.90**	**5,471.08**
As at April 01, 2017					
Cash and cash equivalents	-	65.88	-	-	65.88
Bank balance other than cash and cash equivalents	-	85.62	-	-	85.62
Trade receivables	-	-	7.97	0.04	8.01
Investments	978.13	1,571.30	774.14	-	3,323.57
Other financial assets	-	147.15	-	12.66	159.81
Total	**978.13**	**1,869.95**	**782.11**	**12.70**	**3,642.89**

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Note: 44.4: Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates and equity prices. The Company monitors such changes and presents to the management on a regular basis. It undertakes scenario analysis as well as other techniques like earnings at risk to quantify the expected impact upon the change of market variables. The Board approved investment policy defines the overall exposure limits and specific limits pertaining to the exposure to a particular entity /counterparty as well as type of securities.

Note: 44.4.1 Total market risk exposure

(₹ in crores)

Particulars	As at March 31, 2019 Carrying Amount	As at March 31, 2018 Carrying Amount	As at April 01, 2017 Carrying Amount	Primary risk Sensitivity
ASSETS				
Financial assets				
Cash and cash equivalents	4,033.96	2,816.95	65.88	-
Bank balance other than cash and cash equivalents	0.11	0.03	85.62	-
Trade receivables	38.88	0.33	8.01	-
Loans	74,287.88	57,164.80	38,734.68	Interest rate
Investments	4,560.67	2,412.95	3,323.57	Interest rate
Other financial assets	512.99	240.82	159.81	Interest rate
Total	**83,434.49**	**62,635.88**	**42,377.57**	
LIABILITIES				
Financial liabilities				
Derivative financial instruments	210.80	38.55	40.89	Interest rate/ Currency risk
Trade payables	127.16	119.60	92.18	-
Debt securities	29,604.94	31,088.30	17,415.61	-
Borrowings (other than debt securities)	26,793.19	9,950.72	6,719.23	Interest rate
Deposits	14,023.04	11,339.75	9,788.04	-
Subordinated liabilities	1,437.68	1,397.93	1,397.80	-
Other financial liabilities	2,091.26	854.46	453.24	-
Total	**74,288.07**	**54,789.31**	**35,906.99**	

44.4.2 Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. The Board has established limits on interest rate sensitive assets and interest rate sensitive liabilities. The Company's policy is to monitor positions on a regular basis and hedging strategies are used to ensure positions are maintained within the established limits.

The following tables asses the sensitivity of the assets and liabilities over the profit and loss with change in interest rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
Loans	2017-18	50 bps / (50) bps	177.83 / (177.83)
	2018-19	50 bps / (50) bps	298.58 / (298.58)
Investments	2017-18	25 bps / (25) bps	(4.98) / 4.98
	2018-19	25 bps / (25) bps	(2.77) / 2.77
Other financial assets	2017-18	25 bps / (25) bps	22.73 / (22.73)
	2018-19	25 bps / (25) bps	81.01 / (81.01)
Derivative financial instruments	2017-18	20 bps / (20) bps	(2.87) / 2.87
	2018-19	20 bps / (20) bps	(5.35) / 5.35
Borrowings (other than debt securities)	2017-18	50 bps / (50) bps	(49.75) / 49.75
	2018-19	50 bps / (50) bps	(128.55) / 128.55

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44.4.3 Currency risk
Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Foreign currency risk arises majorly on account of foreign currency borrowings. The Company manages its foreign currency risk by entering in to cross currency swaps and forward contracts. When a derivative is entered in to for the purpose of being as hedge, the Company negotiates the terms of those derivatives to match with the terms of the hedge exposure.

Currently, the Company is exposed to currency risk by virtue of its ECBs. But, the Company has undertaken hedging and mitigated a major portion of such risk.

The following table asses the sensitivity of the assets and liabilities over the profit and loss with change in currency rates.

(₹ in crores)

Areas	Financial year	Increase / (decrease) in %	Sensitivity of profit & (loss)
Derivative financial instruments	2017-18	10 % / (10) %	(6.06) / 6.06
	2018-19	10 % / (10) %	(11.19) / 11.19

Note: 44.5: Liquidity risk and funding management
Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept in liquid mutual funds ,fixed deposits,liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and asses the liquidity position. Moreover, the Compnay keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

The Company has a Board approved Asset and Liability Management (ALM) policy. The policy has constituted an Asset and Liability Committee (ALCO) which meets at regular intervals and review the asset liability profile both at the particular time bucket level and cumulative level as well as the interest rate profile of the Company. The policy also defines the limits on such monitored items and these are further presented to the Board for information and further action, if any. Apart from the regulatory defined tools, the Company has voluntarily instituted various liquidity parameters that are presented to the ALCO and further to the Board. Moreover, the position of liquidity is presented to the Risk Management Committee of the Board.

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

Note: 44.5.1. Analysis of financial liabilities by remaining contractual maturities

The table below summarises the maturity profile of the undiscounted cash flows (including interest) of the Company's financial liabilities.

(₹ in crores)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 01, 2017		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
Financial liabilities									
Derivative financial instruments	27.31	183.49	210.80	-	38.55	38.55	-	40.89	40.89
Trade payables	127.16	-	127.16	119.60	-	119.60	92.18	-	92.18
Debt securities	14,520.25	15,084.69	29,604.94	10,725.30	20,363.00	31,088.30	5,450.93	11,964.68	17,415.61
Borrowings (other than debt securities)	9,381.13	17,412.06	26,793.19	3,312.59	6,638.13	9,950.72	2,633.16	4,086.07	6,719.23
Deposits	6,291.95	7,731.09	14,023.04	3,419.47	7,920.28	11,339.75	3,196.24	6,591.80	9,788.04
Subordinated liabilities	-	1,437.68	1,437.68	-	1,397.93	1,397.93	-	1,397.80	1,397.80
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,237.82	11,362.69	14,600.51	3,510.69	6,250.58	9,761.27	1,834.00	6,132.00	7,966.00
Other financial liabilities	1,765.29	325.97	2,091.26	609.62	244.84	854.46	293.53	159.71	453.24
Total	**35,350.91**	**53,537.67**	**88,888.58**	**21,697.27**	**42,853.31**	**64,550.58**	**13,500.04**	**30,372.95**	**43,872.99**

The table below shows the contractual expiry by maturity of the Company's contingent liabilities and commitments.

(₹ in crores)

Particulars	Within 12 Months	After 12 Months	Total
As at March 31, 2019			
Undrawn commitments relating to advances	4,942.00	4,942.00	9,884.00
Undrawn commitments relating to Letter of comfort	-	80.00	80.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn commitments relating to borrowings	3,787.43	-	3,787.43
As at March 31, 2018			
Undrawn commitments relating to advances	6,360.14	1,780.14	8,140.28
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	4,680.00	-	4,680.00
As at April 01, 2017			
Undrawn commitments relating to advances	4,822.00	-	4,822.00
Undrawn commitments relating to Letter of comfort	-	15.00	15.00
Undrawn commitments relating to borrowings	569.00	-	569.00

Notes to Consolidated Financial Statements
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45. FAIR VALUE MEASUREMENT

The principles and techniques of fair value measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e., an exit price), regardless of whether that price is directly observable or estimated using a valuation technique.

For determination of fair value, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2: Those where the inputs that are used for valuation are significant and are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument.

Level 3: Those that includes one or more unobservable input that is significant to the measurement as whole.

(b) Valuation governance

The Company's fair value methodology and the governance over its models includes a number of controls and other procedures to ensure appropriate safeguards are in place to ensure its quality and adequacy. All new product initiatives and their valuations are subject to approvals by related functions of the Company.

(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

(₹ in crores)

As at March 31, 2019	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual Funds	103.49	-	-	103.49
Debt securities	-	166.73	-	166.73
Certificate of deposits	-	2,904.38	-	2,904.38
Total assets measured at fair value on a recurring basis (a)	**103.49**	**3,071.11**	**-**	**3,174.60**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	131.11	-	131.11
Total assets measured at fair value on a non recurring basis (b)	**-**	**131.11**	**-**	**131.11**
Total assets measured at fair value (a)+(b)	**103.49**	**3,202.22**	**-**	**3,305.71**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	125.19	-	125.19
Interest rate swaps	-	85.61	-	85.61
Total liabilities measured at fair value through profit or loss	**-**	**210.80**	**-**	**210.80**

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(₹ in crores)

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	440.57	-	-	440.57
Debt securities	-	408.69	-	408.69
Commercial papers	-	193.87	-	193.87
Certificate of deposits	-	187.10	-	187.10
Total assets measured at fair value on a recurring basis (a)	**440.57**	**789.66**	**-**	**1,230.23**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	178.70	-	178.70
Total assets measured at fair value on a non recurring basis (b)	-	178.70	-	178.70
Total assets measured at fair value (a)+(b)	**440.57**	**968.36**	**-**	**1,408.93**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	38.55	-	38.55
Total liabilities measured at fair value through profit or loss	**-**	**38.55**	**-**	**38.55**

(₹ in crores)

As at April 01, 2017	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	890.26	-	-	890.26
Debt securities	-	1,224.45	-	1,224.45
Commercial papers	-	230.73	-	230.73
Total assets measured at fair value on a recurring basis (a)	**890.26**	**1,455.18**	**-**	**2,345.44**
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	154.99	-	154.99
Total assets measured at fair value on a non recurring basis (b)	**-**	**154.99**	**-**	**154.99**
Total assets measured at fair value (a)+(b)	**890.26**	**1,610.17**	**-**	**2,500.43**
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	40.89	-	40.89
Total liabilities measured at fair value through profit or loss	**-**	**40.89**	**-**	**40.89**

Valuation methodologies of financial instruments measured at fair value

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

1 Mutual funds

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

2 Debt securities

The Company's debt instruments are standard fixed rate securities, some with zero coupon feature. The Company uses market prices whenever available, or other observable inputs in discounted cash flow models to estimate the corresponding fair value. These Corporate bonds are generally Level 2 instruments.

3 Commercial paper / Certificate of deposit

Commercial paper / Certificate of deposit have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such amounts have been classified as Level 2 on the basis that no adjustments have been made to the balances in the balance sheet.

Notes to Consolidated Financial Statements
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4 Assets held for sale
Assets held for sale valuation are basis independent valuations by a specialist in valuing these type of assets. The best estimate of fair value is current prices in an active market for similar assets.

5 Derivative financial instruments
Interest rate derivatives
For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts
Foreign exchange contracts include open spot contracts, foreign exchange forward and swap contracts and over-the counter foreign exchange options. However, the Company has not entered into any foreign exchange options. These instruments are valued by either observable foreign exchange rates, observable or calculated forward points and option valuation models. Company classifies these foreign exchange contracts as level 2.

(d) Fair Value of Financial Instruments not measured at Fair Value

(₹ in crores)

As at March 31, 2019	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets measured at amortised cost:					
Loans	74,287.88	-	74,271.26	-	74,271.26
Investment in government securities	1,386.07	-	1,436.43	-	1,436.43
Total financial assets	**75,673.95**	**-**	**75,707.69**	**-**	**75,707.69**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	21,750.93	-	21,724.30	-	21,724.30
Borrowing other than debt securities	26,793.19	-	26,793.19	-	26,793.19
Deposits (including interest accrued)	14,240.93	-	14,345.09	-	14,345.09
Subordinated liabilities	1,437.68	-	1,448.00	-	1,448.00
Total financial liabilities	**64,222.73**	**-**	**64,310.58**	**-**	**64,310.58**

(₹ in crores)

As at March 31, 2018	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	57,164.80	-	57,178.88	-	57,178.88
Investment in government securities	1,182.72	-	1,207.03	-	1,207.03
Total financial assets	**58,347.52**	**-**	**58,385.91**	**-**	**58,385.91**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	20,877.08	-	20,896.17	-	20,896.17
Borrowing other than debt securities	9,950.72	-	9,950.72	-	9,950.72
Deposits (including interest accrued)	11,535.92	-	11,738.14	-	11,738.14
Subordinated liabilities	1,397.93	-	1,404.60	-	1,404.60
Total financial liabilities	**43,761.65**	**-**	**43,989.63**	**-**	**43,989.63**

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

(₹ in crores)

As at March 31, 2017	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	38,734.68	-	38,774.24	-	38,774.24
Investment in government securities	978.13	-	1,042.16	-	1,042.16
Total financial assets	**39,712.81**	**-**	**39,816.40**	**-**	**39,816.40**
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	13,162.05	-	13,413.33	-	13,413.33
Borrowing other than debt securities	6,719.23	-	6,719.23	-	6,719.23
Deposits (including interest accrued)	9,947.77	-	10,209.63	-	10,209.63
Subordinated liabilities	1,397.80	-	1,451.44	-	1,451.44
Total financial liabilities	**31,226.85**	**-**	**31,793.63**	**-**	**31,793.63**

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements.

1. Financial assets and liabilities (Short term)

In accordance with Ind AS 107.29(a), fair value is not required to be disclosed in relation to the financial instruments having short-term maturity (less than twelve months), where carrying amount (net of impairment) is a reasonable approximation of their fair value. Hence the fair value of cash and cash equivalents, bank balances other than cash and cash equivalents, trade receivables, other financial assets, trade payables, commercial papers and other financial liabilities has not be disclosed.

2. Loans

The fair values of loans are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

3. Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long- term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

4. Financial liabilities

Debt securities and subordinated liabilities

Debt securities arand subordinated liabilities are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2.

Borrowings other than debt securities and deposits

The fair values of borrowings other than debt securities and deposits are computed by discounted cash flow models that incorporates prevalling interest rate. The Company classifies these assets as Level 2.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2019, March 31, 2018 and April 01, 2017.

(f) There is no valuation adjustment relating to Credit Valuation Adjustment/ Debit Valuation Adjustment.

46. STANDARD ISSUES BUT NOT YET EFFECTIVE

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Notes to Consolidated Financial Statements
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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 under process of assessing the impact of application of Ind AS 116.

47. FIRST-TIME ADOPTION OF Ind AS

These financial statements, for the year ended March 31, 2019, are the first financial statements which the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions/ exceptions:

a) Mandatory exemptions

(i) Use of Estimates

The estimates at April 1, 2017 and at March 31, 2018 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following adjustments, where application of Indian GAAP did not require estimation:

- Fair valuation of financials instruments carried at FVTPL and FVOCI
- Impairment of financial assets based on expected credit loss (ECL) model
- Determination of discounted value for financial instruments carried at amortised cost

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2017 the date of transition to Ind AS, and as of March 31, 2018.

(ii) Classification and measurement of financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

(iii) Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in 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 assets were initially recognised and compared that to the credit risk as at April 1, 2017.

(iv) Derecognition of financial assets and liabilities

The Company has elected to apply the derecognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

(b) Optional exemptions

(i) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognised in its Indian GAAP financial as deemed cost at the transition date.

(ii) Arrangements containing a lease:

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

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Equity Reconciliation as on April 01, 2017

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
ASSETS				
Financial assets				
Non Current Investments		961.35	(961.35)	-
Current Investments		2,318.21	(2,318.21)	-
Long term loans and advances		36,443.79	(36,443.79)	-
Short term loans and advances		39.94	(39.94)	-
Other Non current assets		278.43	(278.43)	-
Other current assets		2,705.93	(2,705.93)	-
Cash and cash equivalents		151.47	(85.59)	65.88
Bank balance other than cash and cash equivalents		-	85.62	85.62
Derivative financial instruments		-	-	-
Trade receivables		-	8.01	8.01
Loans	1(a), 2,10	-	38,734.68	38,734.68
Investments	4 (a),(b)	-	3,323.57	3,323.57
Other financial assets	3	-	159.81	159.81
		42,899.12	**(521.55)**	**42,377.57**
Non-financial assets				
Current tax assets (net)		-	12.39	12.39
Deferred tax assets (net)	9	-	5.35	5.35
Investment property		-	0.58	0.58
Property, plant and equipment		47.77	(0.59)	47.18
Other Intangible assets		10.63	-	10.63
Capital work-in-progress		2.03	(0.01)	2.02
Intangible assets under development		-	0.01	0.01
Other non-financial assets		-	6.95	6.95
Assets held for sale		-	154.99	154.99
		60.43	**179.67**	**240.10**
Total		**42,959.55**	**(341.88)**	**42,617.67**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		24,083.96	(24,083.96)	-
Short term borrowings		7,947.41	(7,947.41)	-
Other long term liabilities		103.90	(103.90)	-
Other current liabilities		4,836.06	(4,836.06)	-
Derivative financial instruments	7	-	40.89	40.89
Trade payables		93.56	(1.38)	92.18
Debt Securities	1 (b)	-	17,415.61	17,415.61
Borrowings (other than debt securities)	1 (b)	-	6,719.23	6,719.23
Deposits	1 (b)	-	9,788.04	9,788.04
Subordinated liabilities	1 (b)	-	1,397.80	1,397.80
Other financial liabilities		-	453.24	453.24
		37,064.89	**(1,157.90)**	**35,906.99**
Non-financial liabilities				
Long term provisions	10	242.45	(242.45)	-
Short term provisions	10	28.04	(28.04)	-
Provisions	5	-	10.26	10.26
Deferred tax liabilities (net)		46.86	(46.86)	-
Other non-financial liabitilies		-	900.82	900.82
		317.35	**593.73**	**911.08**

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

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
Equity				
Equity share capital		165.64	-	165.64
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	5,411.67	222.29	5,633.96
Equity attributable to equity holders of the parent		5,577.31	222.29	5,799.60
Non-controlling interest		-	-	-
Total equity		5,577.31	222.29	5,799.60
Total		**42,959.55**	**(341.88)**	**42,617.67**

Equity Reconciliation as on March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
ASSETS				
Financial assets				
Non Current Investments		1,161.40	(1,161.40)	-
Current Investments		1,218.51	(1,218.51)	-
Long term loans and advances		54,121.79	(54,121.79)	-
Short term loans and advances		80.97	(80.97)	-
Other Non current assets		465.27	(465.27)	-
Other current assets		3,848.14	(3,848.14)	-
Cash and cash equivalents		2,816.93	0.02	2,816.95
Bank balance other than cash and cash equivalents		-	0.03	0.03
Receivables		-	0.33	0.33
Loans	1(a), 2, 10	-	57,164.80	57,164.80
Investments	4 (a),(b)	-	2,412.95	2,412.95
Other financial assets	3	-	240.82	240.82
		63,713.01	**(1,077.13)**	**62,635.88**
Non-financial assets				
Current tax assets (net)		-	48.46	48.46
Deferred tax assets (net)	9	-	45.46	45.46
Investment property		-	0.57	0.57
Property, plant and equipment		58.98	(0.57)	58.41
Other Intangible assets		17.14	-	17.14
Capital work-in-progress		9.69	(1.46)	8.23
Intangible assets under development		-	1.46	1.46
Other non-financial assets		-	20.16	20.16
Assets held for sale		-	178.70	178.70
		85.81	**292.78**	**378.59**
Total		**63,798.82**	**(784.35)**	**63,014.47**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Long term borrowings		36,388.70	(36,388.70)	-
Short term borrowings		14,241.96	(14,241.96)	-
Other long term liabilities		141.98	(141.98)	-
Other current liabilities		6,097.66	(6,097.66)	-
Derivative financial instruments	7	-	38.55	38.55
Trade payables		121.30	(1.70)	119.60
Debt Securities	1 (b)	-	31,088.30	31,088.30
Borrowings (other than debts securities)	1 (b)	-	9,950.72	9,950.72
Deposits	1 (b)	-	11,339.75	11,339.75
Subordinated liabilities	1 (b)	-	1,397.93	1,397.93
Other financial liabilities		-	854.46	854.46
		56,991.60	**(2,202.29)**	**54,789.31**

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

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustments	Ind AS
Non-financial liabilities				
Long term provisions	10	399.82	(399.82)	-
Short term provisions	10	44.20	(44.20)	-
Provisions	5	-	18.74	18.74
Deferred tax liabilities (net)		57.66	(57.66)	-
Other non-financial liabilities		-	1,639.08	1,639.08
		501.68	**1,156.14**	**1,657.82**
Equity				
Equity share capital		166.59	-	166.59
Other equity	1(a),1(b),2,3,4 (a), 4(b),5, 6 ,7,8,9	6,138.95	261.80	6,400.75
Equity attributable to equity holders of the parent		6,305.54	261.80	6,567.34
Non-controlling interest		-	-	-
Total equity		**6,305.54**	**261.80**	**6,567.34**
Total		**63,798.82**	**(784.35)**	**63,014.47**

Profit reconciliation for the year ended March 31, 2018

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
Revenue from operations				
Revenue from operations		5,516.40	(5,516.40)	-
Interest Income	1 (a), 4 (a)	-	5,046.70	5,046.70
Fees and commission Income	1 (a), 3	-	292.26	292.26
Net gain on derecognition of financial instruments under amortised cost category	3	-	116.22	116.22
Net gain on fair value changes	4 (b)	-	33.53	33.53
Total revenue from operations		**5,516.40**	**(27.69)**	**5,488.71**
Other Income		0.56	0.07	0.63
Total income		**5,516.96**	**(27.62)**	**5,489.34**
Expenses				
Finance costs	1 (b)	3,530.80	5.76	3,536.56
Office operating expenses		101.22	(101.22)	-
Provisions and Contingencies		180.53	(180.53)	-
Bad debts written off		18.30	(18.30)	-
Impairment on financial instruments	2	-	276.57	276.57
Employee benefits expense	5,6	137.08	7.06	144.14
Fees and commission expense		-	83.47	83.47
Depreciation, amortisation and impairment		24.13	-	24.13
Other expenses		246.21	(56.32)	189.89
Total expenses		**4,238.27**	**16.49**	**4,254.76**
Profit before tax		**1,278.69**	**(44.11)**	**1,234.58**
Tax expense				
Current tax		438.56	(0.69)	437.87
Earlier years		(0.08)	0.08	-
Deferred tax	9	10.80	(55.24)	(44.44)
Profit for the year		**829.41**	**11.74**	**841.15**

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

(₹ in crores)

Particulars	Foot Notes	Previous GAAP	Adjustment	Ind AS
Other Comprehensive (loss) / income				
A (i) Items that will not be reclassified to profit or loss				
Remeasurement gain / (loss) on defined benefit plan	5	-	0.13	0.13
(ii) Income tax relating to items that will not be reclassified to profit or loss.	9	-	(0.05)	(0.05)
Subtotal (A)		**-**	**0.08**	**0.08**
B (i) Items that will be reclassified to profit or loss				
Cash flow hedge	7	-	(3.76)	(3.76)
(ii) Income tax relating to items that will be reclassified to profit or loss	9	-	1.52	1.52
Subtotal (B)		**-**	**(2.24)**	**(2.24)**
Other comprehensive (loss) / income (A + B)		-	(2.16)	(2.16)
Total comprehensive income for the year		**829.41**	**9.58**	**838.99**

Foot notes to the reconciliation of the equity as at April 01, 2017 and March 31, 2018 and profit and loss for the year ended March 31, 2018:

1. **EIR on loans and borrowings**

a) Under Indian GAAP, transaction costs on origination of loan assets was recognised as an expense on straight line basis over the expected life of the loan assets and fees collected from the customer on origination of loan assets was recognised as an income on straight line basis over the expected life of the loan assets.

Under Ind AS, transaction costs and fees from customers are included in the initial recognition amount of loan assets and recognised as interest income using the effective interest rate method.

Consequently loan assets as at March 31, 2018 have increased by ₹197.50 crores and on the date of transition (i.e April 01, 2017) have increased by ₹138.56 crores. Interest income for the year ended March 31, 2018 have increased by ₹0.26 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹18.52 crores.

b) Under Indian GAAP, transaction costs incurred on borrowings was recognised as an expense on straight line basis over the life of the borrowings.

Under Ind AS, transaction costs are included in the initial recognition amount of borrowings and recognised as interest expense using the effective interest rate method.

Consequently, borrowings as at March 31, 2018 have decreased by ₹67.42 crores and on the date of transition (i.e April 01, 2017) have decreased by ₹60.02 crores. Interest exepnse for the year ended March 31, 2018 have increased by ₹6.23 crores and retained earnings on the date of transition (i.e April 01, 2017) decreased by ₹8.94 crores.

Further, under Indian GAAP, discount on issue / premium on redemption of debentures are adjusted from securities premium account while under Ind AS these are to amortised basis effective interest rate method. Consequently, discount on issue / premium on redemption of debentures reversed from securities premium account.

2. **Expected Credit Loss on loan**
Under Indian GAAP, the Company has created provision for loans based on the guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Credit Loss model (ECL).

Consequently, loan assets as at March 31, 2018 have impaired by ₹432.32 crores and on the date of transition (i.e April 01, 2017) have impaired by ₹174.05 crores (including additional provision for unforeseen macro-economic factors).

Impairment on financial instruments for the year ended March 31, 2018 have increased by ₹93.22 crores and on the date of transition (i.e April 01, 2017) decreased by ₹86.18 crores.

3. **Gain on derecognition of loans (assignment of loans)**
Under Indian GAAP, interest spread and servicing fees on derecognition of the loans was recognised as an income during the contractual term of the derecognised loans.

Under Ind AS, interest spread and net servicing fees (over the expected life of the asset) is recognised at present value on the date of derecognition itself as interest-only strip / net servicing fees receivable and correspondingly recognised as profit on derecognition of loans.
Consequently, other financial assets as at March 31, 2018 have increased by ₹220.17 crores and on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

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

Gain on derecognition of loans for the year ended March 31, 2018 have increased by ₹116.22 crores.

Fees and commission income for the year ended March 31, 2018 have decreased by ₹37.65 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹141.60 crores.

4. **Investments**
   a) Under Indian GAAP, the company accounted for long term investments in Central and State Government securities at cost less provision for diminution in the value of investments (other than temporary).

      Under Ind AS, these Investments are classified as amortised cost since these are to be held till maturity and the cash flows are solely payments of principal and interest only.

      Consequently Investments as at March 31, 2018 have increased by ₹3.12 crores and on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

      Interest income for the year ended March 31, 2018 have increased by ₹1.30 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹1.82 crores.

   b) Under Indian GAAP, the company accounted for short term investments in quoted bonds / debentures and mutual funds as investment measured at cost or market value whichever is less.

      Under Ind AS, the company has classified such investments as FVTPL investments and are measured at fair value.

      Consequently Investments as at March 31, 2018 have increased by ₹3.60 crores and on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

      Net gain on fair value changes for the year ended March 31, 2018 have decreased by ₹7.51 crores and retained earnings on the date of transition (i.e April 01, 2017) have increased by ₹11.11 crores.

5. **Defined benefit obligations**
   Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, premeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus for the year ended March 31, 2018 the employee benefit cost is increased by ₹0.13 crores and premeasurement gains/ losses on defined benefit plans has been recognised in the OCI net of tax.

6. **Share-based payments**
   Under Indian GAAP, the Company recognised only the intrinsic value for the share based payments plans as an expense.

   Under Ind AS, the fair value of the share options to be determined using an appropriate pricing model, recognised over the vesting period.

   Consequently, share based expense to employees for the year ended March 31, 2018 have increased by ₹17.15 crores and retained earnings on the date of transition (i.e April 01, 2017) have decreased by ₹20.74 crores with the corrosponding adjustment to reserves as "share option outstanding account."

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

7. **Derivative Instruments (forward contracts / currency swaps / interest rate swaps)**
Under Indian GAAP, exchange differences arising on principal only swaps are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes.

Under Ind AS, derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in net gain on fair value changes unless hedge accounting is applied. The Company applies hedge accounting for derivative instruments.The effective portion of the cumulative gain or loss on the hedging instrument is recognised directly in other comprehensive income (OCI) and accumulated in a seperate component of equity as "cash flow hedge reserve."

8. **Other comprehensive income**
Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS. Further, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9. **Deferred tax**
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. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

10. **Reclassification of provision of standard / non-performing assets (NPA)**
Under Indian GAAP provision for non performing assets, standard assets and contingencies were presented under provisions. However, under Ind AS financial assets measured at amortised cost (majorly loans) are presented net of provision for expected credit losses.

48. The requirement of preparation of consolidated financial statements is applicable to the Company w.e.f August 22, 2017 (since the subsidiary Company was incorporated on August 22, 2017), therefore the comparative consolidated financial statements of the Company represents the income and expenses of the subsidiary Company from the said date and consolidated financial statements as on April 01, 2017 represents the standalone financial statements of the Company only.

Corporate Information

DIRECTORS ON BOARD
Mr. Sunil Mehta
Chairman
Mr. L V Prabhakar
Mr. Sunil Kaul
Mr. S. K. Jain
Mr. R Chandrasekaran
Mr Nilesh S Vikamsey
Prof. (Dr.) Gourav Vallabh
Mr. Ashwani Kumar Gupta
Mrs. Shubhalakshmi Panse
Mr. Neeraj Vyas
Mr. Sanjaya Gupta
Managing Director

DIRECTORS RESIGNED DURING THE YEAR
Mr. Jayant Dang
(w.e.f July 20, 2018)

AUDITORS
M/s B. R. Maheswari & Co.
M-118 Connaught Circus,
New Delhi - 110 001

TRUSTEES FOR DEBENTURE HOLDERS
IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard
Estate, Mumbai - 400 001.

LEGAL ADVISORS
Vaish Associates, Advocates

CHIEF FINANCIAL OFFICER
Mr. Kapish Jain

COMPANY SECRETARY
Mr. Sanjay Jain

REGISTERED AND CENTRAL SUPPORT OFFICE
9th Floor, Antriksh Bhawan, 22, K. G. Marg, New
Delhi - 110 001

BANKERS AND FINANCIAL INSTITUTIONS
Allahabad Bank
Andhra Bank
Asian Development Bank
Australia and New Zealand Banking Group Limited
Axis Bank Limited
Bank of Baroda
Bank of India
Bank of Maharashtra
Barclays Bank PLC
Canara Bank
Catholic Syrian Bank
Central Bank of India
Citibank
Corporation Bank
CTBC Bank Co. Ltd.
Dena Bank
Deutsche Bank
Federal Bank
FirstRand Bank
HDFC Bank Limited
ICICI Bank Limited
IDFC First Bank Limited
Indian Bank
Indian Overseas Bank
Indusind Bank Ltd.
International Finance Corporation
Karnataka Bank
Kotak Mahindra Bank Limited
National Bank Of Agriculture and Rural Development
National Housing Bank (Refinance)
Oriental Bank of Commerce
Punjab & Sind Bank
Punjab National Bank
RBL Bank Limited
South Indian Bank
Standard Chartered Bank
State Bank of India
Sumitomo Mitsui Banking Corporation
Syndicate Bank
The Jammu & Kashmir Bank Limited
UCO Bank
Union Bank of India
United Bank of India
Vijaya Bank (Now Bank of Baroda)
Yes Bank Limited