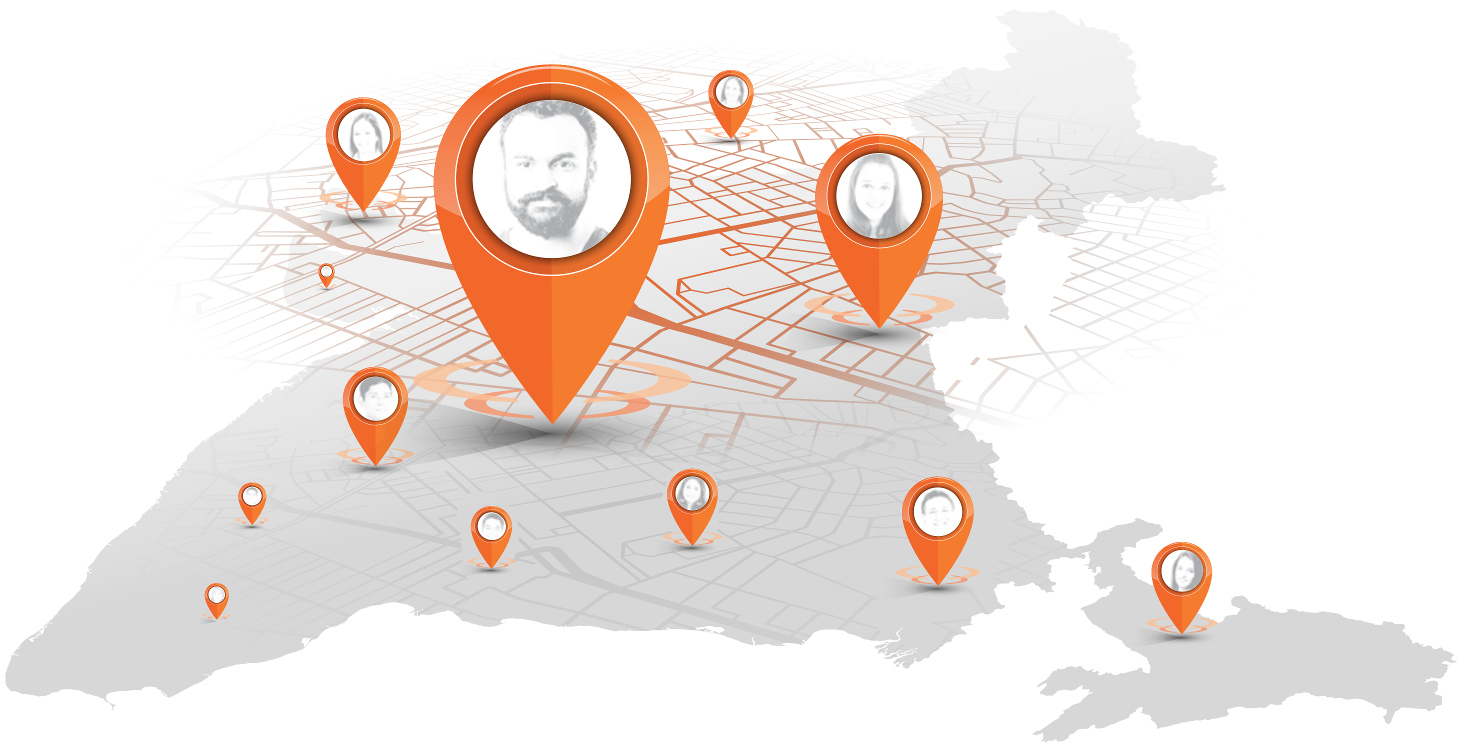
GRIHASHAKTI™
Fullerton India Home Finance Co. Ltd.

EXPANDING OUR FOOTPRINT



ANNUAL REPORT **FY2018**

EXPANDING OUR FOOTPRINT

At Grihashakti, we have built a sustainable foundation to accelerate our growth. Our tailor-made products; transparency in operations; relentless focus on customer convenience; and investment in technology have helped us build a family of 10,000 happy customers in just two full years of our operations.

We have also built strong relationships with our investors and lenders to provide access to low-cost and diversified sources of funds. Our growing branch network and robust digitised financing processes ensure a wide span of reach. Our customer centric website helps us stay connected with our customers 24X7. Further, we have harnessed technology to fortify our business processes, ensure deeper market coverage and deliver a superior customer experience.

Owing to the huge growth prospects in the housing finance section, we envisage a robust growth of our company in the years to come. Moreover, with the low accessibility of finance in the affordable housing segment, we are confident that our widening reach across rural and semi-urban India, can effectively contribute to narrow the demand-supply gap and strengthen home ownership in an inclusive way. Our robust internal risk-management systems and processes, supported by technology, will also fuel our growth journey.

Technology

Customer Convenience

Digital Platforms

Robust Growth

Tailor Made Products

Our Growing Network

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Corporate Information

A. Board of Directors*:

1. Anindo Mukherjee, Chairman
2. Rakesh Makkar, Chief Executive Officer & Whole-time Director
3. Dr. Milan Shuster, Independent Director
4. Kenneth Ho Tat Meng, Non-Executive Director
5. Renu Challu, Independent Director

B. Company Secretary:

Jitendra Maheshwari

C. Statutory Auditor:

B S R & Co. LLP

D. Bankers

Axis Bank Limited

Bank of Baroda

BNP Paribas

Canara Bank

DCB Bank Limited

HDFC Bank Limited

Standard Chartered Bank

State Bank of India

Syndicate Bank

State Bank of Mauritius

The Federal Bank Limited

E. Rating Agencies

CARE

F. Registered Office:

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

G. Corporate Office:

Supreme Business Park, Floors 5 & 6,
B Wing, Powai, Mumbai - 400 076

*As on 31 May, 2018

At a Glance

Grihashakti-Fullerton India Home Finance Co. Ltd is a wholly owned subsidiary of Fullerton India Credit Company Limited. We cater to the Housing Finance needs of millions across India.

01

PRODUCTS

Apart from the purchase of a new home, we provide loans for home improvement, home construction and home extensions. Our other products include - loans against property, loans for new commercial property, commercial plots and loans construction of commercial properties.

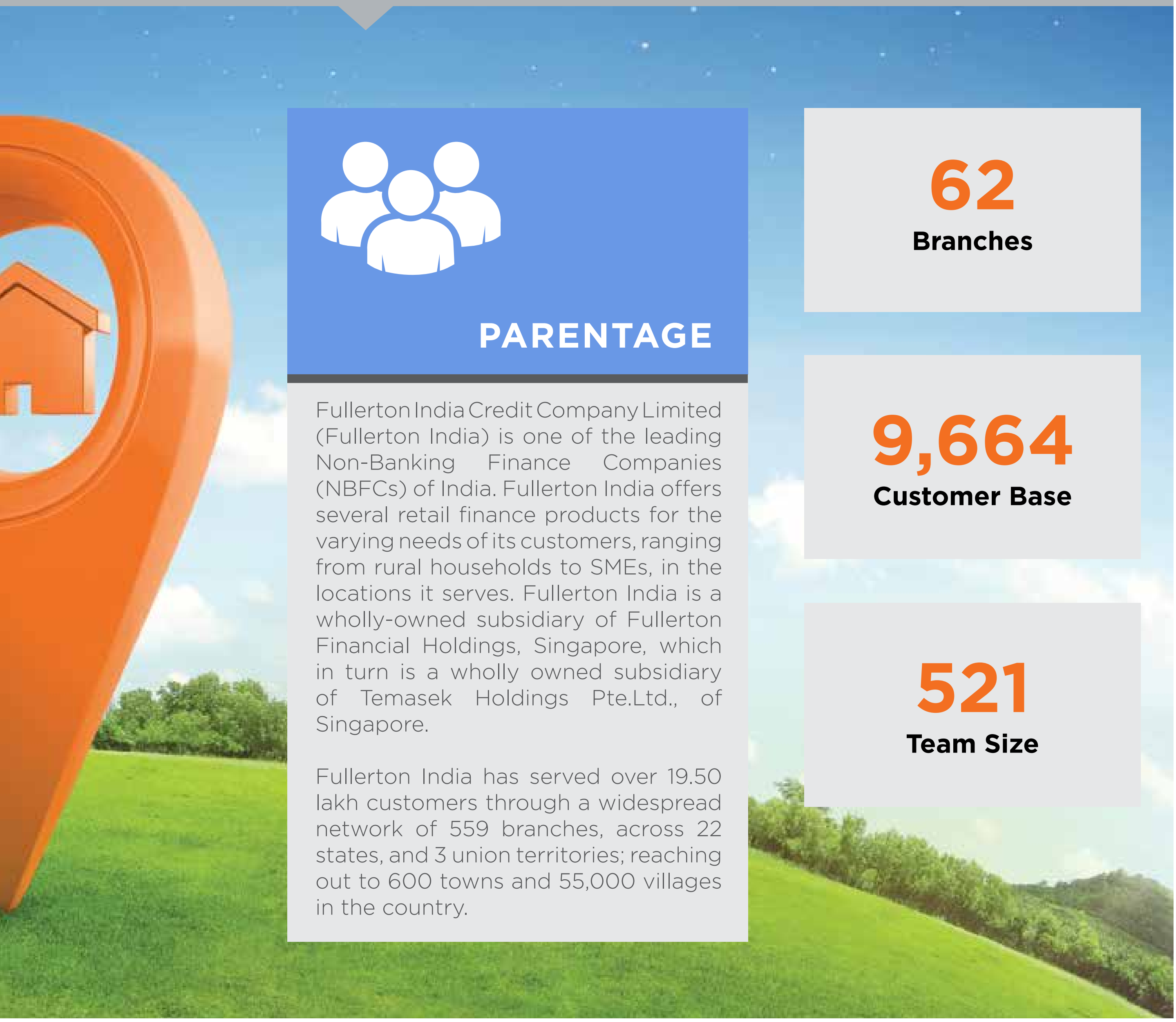
02

PRESENCE

Head-quartered in Mumbai, we currently operate through 62 branches spread across nine states, including Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Telangana and West Bengal.

Grihashakti commenced operations in December 2015 after receiving a Housing Finance license from the National Housing Bank.

03



PARENTAGE

Fullerton India Credit Company Limited (Fullerton India) is one of the leading Non-Banking Finance Companies (NBFCs) of India. Fullerton India offers several retail finance products for the varying needs of its customers, ranging from rural households to SMEs, in the locations it serves. Fullerton India is a wholly-owned subsidiary of Fullerton Financial Holdings, Singapore, which in turn is a wholly owned subsidiary of Temasek Holdings Pte.Ltd., of Singapore.

Fullerton India has served over 19.50 lakh customers through a widespread network of 559 branches, across 22 states, and 3 union territories; reaching out to 600 towns and 55,000 villages in the country.

62
Branches

9,664
Customer Base

521
Team Size

Letter from the Chief Executive Officer

We performed exceptionally well during FY2018, by leveraging on the market opportunities and insights received from our parent company to deliver a robust growth trajectory.

Rakesh Makkar
Chief Executive Officer

Dear Shareholders,

It gives me immense pleasure to present to you the FY2018 Annual Report. This fiscal has been momentous in several ways. We successfully reported operating breakeven and a positive profit before tax in just 28 months of our operations. We further achieved a milestone of ₹1,902 crores of Assets Under Management since inception. We have also reinforced the highest standards of corporate governance and inducted several qualified professionals. I am sure their experience and leadership will enrich our proficiency and help us accelerate our growth ambitions in the coming years.

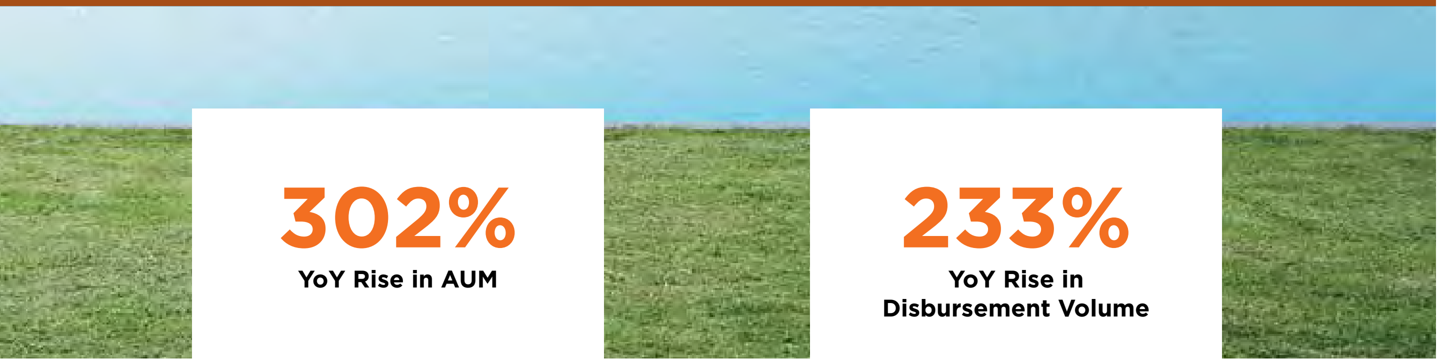
We performed exceptionally well during FY2018, by leveraging on the market opportunities and insights received from our parent company to deliver a robust growth trajectory well during FY2018.

With an unwavering resolve to provide easy home loans in the semi-urban and rural regions; we have delivered a 302% rise in our AUM and 233% growth in disbursement volumes over the previous year.

Our growth was well supported by the present macro environment, which was favourable for the housing finance industry. The government incentives in terms of allocations related to Pradhan Mantri Awas Yojana (PMAY) and Housing for All, provide the much-needed momentum to the sector. Additionally, there is a renewed optimism in the affordable housing landscape driven by several government reforms including introduction of RERA, grant of infrastructure status to affordable housing, dedicated fund to channelise priority sector loans and such other enabling steps.

These have been complemented through implementation of measures like GST, and increased thrust on roads and infrastructure projects. The housing finance industry's buoyancy is further endorsed by growth drivers such as rising disposable income; personal income tax benefits; increasing urbanisation; and economic growth of the rural economy. Your Company is also well aligned to the government's PMAY goals and have passed benefits worth ₹19 lakhs in FY2018 to its customers under the Credit Linked Subsidy Schemes (CLSS).

With an unwavering resolve to provide easy home loans in the semi-urban and rural regions; we have delivered a 302% rise in our AUM and 233% growth in disbursement volumes over the previous year.



302%
YoY Rise in AUM

233%
YoY Rise in Disbursement Volume

In keeping with our mission to deliver dream homes for the middle-class, we have developed a formidable network that can reach out far and wide. With a countrywide network of 62 branches ,we carter to over 62 cities and sub-towns. This year we expanded our reach consistently by opening 21 branches in strategic new locations. In addition, we continue to leverage the network of our parent company to delve deeper in the rural markets.

Our funds pipeline has also been subsequently enhanced to address the rising requirement of home finance from our customers. In addition to the capital infusion worth ₹ 360 crores by our parent company since our inception, we have diversified our funding sources to moderate fund costs and to create a stable foundation to scale the business.

Since inception, we have concentrated on leveraging technology to address customer needs and enhance customer satisfaction. We have been continuously refining our approach to make the most of our digital platforms. We are committed to integrate technology in all our processes to enrich our user experience and enhance our productivity. Technology adoption has helped us automate our business operations and powered better efficiencies across the organisational framework. During the year, we remained focused on identifying new and simple ways to improve processing, reduce turnaround time, and streamline collection and disbursement processes.

Looking ahead, we will continue to serve our customers with passion and commitment; along with a high degree of transparency. These values shall remain the hallmark of all our offerings and will enable us to achieve a long and meaningful relationship with our customers. We also believe that this has been a key reason for our rapid growth in such a short period of time.

I would like to conclude by thanking our team for their passion, commitment and ongoing pursuit of excellence. I would also like to thank our customers for supporting us and giving us an opportunity to serve them. We are thankful to our regulators, bankers and financial institutions for their continuous support. With this support, we will continue to serve as a trusted partner to all our stakeholders by responsibly providing financial services that enable home ownership to people across various income groups.

Sincerely,

Rakesh Makkar
Chief Executive Officer

Board of Directors

Our Board of Directors comprises a team of highly experienced leaders who are committed to the long term growth of the Company. They work closely to execute the Company's strategy, growth and client performance standards, in alignment with our long-term objectives.

Mr. Rakesh Makkar

Chief Executive Officer & Wholetime Director

Mr. Makkar is the CEO and Wholetime Director of the Company. He has over two decades of valuable experience including new business and brand launches while developing dynamic sales teams, product and distribution networks. Prior to joining Fullerton India group, Mr. Makkar was the Chief Distribution Officer and Management Committee member at DHFL. His earlier stints include Capital First (Future Money) as Chief Executive Officer, Citigroup as Country Risk Director and as a consultant for a Vietnamese Bank on consumer finance. He is a national rank holder Chartered Accountant and an MBA.

Mr. Anindo Mukherjee

Non- Executive Director

Mr. Mukherjee is the Chairman and Non-Executive Director of the Company. He is also a Non-Executive Director on the Board of Fullerton India. He has more than 25 years of banking experience. He also heads the Integrated Risk Management function at Fullerton Financial Holdings Pte. Ltd. (FFH), Singapore. Prior to joining FFH, Mr. Mukherjee was responsible for the Risk Management, Legal and Compliance functions in Fullerton India. Before Fullerton India, he was with Standard Chartered Bank, where he was the Regional Credit Officer for the Consumer Business in India & South Asia. Mr. Mukherjee has had exposure across a variety of international and private banks, including Bank of America, ABN AMRO Bank and HDFC Bank. He is a Chartered Accountant and a Cost & Management Accountant.

Mr. Kenneth Ho

Non-Executive Director

Mr. Ho carries more than two decades of Consumer and Commercial Banking experience. He is a Graduate in Economics from Flinders University of South Australia and a Master of Business Administration holder from University Putra Malaysia. Currently, he is the Senior Vice President, SME & Commercial Banking for Fullerton Financial Holdings (International) Pte Ltd. Previously he was with Citibank for 10 years covering the roles of Regional Director, Consumer Secured lending of Citibank Asia Pacific regional office and in the Citibank Singapore Pte Ltd as head of Auto business and Citibusiness (Commercial Banking). Prior to joining Citibank, he also held substantial exposure in EON Bank Berhad, Malaysia, including managing the entire Auto loans Business (national) and covering numerous roles in Branch banking as well.

Ms. Renu Challu
Independent Director

Ms. Challu is a seasoned banker with decades of experience in financial services. She was associated with the State Bank of India (SBI) for more than 38 years, serving in different geographies around the country and in USA. She pioneered the consumer financing (home, car, personal and education loans) and technology driven retail initiatives (internet banking, debit cards, phone banking) by SBI and held policy making positions in various verticals of the Bank. Some of the leadership positions held in the SBI Group include President & COO at SBI Capital Markets, MD and CEO at SBI DFHI, MD at State Bank of Hyderabad and DMD Corporate Strategy & New Business Development at SBI. She serves as an Independent Director on the boards of 10 other companies. She is an MA in Economics (Gold Medalist) from University of Lucknow.

Dr. Milan Shuster
Independent Director

Dr. Shuster, is a professional with several decades of experience in the banking sector. He has served in various capacities at Asian Development Bank, ING Bank, National Bank of Canada and Nippon Credit Bank. After working as the President and CEO of P.T. Bank PDFCI, Indonesia, he held several stints at Bank Danamon Indonesia. He became its president and CEO and later its Independent Commissioner. He holds PhD in international Law and Economics from Oxford University, Master of Law from London School of Economics, Bachelor of Law from University of Western Ontario and Bachelor of Business Administration from Ivey Business School.

Management Team

With diverse functional expertise, our Senior Management is delivering the highest levels of service and quality that our customers expect. The team works collaboratively across the firm in developing initiatives to support growth.

Mr. Rakesh Makkar

Chief Executive Officer & Wholetime Director

Mr. Makkar is the CEO and Wholetime Director of the Company. He has over two decades of valuable experience including new business and brand launches while developing dynamic sales teams, product and distribution networks. Prior to joining Fullerton India group, Mr. Makkar was the Chief Distribution Officer and Management Committee member at DHFL. His earlier stints include Capital First (Future Money) as Chief Executive Officer, Citigroup as Country Risk Director and as a consultant for a Vietnamese Bank on consumer finance. He is a national rank holder Chartered Accountant and an MBA.

Mr. Pankaj Malik

Chief Financial Officer

Mr. Malik holds the position of Chief Financial Officer of Fullerton India Home Finance Company Limited. He is also the CFO & Company Secretary of Fullerton India. Prior to joining Fullerton India in September 2007, he was with COLT Telecom, an affiliate of Fidelity international, as the Financial Controller-cum-Company Secretary. Previously he had worked with GE Commercial Financial and Motherson Sumi Systems Limited in various capacities. Mr. Malik is a Chartered Accountant, Company Secretary and Cost Accountant from India and Certified Public Accountant from the State of Colorado, the USA. He is also an alumnus of Harvard Business School.

Mr. Shyam Reddipalli
GM - Head Business & Products

Mr. Reddipalli comes with 22 years of work experience in Retail Asset businesses having worked in leadership roles at large banks and credit bureau. He has a proven track record of driving market share, revenues and growing bottom line focussed businesses. Prior to joining Fullerton India Home Finance Company Limited, Mr. Reddipalli was Business Head of Key Accounts at Credit Information Bureau of India Ltd – CIBIL and his work platforms include the roles of Business Head of Credit Cards and Personal Loans at Standard Chartered Bank, SME Banking, Head of Home Loans at IDBI Bank, Regional Credit Head at ING Vysya Bank, etc.

Mr. Jitendra Sohoni
GM - Risk

Mr. Sohoni comes with an experience of 20 years. Prior to joining Fullerton India Home Finance Company Ltd., he was working with Reliance Home Finance Ltd., as Head Retail Credit. During his last stint he was heading underwriting portfolio of affordable housing, builder finance, vehicles, construction equipments, loan against shares and supply chain management. Prior to joining Reliance Home Finance, Mr. Sohoni was working with Centurion Bank of Punjab, HDFC Ltd, Escorts Finance Ltd and AFCO Industrials and Chemicals Limited.

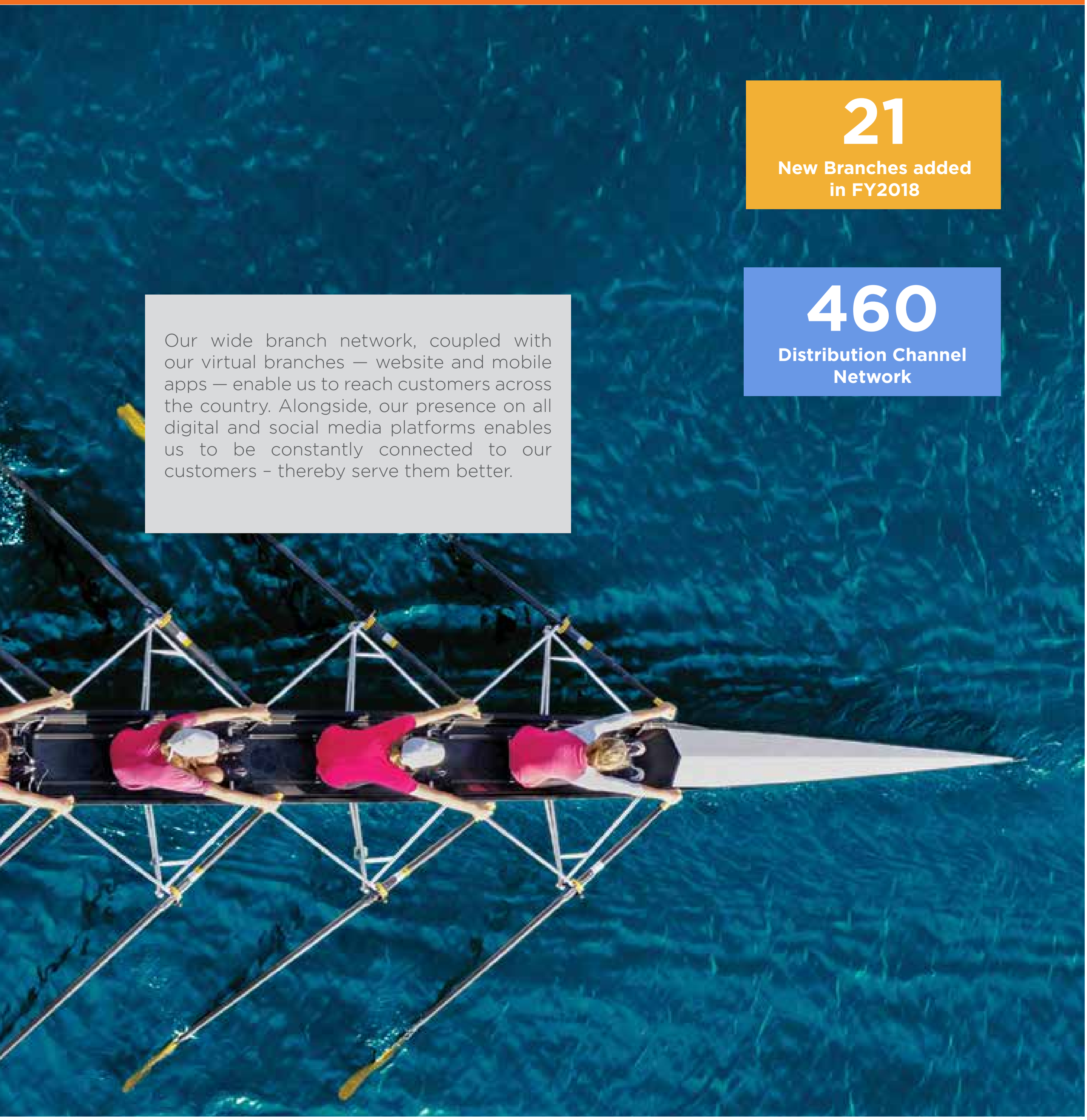
ADDRESSING SECTORAL OPPORTUNITIES BY SCALING OUR REACH

There is a genuine demand to cater to the growing population looking to purchase homes in India, driven by rapid urbanisation and rise in the Indian middle class. The Government too has unveiled several measures covering all aspects of supply, demand and funding to the housing sector, in line with its mission of 'Housing for All by 2022'. The housing sector is now poised for non linear growth. Despite the expansive efforts, the mortgage penetration level is quite low in our country, offering ample opportunities for us to scale up our business.

Grihashakti is gradually growing its presence nationwide with a large and experienced team of professionals. We have established a network of easily-accessible branches across 62 locations, which further cater to over 62 cities and sub-town throughout India. Our extensive presence enables us to add value to the lives our customers by partnering with them to realise their dream of home ownership. This has enhanced our brand recognition and our ability to attract potential clients. The branches are seamlessly integrated via strong and scalable technology platforms that facilitate quick appraisal and easy disbursement of credit.

During the year, we inaugurated 21 new well-equipped and accessible branches with an aim to nurture long-term relationship with our customer. Our wide spread presence is backed by our strong team of 521 full-time employees and over 460 distribution channels.

WE ARE EXPANDING OUR FOOTPRINT TO ADDRESS THE GROWING DEMAND FOR HOUSING FINANCE, PROVIDING CONSISTENT AND QUALITY SERVICE TO OUR CUSTOMERS.



21
New Branches added in FY2018

460
Distribution Channel Network

Our wide branch network, coupled with our virtual branches — website and mobile apps — enable us to reach customers across the country. Alongside, our presence on all digital and social media platforms enables us to be constantly connected to our customers – thereby serve them better.

IMPROVING CUSTOMER EXPERIENCE AND OPERATING EFFICIENCY THROUGH ADVANCEMENTS IN TECHNOLOGY

Effective technology deployment in all aspects of our operations has streamlined our processes and vastly increased operational efficiencies. This has empowered and equipped us to deliver the best standards of service to our customers.

We have developed a well-balanced operational infrastructure by leveraging technology. We have invested in a Customer Relationship Management (CRMNext) solution, that is used as the single platform for all customer engagements. Further, we have integrated with the lending platform (FinnOne) to digitise the loan lifecycle. These efforts are expected to boost efficiency, productivity and deliver an uninterrupted user experience.

We extended our offering online by digitising our processes. Our website is a 24x7 virtual branch, powered by an integrated feature of the online loan application portal. It gives instant in-principle financial sanction to our customer, based on a basic credit assessment. This automated lead management ensuring a quick turn-around time, has led to enhanced customer delight.

In recognition to the potential of technology to improve the customer experience, we launched a self-service customer portal on our website and mobile application. This enables the customers to raise service requests and make payments digitally. Customer convenience has been further

GRIHASHAKTI IS AT THE FOREFRONT OF LEVERAGING TECHNOLOGY WITHIN THE HOUSING FINANCE SECTOR. EFFICIENT FINANCIAL TECHNOLOGY SOLUTIONS ENABLE US TO DELIVER A SEAMLESS EXPERIENCE FOR OUR CUSTOMERS AT EVERY STEP.

augmented with a provision to link the portal to their social media account for a hassle-free login.

As technology is a critical element of our business efficiency, we have created a framework to monitor and minimise cyber threats. A disaster recovery set-up is also in place and ensures 99.5% uptime.

These investments in technology and digitisation assist our decision-making processes, and are propelling efficient operations. Going forward, we believe that technology will lead us to a more customer-focused approach and time bound delivery.

CREATING A FOUNDATION FOR SUSTAINED GROWTH

Our journey to success has just begun and we are delighted of our accomplishments so far. We are committed to expand our home loans with strong systems and processes, which will enable us to meet the genuine demands from the millions of aspiring home owners across the country.

We have enhanced our procedural robustness through a number of initiatives. We have implemented a detailed customer evaluation matrix to ascertain repayment capabilities. Furthermore, we possess a layered credit filtration and verification process, which ensures that each portfolio is adequately appraised.

We have built a strong pipeline to access capital from a variety of financial sources to balance tenures and costs, with the prime objective of procuring the most cost-competitive funds. We also continuously seek new funding sources to diversify our liability portfolio. Further, these initiatives will consequently help in improving the returns on assets (ROA).

In doing so, we are also successfully strengthening our asset quality and growth prospects by leveraging our expertise and the competencies of our parent company.

OUR CULTURE OF ETHICAL AND PROCESS DRIVEN OPERATIONS ENABLES US TO DELIVER SUSTAINABLE GROWTH.

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting their 8th Annual Report together with the audited financial statements for the financial year (FY) ended on 31 March, 2018.

1. Background

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

2. Industry and Economic Scenario

The real estate sector in India is expected to reach a market size of US$ 180 billions by 2020. As of FY2017, India was a home to more than 1.31 billion people, or an estimated 264.9 million households, as compared to 207.2 million households in 2014. Rising population and changing income demographics have contributed to a sharp rise in the number of households, especially in urban areas. Any increase in population directly impacts demand for housing units, and in turn, the requirement for floor index area. The number of households are likely to rise with the change in age mix, growing number of nuclear families, increasing urbanisation and penetration of financing.

It is expected that housing sector would contribute around 11% to India's GDP by 2020. Further, "Housing for All" initiative of the Government is expected to bring US$ 1.3 trillion investments in housing sector by 2025. Despite having a flourishing housing industry, the country still faces huge shortage of houses, especially in urban areas. Housing continues to remain thrust area for the Government. Various schemes, including Credit Linked Subsidy Scheme under Pradhan Mantri Awas Yojna continues to address the gap by improving affordability through effective reduction of EMIs.

The total loan book of all players in affordable housing segment is estimated to be ₹ ~1.39 lakh crores as on 31 December, 2017, which constitutes 16% of the total HFC loan book. Both new and existing housing finance companies have been focussing on affordable housing segment. After witnessing a moderation in growth during FY2017, the total loan growth for all housing finance companies in affordable housing segment remained stable at 22% in 9M FY2018.

On the back of increasing urbanisation, population growth, nuclearisation of families, rise in disposable income, coupled with tax incentives provided by the Government for housing industry, your Company continues to remain excited by the potential of growth for housing finance.

Detailed discussion on industry, economic scenario, opportunities and threats are included in Management Discussion and Analysis Report, which forms part of this report and is included herein as Annexure I.

3. Financial Results

The performance of the Company for the FY2018 and previous FY2017 are summarised below:

(₹ in lakhs)

Particulars	FY2017	FY2018
Total Income	2,565	13,801
Less: Expenditures	3,783	13,156
Profit/(Loss) Before Tax	**(1,218)**	**645**
Provision for tax	-	(457)
Net Profit/(Loss) after tax	**(1,218)**	**1,102**
Add: Balance brought forward from previous year	(449)	(1,668)
Transfer to Reserve Fund under section 29C of NHB Act, 1987	-	(220)
Balance Carried to Balance Sheet	(1,668)	(786)
Paid up capital	**19,527**	**19,527**

During the year under review the disbursements were at ₹1,509 crores (an increase of 230% over previous year) and assets under management as on 31 March, 2018 were at ₹1902 crores (₹474 crores in FY2017). Gross income was at ₹138 crores (an increase of 438% over last year). Net interest income was at ₹68 crores (₹15 crores during FY2017). Non-interest expenditure was at ₹54 crores (an increase of 114% over last fiscal). Your Company continued to expand its distribution network, and investment in human resources. As on 31 March, 2018, the Company was operating from 62 branches, covering 9 states.

Profit Before Tax was ₹6.45 crores (Loss ₹12.18 crores in FY2017). The Company's income tax charges were at ₹4.5 crores post recognition of deferred tax asset of ₹9.8 crores, resulting in Profit after tax of ₹11 crores (Loss of ₹12 crores in FY2017). As on 31 March, 2018 the Net NPA stood at 90bps.

4. Transfer to Reserves

In accordance with the provisions of Section 29C of the National Housing Bank Act, 1987 every housing finance company is required to transfer at least 20% of its net profits every year to a reserve. In compliance with the said requirement, the Company has transferred an amount of ₹2 crores to Reserve Fund.

5. Share Capital

During FY2018 the Company continued to have an Authorised Share Capital of ₹1,500 crores, divided into 1,500,000,000 equity shares of ₹10 each.

The paid up equity share capital of the Company as on 31 March, 2018 stood at ₹1,952,734,430/- divided into 195,273,443 equity shares of ₹10/- each.

6. Dividend

In spite of the Company having reported distributable surplus, with a view to conserve resources, your Directors do not recommend any dividend on equity shares of the Company for the year ended 31 March, 2018.

7. Change(s) in the nature of business

During the year under review there was no change in the nature of business of the Company. However, the non-convertible debentures issued by the Company had been listed on National Stock Exchange. Further, during the year under review, your Company was notified as a "financial institution" under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002.

8. Finance

During the year under review the Company met its funding requirements through a mix of existing equity capital and borrowing from banks and capital markets. The total bank borrowings of the Company stood at ₹1,324 crores (₹346 crores as at 31 March, 2017). During the year the Company diversified its source of funds through issuance of non-convertible debentures. As on 31 March, 2018 the total non-convertible debentures were at ₹370 crores (Nil as at 31 March, 2017).

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

9. Risk Management

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

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

Directors' Report

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

At the core of the risk management function is General Manager Risk of the company who is supported by a team of underwriters and segment specialists who are responsible for overseeing and managing risk function. The senior management is responsible for ensuring that the appropriate methodology, processes and systems are in place for monitoring, identifying and reviewing the risks associated with the business of the Corporation.

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

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

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

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

10. Internal Control Systems

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process. The internal audit process reviews the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the management team and are reviewed by the Audit Committee of the Board which also reviews the adequacy and effectiveness of the internal controls in the Company. The Company's internal control system is commensurate with the size, nature and operations of the Company.

11. Internal Financial Controls

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

12. Human Resources

The company had an employee strength of 521 as at 31 March, 2018. All employees have gone through detailed induction training to equip them with the necessary organisational know-how to deliver on their roles. The debt recovery team has periodically undergone mandatory training as prescribed by the National Housing Bank and conducted by Indian Institute of Banking & Finance.

13. Compliance

The Company had complied and continues to comply with all applicable provisions of the Companies Act, 2013, and the National Housing Bank Act, 1987, the National Housing Bank (NHB) Directions, 2010, Housing Finance Companies – Approval of Acquisition or Transfer of Control (NHB) Directions, 2016, Housing Finance Companies – Corporate Governance (NHB) Directions, 2016, Housing Finance Companies issuance of Non-convertible Debentures on private placement basis (NHB) Directions, 2014, Housing Finance Companies – Auditor's Report (NHB) Directions, 2016, Fair Practice Code, and other applicable rules/ regulations/ guidelines issued by various regulatory and/ or statutory authorities from time to time.

The Capital Adequacy Ratio ("CAR") of the Company was 23.48% as on 31 March, 2018, as against CAR of 12% prescribed by the NHB.

14. Directors and Key Managerial Personnel

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

The following changes have taken place in the Board during the financial year 2017-18:

(i) Appointment of Directors:

Name	Category	Date of appointment
Mr. Rakesh Makkar	Non-executive Director	29 January, 2018
Mr. Rakesh Makkar	CEO & Whole-time Director	16 March, 2018
Mr. Anindo Mukherjee	Non-executive Director	13 December, 2017

(ii) Resignation of Directors:

Name	Category	Date of resignation
Mr. Shantanu Mitra	Non-executive Director	31 December, 2017
Mr. Anand Natarajan	Managing Director	06 March, 2018

In the last annual general meeting of the Company held on 12 July, 2017, Dr. Milan Shuster and Ms. Renu Challu had been re-appointed as independent directors of the Company for a period of 3 (three) years with effect from 01 October, 2017.

In accordance with Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Kenneth Ho is liable to retire by rotation at the forthcoming annual general meeting of the Company, and he being eligible, has offered himself for re-appointment. Your Directors recommend his re-appointment to the office of Director of the Company.

The Board of Directors had appointed Mr. Anindo Mukherjee as an Additional Director of the Company with effect from 13 December, 2017. In terms of Section 160 of the Companies Act, 2013, his term of office is up to the date of the ensuing Annual General Meeting. The Company has received his consent to act as a Director, if appointed, and that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013. Your Directors recommend his appointment to the office of Director of the Company, liable to retire by rotation.

Directors' Report

The shareholders of the Company may refer the accompanying notice of Annual General Meeting of the Company for brief profile of Mr. Kenneth Ho and Mr. Anindo Mukherjee.

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

The following changes took place in the key managerial personnel of the Company during the year under review:

Name	Category	Date of resignation/ appointment
Mr. Ravindra Rao	Chief Executive Officer	15 March, 2018 (R)
Mr. Anand Natarajan	Managing Director	06 March, 2018 (R)
Mr. Rakesh Makkar	CEO & Whole-time Director	16 March, 2018 (A)

R – Resignation; A – Appointment

The following are the key managerial personnel of the Company, as recorded by the Board as on 31 March, 2018:

Key Managerial Personnel	Designation
Mr. Rakesh Makkar	CEO & Whole-time Director
Mr. Pankaj Malik	Chief Financial Officer
Mr. Jitendra Maheshwari	Company Secretary

15. Number of Meetings of Board of Directors

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

i. 17 May, 2017

ii. 22 August, 2017

iii. 13 December, 2017

iv. 15 February, 2018

v. 27 March, 2018

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

16. Evaluation of Board, its Committees and Individual Directors

Pursuant to the provisions of the Act, the Board carried out an annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The Board of Directors was assisted by the Nomination and Remuneration Committee ("NRC"). The performance evaluation was carried out by seeking inputs from all the Directors/Members of the Committees, as the case may be and discussions with the Directors by the Chairman of the NRC and the Chairman of the Board. The criteria for evaluating the performance of the Board as a whole covered various aspects of the Board's functioning such as fulfilment of key responsibilities, structure of the Board and its composition, establishment and delineation of responsibilities of the Board Committees, effectiveness of Board processes, information and functioning, Board culture and dynamics, etc. The criteria for evaluation of individual Directors covered parameters such as attendance and contribution at meetings, guidance to management, etc.

The feedback of the Independent Directors on their review of the performance of Non-Independent Directors and the Board as a whole, the performance of the Chairman of the Company and assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board was taken into consideration by the Board in carrying out the performance evaluation.

17. Managerial remuneration

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

18. Audit Committee

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

19. Nomination and Remuneration Committee

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

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

20. Details of subsidiaries

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

21. Statutory Auditors

Your Company had appointed M/s BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) as its statutory auditors to hold office from the conclusion of 7th Annual General Meeting until the conclusion of the 11th Annual General Meeting of the Company (subject to ratification of the appointment by the Members at every subsequent Annual General Meeting, in accordance with the requirements of the Companies Act, 2013). They continue to be the statutory auditors of the Company.

22. Secretarial Auditors

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

23. Response to Auditor's Report

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

24. Vigil Mechanism

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

25. Extract of the annual return

In terms of the provisions of Section 197 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the details forming part of the extract of the Annual Return in Form MGT-9 are enclosed as a part of the Directors' Report.

Directors' Report

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

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

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

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

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

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

A. With respect to Holding Company

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

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

29. Deposits

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

30. Details of Loans, Guarantees and Investments

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

31. Particulars of contracts or arrangements with related parties

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

32. Corporate Governance

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

33. Management Discussion and Analysis

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

34. Fraud reporting

During the year under review, there was one instance of fraud reported to the Board. The Company has taken appropriate action in the case. No frauds were reported by the Auditors during the year.

35. Revision of financial statements or Board's Report

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

36. Details of debenture trustees

The details of the entities which acted as the debenture trustees for the debenture holders in Fullerton India Home Finance Company Limited during the year are as under:

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

37. Credit rating

The credit rating details of the Company as on 31 March, 2018 were as follows:

Rating Agency	Facility	Type	Rating
CARE	LT	LTD	CARE (AA+) (Double A plus) with stable outlook
	ST	CP	CARE A1+

LT – Long-term　　ST – Short-term

LTD – Long Term Debt　　CP – Commercial Paper

The ratings mentioned above were reaffirmed by the rating agency (CARE) during the FY2018 for the Company.

Directors' Report

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

The provisions relating to conservation of energy and technology absorption do not apply to the Company as the Company is a housing finance company.

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

During the year under review foreign exchange outflow was ₹ 9 lakhs.

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

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at the workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules thereunder. During the year under review, no cases had been reported under the provisions and guidelines of the said policy.

40. Directors' responsibility statement

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

(i) in the preparation of the annual accounts for the year ended 31 March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;

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

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

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

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

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

41. Acknowledgment

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

On behalf of the Board of Directors

Sd/-
Anindo Mukherjee
Chairman

Place: Mumbai
Date: 17 May, 2018

Form No. MGT 9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31 March, 2018
[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U65922TN2010PLC076972
2.	Registration Date	12/08/2010
3.	Name of the Company	Fullerton India Home Finance Company Limited
4.	Category/Sub-category of the Company:	Category: Company Limited Shares Sub-category: Indian Non- Government company
5.	Address of the Registered office & contact details	Megh Towers, Third Floor, Old No-307,New No-165, Poonamallee High Road, Maduravoyal, Chennai, Tamil Nadu- 600095, Tel. No.: 022 67491234, Fax- 022-67103309, Email- secretarial@fullertonindia.com
6.	Whether listed company	Yes*
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Pvt. Ltd, 247 Park, C-101, 1st Floor, LBS Marg, Vikhroli (w), Mumbai-400083. Tel. No.:022-49186000, Fax:-022-49186060 Email.:debtca@linkintime.co.in

*Non-convertible debentures of the Company are listed on National Stock Exchange of India Ltd.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

Form No. MGT 9

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	0	0	0	0	0	0	0	0	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Foreign									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Other -Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	195,273,443	195,273,443	100	0	195,273,443	195,273,443	100	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	**0**	**195,273,443**	**195,273,443**	**100**	**0**	**195,273,443**	**195,273,443**	**100**	**0**
Total shareholding of Promoter (A)=(A)(1) + (A)(2)	**0**	**195,273,443**	**195,273,443**	**100**	**0**	**195,273,443**	**195,273,443**	**100**	**0**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds/ UTI	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
Non Resident Indians	0	0	0	0	0	0	0	0	0
Overseas Corporate Bodies	0	0	0	0	0	0	0	0	0
Foreign Nationals	0	0	0	0	0	0	0	0	0
Foreign Portfolio Investor -Corporate	0	0	0	0	0	0	0	0	0
Market Maker	0	0	0	0	0	0	0	0	0
Clearing Members	0	0	0	0	0	0	0	0	0
Directors/ Relatives	0	0	0	0	0	0	0	0	0
Trusts	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**195,273,443**	**195,273,443**	**100**	**0**	**195,273,443**	**195,273,443**	**100**	**0**

ii) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	*M/s. Fullerton India Credit Company Limited	195,273,443	100	-	195,273,443	100	-	No Change

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

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iii) **Change in Promoters' Shareholding (please specify, if there is no change)**

No Change during the FY2018

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	195,273,443	100	195,273,443	100
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	195,273,443	100	195,273,443	100

iv) **Shareholding Pattern of top ten Shareholders:**

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

There are no Shareholders other than Promoters.

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Fullerton India Credit Company Ltd.	195,273,443	100	195,273,443	100
2.	-	-	-	-	-

v) **Shareholding of Directors and Key Managerial Personnel:**

None of the shares held by Directors or Key Managerial Personnel

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

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

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment, for FY2018

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total in (₹) Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,225,000,000	250,000,000	-	3,475,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	6,757,526	-	-	6,757,526
Total (i+ii+iii)	3,231,757,526	250,000,000	-	3,481,757,526
Change in Indebtedness during the financial year				
* Addition	9,125,000,000	1,050,000,000	-	10,175,000,000
* Reduction	125,000,000	250,000,000		375,000,000
Net Change	9,000,000,000	800,000,000	-	9,800,000,000
Indebtedness at the end of the financial year				
i) Principal Amount	12,225,000,000	1,050,000,000	-	13,275,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	159,177,397	35,346,630	-	194,524,027
Total (i+ii+iii)	12,384,177,397	1,085,346,630	-	13,469,524,027

Form No. MGT 9

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (In ₹)
		*Mr. Anand Natarajan	**Mr. Rakesh Makkar	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	747,500	747,500
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity			
4	Commission	-	-	-
	- as % of profit			
	- others, specify...			
5	Others, please specify-			
(i)	Co's Contribution to PF	NIL	31,338	31,338
(ii)	Incentive Accrued			
(iii)	Superannuation			
	Total	**NIL**	**778,838**	**778,838**

*Mr. Anand Natarajan till 06 March, 2018

**Mr. Rakesh Makkar w.e.f. 16 March, 2018

B. Remuneration to other directors

1. Independent Directors

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (In ₹)
		Dr. Milan Robert Shuster	Ms. Renu Challu	
	Fee for attending Board Committee Meetings	850,000	1,000,000	1,850,000
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (B)(1)	**850,000**	**1,000,000**	**1,850,000**

2 Other Non-Executive Directors

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount (In ₹)
		Mr. Kenneth Ho	Mr. Anindo Mukherjee	
	Fee for attending Board/ Committee Meeting	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (B)(2)	**-**	**-**	**-**
	Total (B)=(B)(1)+(B)(2)	**-**	**-**	**-**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount (In ₹)
		*Mr. Ravindra Rao (CEO)	**Mr. Rakesh Makkar (CEO)	Mr. Pankaj Malik (CFO)	Mr. Jitendra Maheshwari (CS)	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17,269,203	-	NIL	4,090,220	21,359,423
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	30,899	-	NIL	221,280	252,179
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-	-
2	Stock Option	4,888,568	-	NIL	NIL	4,888,568
3	Sweat Equity					
4	Commission					
	- as % of profit					
	- others, specify					
5	Others, please specify-					
	(i) Co's contribution to PF	405,691	-	NIL	126,000	531,691
	(ii) Incentive Accrued					
	(iii) Superannuation					
	Total	**22,594,361**	**-**	**NIL**	**4,437,500**	**27,031,861**

*Mr. Ravindra Rao till 15 March, 2018.

**Mr. Rakesh Makkar w.e.f. 16 March, 2018. Remuneration details provided in point VI A.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Management Discussion & Analysis

Annexure I To The Directors' Report

Economic Overview and Outlook

The Indian economy continues to be the flag-bearer for economic expansion in the global landscape. As per the World Bank, a swift increase in economic activity across lower income groups and the underlying population growth will help India overtake Germany to become the fourth largest by 2020, trailing only the United States, China and Japan.

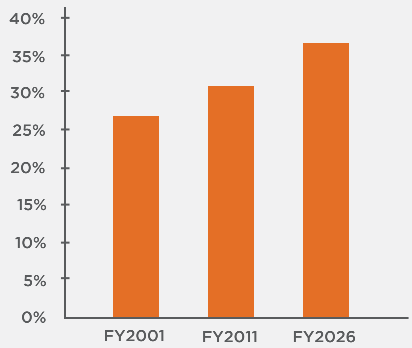
The government has made significant progress on important economic reforms, which will support strong and sustainable growth going forward. In particular, the implementation of the goods and services tax, which has been in the making for over a decade, will help raise India's medium-term growth, as it will enhance the efficiency of production and movement of goods and services across Indian states.

However, the reforms resulted in slower growth in the first half of FY2018. With significant improvement in the second half of the year, the Central Statistics Office (CSO) estimates India's overall economic growth to have settled at 6.7% in FY2018.

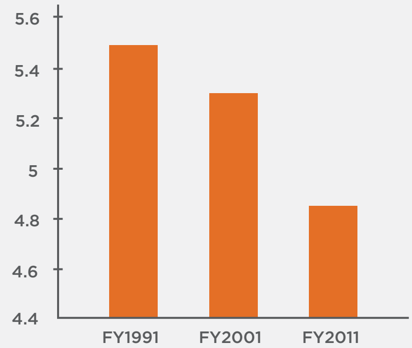
Inflation, both CPI and WPI, remained under control for entire FY2018. Average CPI stood at 3.6% in FY2018 compared to 4.5% in FY2017, while the corresponding figures for WPI are 2.9% and 1.8%, respectively. Assuming a normal monsoon and no major policy reforms, CPI is estimated to remain stable. However, key risks to the inflation outlook are rising crude oil and other commodity prices.

India's overall outlook remains positive, although growth slowed temporarily. In addition to the implementation of GST, the year was marked by a variety of institutional reforms such as the new

Trends and Projections for Urbanisation in India



Trends in Family Size



Source; Census 2011, Population Projections for Report of the technical group on populations projections constituted by the national commission on population May, 2006. ICRA

Indian Bankruptcy Code to address twin Balance Sheet problem of public sector banks; and major recapitalisation package to strengthen the public sector banks. As a result of these measures, along with the abating effects of earlier policy actions, the economy is set to progress on a sound fiscal foundation.

Looking ahead, India's economic growth is expected to gather momentum in FY2019, benefiting from a conducive domestic and global environment. The factors that are expected to aid the economy in achieving stronger growth are effective implementation of GST; improved credit off-take; large resource mobilisation from the primary market strengthening investment activity; and acceleration of global trade growth. In addition, the thrust on rural and infrastructure sectors in the Union Budget FY2019 are expected to rejuvenate rural demand. In line with this positive economic development outlook, the IMF has projected India's growth to be 7.4% in FY2019.

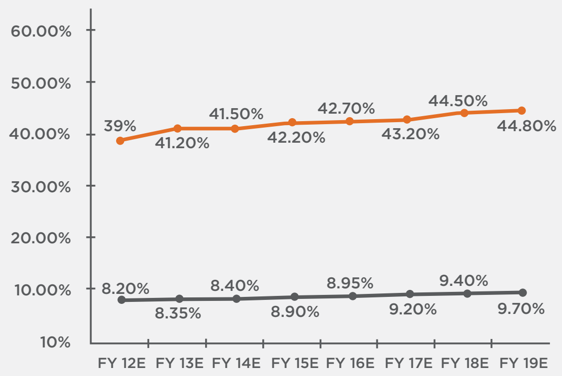
Housing Finance Industry in India

With the growth in urbanisation and the increasing trend of nuclear families, there is an increased demand for housing finance needs. As per the report published by Crisil in November 2017, the urban population is expected to accelerate at a CAGR of 2.8-3.0% between FY2017 and FY2021, leading to high impetus on the growth of the housing finance industry. Other buoyant factors leading to the growth in the industry include large employment opportunities by IT/ITes sector and favourable tax incentives by the Government.

It is however interesting to note that despite an increase in the demand for urban housing, there is also surge in demand of housing finance in the rural markets.

Due to an increased demand in the urban areas, the finance penetration in these areas has increased to 43.2% in FY2017 from an estimated 41.2% in FY2013. Along with the demand from urban areas, the rural markets are showing an upward trend on housing finance demand. India's mortgage market can broadly be split into three categories by the ticket size of the mortgage loan: 1) > ₹ 25 lakhs: metro/urban markets; 2) ₹ 10-25 lakhs: the catchment areas of urban/metro cities and semi-urban towns; and 3) < ₹ 10 lakhs ticket size for the rural and semi-urban markets. Out of these three segments, the > ₹ 25 lakhs market is the most competitive as most of the borrowers in this segment are salaried individuals in urban/metro cities, resulting in less underwriting challenges. The ₹ 10-25 lakhs loan category is most suitable for semi-urban and satellite towns around large cities. The < ₹ 10 lakhs segment falls under the low-income housing segment which has been least serviced, because of challenges related to credit risk assessment with low-income borrowers and lower profit margins, lack of land titles and uncertainty of repossession. These challenges are however being mitigated with the introduction of technology and alternate risk and income assessment methods. This coupled with the Government's thrust on initiatives like "Housing for All" and Pradhan Mantri Awas Yojna - Credit-Linked Subsidy Scheme (PMAY-CLSS) paves way to an upward growth trajectory for

Finance Penetration in Rural and Urban Areas



Source: CRISIL Research, company report, NHB

the Housing Finance industry. Boosted by the affordable-housing push and rising competition in higher ticket sized loans, it is expected that the finance penetration will increase to 44.8% in urban areas and to 9.7% in rural areas by FY2019.

Opportunities

- **Increasing income levels**

  There has been a steady increase in the income levels of the households over the years. The < ₹2 lakhs household income dropped to 78% in FY2016, as compared to 86% in FY2010. The mid income group of ₹2-5 lakhs is increasing at a faster pace and more and more households are moving in the > ₹5 lakhs income bracket. With the rise in the income levels, there is also an increased shift in individuals moving from rented or joint families to self-owned properties.

- **Favourable tax exemption schemes by the Government**

  The Government used various tax exemption schemes to promote housing finance in the last couple of years. Section 24 (B) of the Income Tax Act, 1961, allows an exemption of up to ₹200,000 (₹300,000 for senior citizens) on housing loans from their taxable income. Similarly as per Section 80 C of the Income Tax Act, 1961, principal repayments of up to ₹150,000 on a home loan are allowed as deduction from their gross total income. An additional deduction of ₹50,000 p.a. is provided to the first time home buyers under Section 80 EE, provided the property value is up to ₹50 lakhs, the loan is up to ₹35 lakhs and the loan has been sanctioned between 01 April, 2016, and 31 March, 2017. For the economically weaker section (EWS) and lower income group (LIG) beneficiaries, the interest subsidy has been increased to 6.5% for loans up to ₹6 lakhs under affordable housing through the Pradhan Mantri Awas Yojna - Credit-Linked Subsidy Scheme (PMAY-CLSS) component of the Housing for All by 2020 mission.

- **SARFAESI license to HFCs reduces the risk to lend to the small town borrowers**

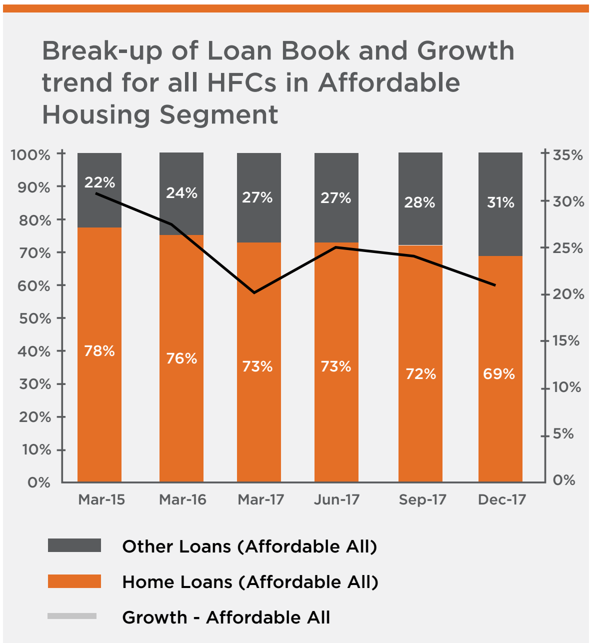
  Grant of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) allows HFCs to auction the default properties to recover their loan amount without the tedious legal processes which is not only costly but also time-consuming. With this initiative it is now easier for HFCs to lend to customers, specially located in small towns.

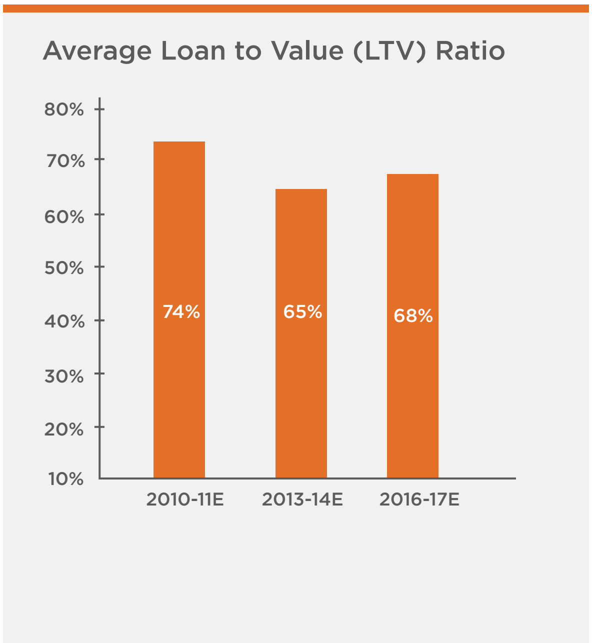
- **Government initiatives to provide quality life to the underprivileged**

  With the launch of Atal Mission for Rejuvenation and Urban Transformation (AMRUT), Government has taken initiatives to provide basic amenities such as water supply, sewage and transport facilities to 432 identified cities, so as to improve the quality of life especially for the underprivileged sections of the society. This has also opened up opportunities for the low cost homes with well-maintained free spaces and improved quality of life – giving impetus to the affordable housing finance. The story is similar for houses built under PMAY schemes. As per the ICRA report, around 40 lakhs houses amounting to ₹13,507 crores has been sanctioned under PMAY scheme as on 05 March, 2018.

- **Rise in affordable housing**

  With a gradual upward shift of income, there is also an increase in opportunities in affordable housing segment. As per the





report published by ICRA in Dec 2017, total loan book of all players in the affordable housing segment estimated to be ~₹ 1.39 lakh crores as on 31 December, 2017; constituting 16% of the total HFC loan book. After witnessing a moderation in loan growth FY2017, the total loan growth for all HFCs in the affordable housing segment remained stable at 22% in 9M FY2018.

Threats

- **Interest Competition**

  In present times, there are many options available for customers when it comes to home loans and its interest rates. Banks are known to offer lower interest rates than HFCs – the main reasons being:

- **Lower funding costs for banks**

  The details of borrowers which includes banking behaviour and repayment history are already available with them. This makes the operating costs of the Banks lower allowing them to offer home loans to customers at lower interest rates with zero processing fees thus giving a tough competition to housing finance companies in the industry.

- **Lower LTV deters the growth**

  The average LTV on loans disbursed in the top 13 cities declined from 74% to 68% over FY2011 to FY2017. However with the reduction of interest rates over the medium term, the LTV ratio is likely to increase from the current levels. But this rise is not expected to go up considerably because of several regulations and strict lending norms. Hence as prices of urban properties rise, borrowers would find it increasingly difficult to arrange for the required corpus, thus deterring growth in the urban housing sector.

- **Property related challenges**

  Due to a rise in the frauds related to collaterals, HFCs are being forced to implement additional verification methodologies, thereby adding to their underwriting costs. Similarly to mitigate the risk related to lack of a proper title, especially on the outskirts of large cities, and semi-urban and rural areas, HFCs implement additional due diligence process, thereby adding to the underwriting costs. Another factor which contributes to the growth of the delinquencies is the delay in projects and approvals. It has been observed that the borrowers start defaulting once the project gets delayed.

- **Higher operating cost for low cost housing segment**

  Owing to the high costs related to verification, servicing and credit losses due to lower property appreciation in rural areas and urban peripheries, the Return on assets (RoA) in the low cost housing segment (< ₹10 lakhs) was estimated to be 1.5-1.6% in FY2017. This is expected to marginally fluctuate during FY2018 and FY2019 and remain between 1.4% and 1.5%, respectively

Profitability of low cost HFCs with loan book > ₹20 billion vs loan book < ₹20 billion (2017 E).

(Percent) FY2017	Loan book > ₹20.0 billions	Loan book < ₹20.0 billions
Net Interest Margin	4.3	4
Opex	1.8	2.5
Credit Cost	0.5	0.3
Tax	0.7	0.4
Post tax RoA	1.3	0.8

E: Estimated
** Net interest margin = (Interest income – Interest expenses) / Average total assets*
Note: Large HFCs backed aggregate include financials of Aadhar Housing Finance Limited, Gruh Finance Limited, Mahindra Rural Housing Finance Limited, India Infoline Housing Finance Limited and Sundaram BNP Paribas Home Finance Limited Source: CRISIL Research

- **Inadequate credit appraisal methods**

  In spite of incorporating various credit rating methods to mitigate risks, the risk mitigating methods are still considered to be at an entry level. In most of the cases, due to borrowers' lack of formal income proof documents, lenders find it difficult to judge their repayment abilities. This is pertinent for the self-employed segment in smaller towns – thereby deterring growth in the housing finance industry.

Product Segmentation – Housing Finance in India

Loan Against Property (LAP)

As per the CRISIL Research, the total outstanding LAP is estimated to have grown at a CAGR of 26%, amounting to ₹3,249 billions, between March 2013 and March 2017. The growth was fueled by a higher number of balance-transfer cases, rising property prices, higher risk appetite of non-banking financial companies (NBFCs) in terms of higher loan-to-value (LTV) ratios, better product awareness, higher capital requirement among small businesses, and greater focus by financiers. However last one year has not been too favourable for LAP as disbursements dipped by 4% year-on-year in FY2017 after growing by 36% and 43% in the preceding two fiscals. The study carried by ICRA state that lending spreads have shrunk by 175–200 basis points from peak levels due to steep competition and general lowering trend of interest rates and the lenders have increased their presence in tier 2 locations.

LAP it is still viewed as a last resort by the consumers, because businesses traditionally opt for overdraft or cash credit (CC) facilities, while individuals tend to opt for pricier personal loans. LAP is midway between a home loan and a personal loan. While the product is also riskier than a home loan, as its end-use is not monitored, and self-employed individuals without a stable income are the ones who mostly opt for this product, it is less risky as compared to the personal loans.

Home Loans

When it comes to seeking finance for purchase of house, taking up a home loan is more popular option as compared to LAP. Favourable factors accounting for this are the lower rate of interest and tax rebates.

It is interesting to note that along with the salaried segment, home loans are increasingly getting popular with the self-employed segment. A recent report by Crisil states that for housing finance companies, loans to self-employed borrowers have increased to ~30% of the overall home loan portfolio as compared with ~20% four years ago. Many new and small HFCs have been aggressively catering to the self-employed segment. However given that the self-employed segment is relatively riskier than the salaried segment, HFCs tend to demand higher yields to offset higher credit cost. Further, to surmount borrower data issues, HFCs are adopting practices such as offering lower loan-to-value ratio, higher in-house sourcing, and developing expertise to assess un-documented income.

With the rising demand of home loans in self-employed segment, the gross non-performing assets (NPAs) has gone up by 40 basis points

to ~1.1% as on FY2018, as compared with ~0.7% a few years back, resulting in significant increase in asset quality pressure for most of the lenders. With adoption of the risk-based pricing approach, lenders are now also tightening the strong credit and underwriting practices to build long-term sustainability.

Business Update

Grihashakti currently offers retail home loans, loans against property, composite loans (plot + construction) and loans for commercial purchase of property. Retail Home Loans have been the main focus and account for 58% of the total portfolio.

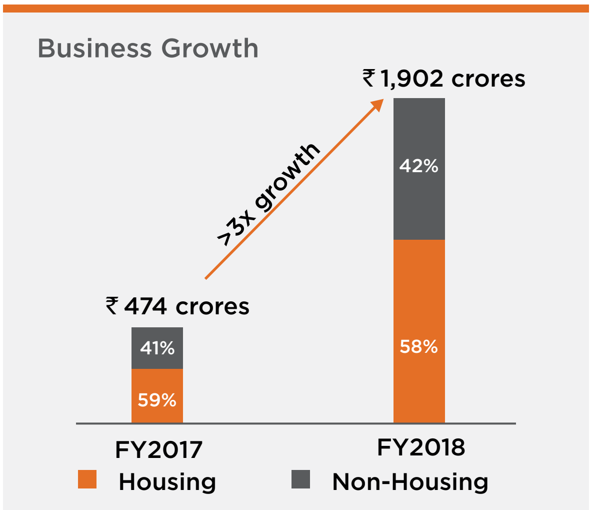
To widen its market, your Company grew its presence from 41 branches in FY2017 to 62 branches in FY2018, with over 500 full-time employees and more than 460 distribution channels. Your Company now has operations in 9 states with a market share of 1.5%.

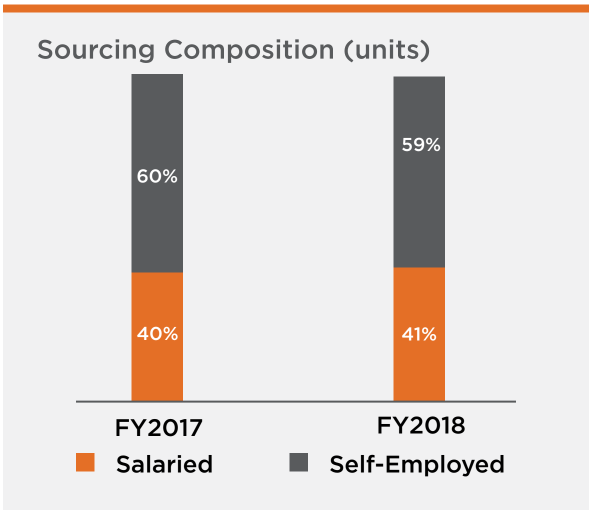
Despite a tough competition from banks and HFCs; and with lending rates hitting an all-time low of 8.25% in FY2018, your Company closed the year with disbursals exceeding ₹1,500 crores, a 3x portfolio growth and stable profitability throughout the year. Direct business grew to 25% and salaried segment now contributes 40% of business as against 14% in FY2017 – giving a balanced book growth and a healthy portfolio.
Your Company was awarded “Housing Finance Firm of the Year” in July, 2017 at the National Awards for Marketing Excellence (For Excellence in Real Estate and Infrastructure) by CMO Asia and World Federation of Marketing Professionals, “Most Promising Brand of Housing Finance” in Nov 2017 at the Times Network National Awards for Best Housing Companies, and “Housing Finance Company of the year (Medium and Small – Private Sector)” in February, 2018 at the ET NOW Banking, Financial Services & Insurance (BFSI) awards. With a continued focus on customer delight, your Company is committed towards providing customer service guarantee and more products per customer. Looking forward to FY2019, your Company is adding new products like Developer Loans, Under-Construction Finance and Debt Consolidation product to its portfolio. Robust processes and human resource infrastructure have been set up to manage the new products.

Your Company is also increasing its online presence through tie ups with loan aggregators, digital marketing activities, and a completely revamped website.

Product and Customer Bifurcation

Your Company's business is adequately spread between housing and non-housing lending. The non-housing business, which mainly comprises of Loan Against Property, constituted 42% of the disbursals in FY2018, while the remaining 58% was constituted by the housing business. In terms of customer profile, your Company is gradually increasing its focus on salaried customers to minimise business risks associated with credit underwriting. The sourcing composition in terms of units during FY2018 included 41% salaried customers and 59% self-employed customers.





Digitisation

Your Company has successfully setup the Alternate Channel business vertical for generating business through digital leads, online aggregator tie-ups, cross-sell to Fullerton India's existing customer base, employee loans, staff referrals and customer referrals. The Grihashakti website has been redesigned and is now even more engaging, user-friendly, informative, and interactive than before. The website has an integrated online loan application portal which gives instant in-principle financial sanction to the customer, and an automated lead management ensures a quick turn-around time and hence customer delight.

Digital marketing activities such as search engine marketing, social media marketing and e-mail campaigns were undertaken to boost digital business, brand visibility and brand recall. Your Company has also launched a self-service customer portal on the website as well as the mobile application, which enables the customer to raise service requests and make payments from anywhere without having to visit a branch. Most document related queries are resolved automatically and in real-time. Customers can also link the portal to their social media account for a hassle-free login.

Risk Management

Grihashakti manages credit, market, operational, fraud, legal and compliance risks with the help of a well-developed, dedicated risk management team. Your Company ascertains prudence through a strong underwriting vertical. The robust risk management framework ensures minimum delinquency. A comprehensive underwriting process is followed, which covers the following:

- Understanding of the business model
- Assessment of Income/Cash Flow (Income and Expense both)
- Promoter Skills and Alternative job prospects
- Collaterals
- Personal discussions with customers in 100% cases of SEP, SENP and Cash Salaried. In SEP & SENP cases, PD takes place at both places i.e. residence and business
- 3 Tier process (customer declaration, sales officer assessment and credit manager assessment) for cash flow analysis to evaluate the ability to pay.

- Use of latest software tools to authenticate income of borrowers. Digital lending platform is being developed for ease of loan applications.
- Risk Mitigation by taking an insurance cover to secure the loan
- Three Tier Collateral checks are considered before disbursing the loan
  - » **Valuation from empanelled valuer (2 Valuations for loans > ₹ 50 lakhs)**
  - » **In-house technical team to assess collateral value**
  - » **Preventive collateral fraud check by the FCU team**
- Title Search & Legal Opinion to determine free, clear and marketable title
  - » **From external lawyer**
  - » **Title search report to check encumbrance and registration for minimum 13 years**
  - » **Vetting the original title deed by a lawyer**
  - » **In house legal team to support validation of property title**
- A Periodical Post Disbursal collateral health check done by the Fraud Control Unit

Funding/ Liquidity Management

Your Company started long term capital market borrowings in this financial year. Ensuring adequate liquidity for business and debt servicing remained the key focus areas. A majority of your Company's borrowing comprised borrowing from banks, providing stability and renewability to the funding profile. During the year, your Company also added capital market borrowings aggregating ₹ 4,750 lakhs thereby broad based its funding sources. Funding and liquidity are key aspects of the overall company growth trajectory. which was ensured through various levels of supervision and broad oversight. A healthy pipeline of bank funding is maintained at all times to add resilience to the funding profile. Further, for efficiency, capital market sources are tapped as and when they suit the funding profile.

Your Company maintained adequate liquidity buffers in high quality liquid assets to remain funded for lending and repayments. Throughout the year, liquidity maintained was in excess of regulatory requirements. Diversification and maintenance of adequate liquidity remained key objectives. New and deep pocketed lenders were added over the year to create durable and renewable funding sources.

Capital Adequacy Ratio

Till date, Grihashakti has received a total capital infusion of ₹ 360 crores from its parent – Fullerton India Credit Company Limited. The Capital Adequacy Ratio of the Company is at 24% as on 31 March, 2018, as against the mandatory requirement of 12% prescribed by National Housing Bank.

Human Resource Management

At Grihashakti, it is believed that people are the source of its competitive advantage and your Company emphasises in creating an ecosystem where all employees can explore their potential. Your Company believes in meritocracy and performance is rewarded. To support the fast-paced growth, your Company has been actively hiring highly competent individuals, who have strong domain knowledge. To keep up with the changing environment, training is provided to all the employees on product, processes, systems and compliance is undertaken periodically. Your Company focusses on providing on-the-job training to the young members and supervisors are encouraged to dedicate time to coach their team. As on 31 March, 2018, Grihashakti has an employee strength of 521.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Grihashakti, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirely by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of Grihashakti's Annual Report, FY2018.

Analysis of the Financial Statements

The Company expanded operation to new geographies during FY2018 and is having network of 62 branches across 9 states. 521 employees are employed to support the business.

FIHFC reported profit before tax of ₹ 645 lakhs as compared to loss of ₹ 1,218 lakhs in FY2017.

Operating Results Information

₹ in lakh, except percentages

Particulars	FY2017	FY2018	% change
Interest Income	2,233	12,839	>100%
Interest Expense	762	6,037	>100%
Net interest income	1,471	6,802	>100%
Non-interest income			
- Fee income	34	228	>100%
- Profit on Sale of Investment	237	235	(0.6)%
- Other income[1]	61	499	>100%
Operating income	1,803	7,764	>100%
Operating expenses	2,544	5,444	>100%
Operating profit	741	2,319	>100%
Provisions and write-offs (net of write-backs)	478	1,675	>100%
Profit before tax	(1,218)	645	>100%
Tax, including deferred tax	-	457	
Profit after tax	(1,218)	1,102	>100%

Note:
1. Includes Commission on General Insurance and Ancillary Income from operations e.g. foreclosure, bounce, penal etc.

Net interest income and spread analysis

The following table sets forth the net interest income and spread analysis.

₹ in lakh, except percentages

Particulars	FY2017	FY2018	% change
Interest income	2,233	12,839	>100%
Interest expense	762	6,037	>100%
Net Interest income	1,471	6,802	>100%
Average interest-earning assets[1]	28,810	117,779	>100%
Net interest margin[2]	7.8%	5.8%	2.0

Note:
1. Average daily balances of interest-earning assets includes loans (net of write-offs) and interest bearing investments
2. Net interest margin equals net interest income divided by average interest-earning assets.

Net interest income for the FY2018 was ₹ 12,839 lakhs (`2,233 lakhs in FY2017) on the back of a 400% increase in average interest-earning assets.

The yield on interest-earning assets has dropped to 5.8% in FY2018 (7.8% in FY2017) due to increase in borrowings. Average cost of funds has reduced to 8.5% in FY2018 from 9.3% in FY2017.

The following table sets forth the trend in average interest-earning assets and average interest-bearing liabilities.

₹ in lakh, except percentages

Particulars	FY2017	FY2018	% change
Advances	16,828	103,620	>100%
Interest earning investments	188	9,245	>100%
Other interest earning assets	1,794	4,914	>100%
Total interest earning assets	**18,810**	**117,779**	**>100%**

Note: Average balances are the daily averages of balances.

Average advances from ₹16,828 lakhs in FY2017 to ₹103,620 lakhs in FY2018. Growth was contributed by entry to newer geographies and expansion in exiting geographies. Increase in average interest earning investments to meet increasing business disbursals.

Non-interest income

The following tables set forth the principal components of non-interest income.

₹ in lakh, except percentages

Particulars	FY2017	FY2018	% change
Fee income[1]	34	228	>100%
Profit on Sale of Investment	237	235	99.4%
Other income[2]	61	499	>100%
Total Non-Interest Income	**332**	**962**	**>100%**

Notes:

1. Fee Income includes Processing Fees, Document Fees and Stamping Fees.

2. Other Income includes Commission on General Insurance and other ancillary income from operations.

Fee income increased in line with increase in average earning assets.

Profit on Sale of Investment (Investment income) was marginally lower due to drop in investments in mutual funds.

Other income has increased in line with business disbursals. The Company was granted corporate agent license by IRDA during the year and received Insurance commission of `151 lakhs from October 2017 to March 2018.

Non-interest expense

The following table sets forth the principal components of non-interest expense.

₹ in lakh, except percentages

Particulars	FY2017	FY2018	% change
Employee benefit expense	1,522	2,974	95.4%
Depreciation	21	42	100.2%
Other administrative expenses	1,001	2,428	>100%
Total non-interest expense	**2,544**	**5,444**	**114.0%**
Provisions and write-offs	478	1,675	>100%

Employee expenses for FY2018 increased 95% over FY2017 due to an increase in employees from 198 to 521. During the year, Company started amortising incentive paid to sales employees. Excluding amortisation impact, employee expenses increased by 106%. Employee costs accounted for 54.6% of total non-interest expense for FY2018 which is higher than the same in previous year (60%). Other administrative expenses have increased in line with business expansion and opening of new branches.

Provisions and write-off consisting of bad debt write off (net of recoveries), specific provisions for non-performing assets and provisions for standard assets increased from ₹478 lakhs for FY2017 to ₹1,675 lakhs for FY2018. Write offs during the year was ₹46 lakhs.

During the current year, the Company has revised the estimate of provision on standard assets. Had the Company used the estimate applicable in previous year the provision on standard assets would have been higher by ₹942 lakhs.

The Company also revised the estimate of provision on sub-standard assets. Had the Company used the estimate applicable in previous year the provision on sub-standard assets would have been lower by ₹600 lakhs.

Financial condition

Assets

The following table sets forth the principal components of assets.

₹ in lakh, except percentages

Particulars	At 31 March, 2017	At 31 March, 2018	% change
Cash and Bank Balances	6,103	5,416	-11.3%
Investments			
- Certificate of Deposits / NCD's	28,673	4,908	-82.9%
Advances	47,354	190,216	>100%
Fixed assets (including leased assets)	66	149	>100%
Other assets	920	4,684	>100%
Total assets	**83,116**	**205,373**	**>100%**

Note: All amounts have been rounded off to the nearest lakh.

Total assets increased from ₹ 83,116 lakhs at 31 March, 2017 to ₹ 205,373 lakhs at 31 March, 2018, primarily due to an increase in advances. Investments have decreased 83% from ₹ 28,673 lakhs at 31 March, 2017 to ₹ 4,908 lakhs at 31 March, 2018.

Total Advances have grown from ₹ 47,354 lakhs at 31 March, 2017 to ₹ 190,216 lakhs at 31 March, 2018.

Housing loans contributes 55% of total advances.

Asset quality and composition

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

Particulars	31 March, 2017		31 March, 2018	
	Total Advances	% of Total Advances	Total Advances	% of Total Advances
Housing	26,535	56.0	104,602	55.0
Non - Housing	20,818	44.0	85,614	45.0
Total portfolio	**47,354**	**100.0**	**190,216**	**100.0**

Classification of loans

The Company classifies assets as performing and non-performing as per NHB guidelines for HFCs. An asset is classified as non-performing if any amount of interest or principal remains overdue for period of 90 days or more.

Once an account becomes non-performing due to delinquency, the Company treats it as non-performing until the status for all loans of the customer comes to 0 days past due. For the accounts tagged as non-performing due to settlement/ restructuring, than that account will continue to be treated as non-performing irrespective of the delinquency status till the closure of loan / recognition of loss.

The following table sets forth, at the dates indicated, information regarding the asset classification of gross non-performing assets.

₹ in lakh

Particulars	At 31 March, 2017	At 31 March, 2018
Non-performing assets		
Housing	73	2,335
Non - Housing	1	538
Total non-performing assets	**74**	**2,873**

The following table sets forth information regarding non-performing assets (NPAs).

Year Ended	Gross NPA	Net NPA	Total customers outstanding	% of net NPA to total Customer outstanding
31 March, 2017	74	63	47,354	0.13%
31 March, 2018	**2,873**	**1,174**	**190,216**	**0.90%**

The ratio of net NPAs to total customer outstanding have increased from 0.13% at 31 March, 2017 to 0.90% as at 31 March, 2018. The Company follows conservative provision policy as compared to NHB guidelines.

Liabilities

The following table sets forth the principal components of liabilities (including capital and reserves).

₹ in lakh, except percentages

Particulars	At 31 March, 2017	At 31 March, 2018	% change
Equity Share Capital	19,527	19,527	0.0
Reserves	14,805	15,898	7.4%
Borrowings (excluding subordinated debt)	34,626	132,405	>100%
- Bank Loans	32,250	85,250	>100%
- Non-Convertible Debentures	0	37,000	>100%
- Commercial Paper	2,376	10,155	>100%
Other liabilities	14,158	37,543	>100%
Total liabilities	**83,116**	**205,373**	**>100%**

Note: All amounts have been rounded off to the nearest lakh.

Total liabilities (including capital and reserves) increased from ₹ 83,116 lakhs at 31 March, 2017 to ₹ 205,373 lakhs at 31 March, 2018 following increase in borrowings to support business growth. Company started borrowings through debentures during the year and now constitute 28% of borrowings.

Key ratios

The following table sets forth key financial ratios:

₹ in lakh, except percentages

Particulars	FY2017	FY2018
Capital Adequacy – Total (%)		
Return on average equity (%)	(9.5)%	1.9%
Return on average assets (%)	(4.5)%	0.5%
Earnings per share	(1.4)	0.6
Book value per share	18.2	17.4
Cost to income (%)	141.1%	70.1%

Notes

1. Return on average equity is the ratio of the net profit after tax to the averages of monthly balances of equity share capital and reserves.

2. Return on average assets is the ratio of net profit after tax to average monthly balances of total assets.

3. Cost represents operating expense. Income represents net interest income plus non-interest income.

The total capital adequacy ratio, computed in accordance with RBI guidelines was at 24.2% as at 31 March, 2018, with a Tier-1 capital adequacy ratio of 23.5% compared to a regulatory requirement of 12% and 6% respectively.

Return on average equity (ROE) of 1.9% as compared to (9.5)% in FY17 which was first full year of operations and investment year for the Company.

Report On Corporate Governance

Annexure II To The Directors' Report

I. Corporate Governance Philosophy and Practice

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

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

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

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

II. Board of Directors

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

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

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

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

Five board meetings were held during the year on:

i. 17 May, 2017

ii. 22 August, 2017

iii. 13 December, 2017

iv. 15 February, 2018

v. 27 March, 2018

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

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

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

The names of the Directors, attendance at Board Meetings and Annual General Meeting during the year, the number of other Directorships and Committee Memberships held by them as on 31 March 2018 are as follows:

Name of the Director	Category of Directorship (i)	Board meetings attended out of 5 held	Attendance at the last AGM held on 12 July, 2017	Number of other* Directorships		Number of Committee memberships (iv)
				in other Indian public limited companies (ii)	in other Companies (iii)	
Mr. Shantanu Mitra (Resigned w.e.f. 31 December, 2017)	Chairman, NED	3/5	Yes	1	2	1
Mr. Anand Natarajan (Resigned w.e.f. 06 March, 2018)	ED/MD	4/5	No	1	Nil	Nil
Mr. Rakesh Makkar (Appointed NED w.e.f. 29 January, 2018; Appointed ED w.e.f. 16 March, 2018)	NED/ED	2/5	NA	Nil	1	Nil
Mr. Anindo Mukherjee (Appointed w.e.f 13 December, 2017)	Chairman, NED	3/5	NA	1	7	1
Mr. Kenneth Ho Tat Meng	NED	5/5	No	1	1	1
Dr. Milan Robert Shuster	ID	5/5	No	1	Nil	2
Ms. Renu Challu	ID	5/5	No	9	1	8

Notes: * "Others" excludes the Company itself

i. Category of Directorship:

MD – Managing Director

ED – Executive Director

NED – Non Executive Director

ID – Independent Director

ii. Comprises public limited companies incorporated in India.

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

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

Report On Corporate Governance

Annexure II To The Directors' Report

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

Separate Meeting of Independent Directors

During the year under review, in line with requirements of schedule IV to the Companies Act, 2013 read with the provisions of Section 149(8) of the Companies Act, 2013 the independent directors of the Company had a separate meeting on 27 March, 2018 without the presence of the management team and non-independent directors of the Company.

Regularisation of appointment of Additional Director

The Board had appointed Mr. Anindo Mukherjee as an Additional Director of the Company with effect from 13 December, 2017. In terms of Section 160 of the Companies Act, 2013, his term of office is up to the date of the ensuing Annual General Meeting. The Company has received his consent to act as a Director, if appointed, and that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013. Brief profile of Mr. Mukherjee is as under:

Mr. Anindo Mukherjee has more than 25 years of banking experience. He is presently the Chairman of the Company and Non-Executive Director of Fullerton India Credit Company Limited. He also heads the Integrated Risk Management function at Fullerton Financial Holdings Pte. Ltd. (FFH), Singapore. Prior to joining FFH, Mr. Mukherjee was responsible for the Risk Management, Legal and Compliance functions in Fullerton India. Before Fullerton India, he was with Standard Chartered Bank, where he was the Regional Credit Officer for the Consumer Business in India; South Asia. Mr. Mukherjee has had exposure across a variety of international and private banks; including Bank of America, ABN AMRO Bank and HDFC Bank.

Mr. Mukherjee does not hold any shares in the Company.

Director seeking reappointment

Mr. Kenneth Ho Tat Meng will be retiring at the forthcoming annual general meeting of the Company. He being eligible has offered himself for re-appointment. The brief profile of Mr. Kenneth Ho is as under:

Mr. Ho was appointed as a Non-Executive Director of the Company with effect from 9 December 2015. Currently he also holds the position of the Non-Executive Director in Fullerton India Credit Company Limited (the Company's holding company).

Mr. Ho carries more than two decades of Consumer and Commercial Banking experience. He is a graduate in Economics from Flinders University of South Australia and a Master of Business Administration from University Putra Malaysia. Currently, he is the Senior Vice President, Consumer Banking for Fullerton Financial Holdings (International) Pte Ltd. Previously he was with Citibank for 10 years covering the roles of Regional Director, Consumer Secured Lending of Citibank Asia Pacific regional office and in Citibank Singapore Pte Ltd as Head of Auto business and Citi business (Commercial Banking)., He also had substantial exposure in EON Bank Berhad, Malaysia, in managing the entire Auto Loans business (national) and covering numerous roles in Branch Banking as well.

Mr. Ho does not hold any shares in the Company.

III. Board Committees

(a) Audit Committee

Terms of Reference

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

- To review appointment, removal, remuneration and terms of appointment of internal and external auditors
- To monitor the auditors' independence and performance, and effectiveness of internal and external audit process
- To review financial statements and to oversee the financial reporting process
- Examination of the internal and external auditors' reports and findings
- Reviewing the adequacy, sufficiency, appropriateness and compliance of internal control systems

- To review and approve related party transactions of the company
- To conduct scrutiny of inter-corporate loans and investments
- To approve valuation of undertakings or assets or net worth of a company or its liabilities
- To oversee the vigil mechanism
- To approve provision of any other services by auditors apart from audit

Composition

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

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

i. 17 May, 2017

ii. 22 August, 2017

iii. 30 October, 2017

iv. 13 December, 2017

v. 27 March, 2018

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

Name of Member	Number of Meetings Attended
Mr. Shantanu Mitra (Chairman) (resigned w.e.f 31 December, 2017)	4/5
Mr. Anindo Mukherjee (Chairman) (appointed w.e.f 24 January, 2017)	1/5
Ms. Renu Challu	5/5
Dr. Milan Robert Shuster	5/5

The proceeding of the Audit Committee Meetings was noted by the Board of Director at its meeting.

(b) Risk Oversight Committee

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

Terms of Reference

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

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

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

- Credit Risk

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

Composition

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

Meetings

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

i. 22 August, 2017

ii. 13 December, 2017

iii. 27 March, 2018

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

Name of Member	Number of Meetings Attended
Mr. Kenneth Ho, Chairman	3/3
Mr. Anand Natarajan (resigned w.e.f 06 March, 2018)	2/3
Mr. Rakesh Makkar (appointed w.e.f 29 January, 2018)	1/3
Ms. Renu Challu	3/3

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

(c) Nomination and Remuneration Committee

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

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

Nomination Functions:

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

Remuneration Functions:

- Finalise a policy, relating to the remuneration for the directors, key managerial personnel and other employees
- Determine the remuneration payable to the directors
- Recommend the compensation for the managing director, key managerial personnel and each of the leadership team members
- Review deployment of key Human Capital strategies and tools.

Composition

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

Meetings

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

i. 17 May, 2017

ii. 22 August, 2017

iii. 27 March, 2018

The Committee meets on need basis.

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

Name of Member	Number of Meetings Attended
Dr. Milan Robert Shuster, Chairman	3/3
Mr. Shantanu Mitra (resigned w.e.f 31 December, 2017)	2/3
Ms. Renu Challu	3/3
Mr. Anindo Mukherjee (appointed w.e.f 24 January, 2017)	1/3

The proceeding of the Nomination and Remuneration Committee meeting was noted by the Board of Directors at its meeting.

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

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

IV. Code of Conduct

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

V. Directors & Officers Liability Insurance coverage

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

VI. General Body Meetings

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

General Body Meeting	Day, Date	Time	Venue
Annual General Meeting	Thursday, 16 July 2015	11:00 AM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095
Extra ordinary General Meeting	Thursday, 26 November 2015	11:00 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Extra ordinary General Meeting	Friday, 15 January 2016	11:30 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Extra ordinary General Meeting	Friday, 22 April 2016	11:30 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Annual General Meeting	Thursday, 14 July 2016	2:30 PM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095

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General Body Meeting	Day, Date	Time	Venue
Extra ordinary General Meeting	Tuesday, 18 October, 2016	2:30 PM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Extra-ordinary General Meeting	Wednesday, 26 April, 2017	11:30 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Annual General Meeting	Wednesday, 12 July, 2017	2:30 PM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095
Extra-ordinary General Meeting	Thursday, 15 March, 2018	11:30 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076

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

General Body Meeting	Day, Date	Resolution
Annual General Meeting	Thursday, 16 July, 2015	No special resolution/s passed
Extra ordinary General Meeting	Thursday, 26 November, 2015	1. Appointment of Mr. Rakesh Makkar as Managing Director for a period of 1 year with effect from 09 September, 2015 2. Amendment to Main Objects clause of Memorandum of Association of the Company 3. Amendment to clauses III(B) and III(C) of the Memorandum of Association of the Company 4. Amendment to clause IV of Memorandum of Association of the Company 5. Amendment to clause V of Memorandum of Association of the Company 6. Adoption of new set of Articles of Association of the Company
Extra ordinary General Meeting	Friday, 15 January, 2016	1. Appointment of Dr. Milan Robert Shuster as an Independent Director 2. Appointment of Ms. Renu Challu as an Independent Director 3. Appointment of Mr. Kenneth Ho as a Non-Executive Director
Extra ordinary General Meeting	Tuesday, 22 April, 2016	1. To approve power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding ₹ 2,000 crores 2. To approve the power to create charge on the assets of the company pursuant to section 180(1)(a) of the Companies Act, 2013 3. To approve issuance of debt securities pursuant to the provisions of section 42 and 71 of the Companies Act, 2013 on private placement basis not exceeding ₹ 1000 crores. 4. To approve issuance of subordinated debt qualifying to raise Tier II capital not exceeding ₹ 300 crores.
Annual General Meeting	Tuesday, 14 July, 2016	No special resolutions passed

General Body Meeting	Day, Date	Resolution
Extra ordinary General Meeting	Tuesday, 18 October, 2016	1. To Appoint Mr. Anand Natarajan as Managing Director
Extra-ordinary General Meeting	Wednesday, 26 April, 2017	1. To approve power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding ₹ 2,500 crores 2. To approve the power to create charge on the assets of the company pursuant to section 180(1)(a) of the Companies Act, 2013 3. To approve issuance of debt securities pursuant to the provisions of section 42 and 71 of the Companies Act, 2013 on private placement basis not exceeding ₹ 1,000 crores. 4. To approve issuance of subordinated debt qualifying to raise Tier II capital not exceeding ₹ 300 crores.
Annual General Meeting	Wednesday, 12 July, 2017	1. To reappoint Ms. Renu Challu as an Independent Director 2. To reappoint Dr. Milan Shuster as an Independent Director
Extra ordinary General Meeting	Thursday, 15 March, 2018	No special resolution was passed

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

VII. Disclosures

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

The particulars of the transactions between the company and ‘related parties’ are provided at Note No. 25 in Notes to accounts published elsewhere in the Annual Report. None of the transactions are likely to have any conflict with Company’s interest.

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

VIII. CEO/CFO Certificate:

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

Report On Corporate Governance

Annexure III To The Directors' Report

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

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

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

a. We have reviewed the financial statements and the cash flow statements for the year ended 31 March, 2018 (hereinafter referred to as the year) and that to the best of our knowledge and belief:

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

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

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

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

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

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

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

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

S/d	S/d
Rakesh Makkar	**Pankaj Malik**
CEO & Wholetime Director	Chief Financial Officer

Date: 17 May, 2018
Place: Mumbai

Secretarial Audit Report

Annexure IV To The Directors' Report

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule no.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Fullerton India Home Finance Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Fullerton India Home Finance Company Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company (as per Annexure I, hereinafter referred to as "Books and Papers")and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period covered by our audit, that is to say, from April 01, 2017 to March 31, 2018 (hereinafter referred to as "Audit Period"), complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books and Papers maintained by the Company for the Audit Period according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder;
2. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
3. The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act');
    a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
4. Specific Laws applicable as mentioned hereunder:
    a. National Housing Bank Act, 1987;
    b. The Housing Finance Companies (NHB) Directions, 2010;
    c. Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016
    d. Guidelines on KYC and ALM Measures;
    e. Returns to be submitted by HFC;
    f. Guidelines for Asset Liability Management System in Housing Finance Companies;
    g. Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;
    h. Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
    i. Guidelines on Fair Practices Code (FPC) for all HFCs;
    j. Miscellaneous Circulars;
    k. Policy Circulars.
    l. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

Secretarial Audit Report

Annexure IV To The Directors' Report

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

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

Management Responsibility:

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

ii. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

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

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

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

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

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

We further report that:

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

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

Majority decision is carried through while dissenting members' views were not required to be captured and recorded as part of the minutes as there were no such instance.

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

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

i. Private Placement of Secured Non-Convertible Debentures:

During the Audit Period, the Company has issued and allotted secured NCDs amounting to INR 370 crores.

For M/s. Vinod Kothari & Company
Practising Company Secretaries

Sd/-
Vinita Nair
Partner
C. P. No. 11902

Place: Mumbai
Date: May 11, 2018

ANNEXURE I
LIST OF DOCUMENTS

1. Corporate Matters

    1.1 Minutes books of the following were provided:

        1.1.1 Board Meeting;

        1.1.2 Audit Committee;

        1.1.3 Nomination and Remuneration Committee;

        1.1.4 Risk Oversight Committee;

        1.1.5 General Meeting;

    1.2 Notice and agenda for Board and Committee Meetings;

    1.3 Financial Statements for FY ending 2017;

    1.4 Memorandum and Articles of Association;

    1.5 Disclosures under Act, 2013 and Rules made thereunder;

    1.6 Policies framed under Act, 2013 and NHB regulations for HFCs;

    1.7 Forms and returns filed with the ROC & NHB & IRDA;

    1.8 Registers maintained under Companies Act, 2013;

Independent Auditors' Report

To the Members of Fullerton India Home Finance Company Limited

Report on the audit of the financial statements

We have audited the accompanying financial statements of Fullerton India Home Finance Company Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing, specified under Section 143 (10) of the Act, issued by the Institute of Chartered Accountants of India (the 'ICAI'). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We are also responsible to 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 the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2018, and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

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 A", a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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 purposes of our audit;

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

c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;

d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act;

e) on the basis of the written representations received from the Directors as on 31 March 2018 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2018 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 B"; and

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

   i. the Company does not have any pending litigations as on 31 March 2018 which would impact is financial position;

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

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

   iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

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

Sd/-
Milind Ranade
Partner
Membership No: 100564

Mumbai
17 May 2018

Annexure A to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

i. (a) According to the information and explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) According to the information and explanation given to us, the Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified annually. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanation given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company.

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

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

iv. To the best our knowledge and according to the information and explanation provided to us, the Company has not granted any loans, made investment, given any guarantee or provided any security under Section 185 and 186 of the Act. Thus paragraph 3 (iv) of the Order is not applicable to the Company.

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

vi. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act, for any of the services rendered by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company.

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

As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs and duty of excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, goods and services tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the records of the Company and information and explanations given to us, there are no dues of provident fund, employees' state insurance, income tax, service tax, goods and services tax, value added tax, cess and other material statutory dues which have not been deposited to appropriate authorities on account of any dispute.

viii. On the basis of examination of relevant records and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. During the year, the Company did not have any loans or borrowing from the Government.

ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument).

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

x. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officer or employees, noticed or reported during the year, norw have been informed of such case by the management.

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

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

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

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

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

xvi. The Company being a Housing Finance Company is registered with National Housing Bank and this not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Sd/-
Milind Ranade
Partner
Membership No: 100564

Mumbai
17 May 2018

Annexure B to the Independent Auditors' Report – 31 March 2018

(Referred to in 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 Fullerton India Home Finance Company Limited (the 'Company') as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's Board of Directors 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 (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 (the 'Act').

Auditor's 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 and the Standards on Auditing specified under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls 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 31 March 2018 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 issued by the ICAI.

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

Sd/-
Milind Ranade
Partner
Membership No: 100564

Mumbai
17 May 2018

Balance sheet

as at 31 March, 2018

Particulars	Notes	31 March, 2018	31 March, 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	1,952,734,430	1,952,734,430
Reserves and surplus	4	1,589,784,766	1,480,500,828
Non-current liabilities			
Long-term borrowings	5	11,254,200,000	3,100,000,000
Other long term liabilities	6	250,676,520	61,279,467
Long-term provisions	7	213,427,989	49,491,445
Current liabilities			
Short-term borrowings	8	1,015,455,940	237,563,310
Other current liabilities	9	4,253,287,435	1,426,912,824
Short-term provisions	7	7,736,739	3,154,513
TOTAL		**20,537,303,819**	**8,311,636,817**
ASSETS			
Non-current assets			
FIXED ASSETS			
Tangible assets	10	13,871,329	5,319,448
Intangible assets	11	1,002,323	1,287,281
Deferred tax assets	12	98,086,339	-
Long-term loans and advances	13	18,554,315,069	4,623,931,718
Other non-current assets	14	108,716,604	383,630,984
Current assets			
Current investments	15	490,802,518	2,867,289,572
Trade receivables	16	2,775,390	-
Cash and bank balances	17	541,598,736	260,336,123
Short-term loans and advances	13	526,335,262	126,697,663
Other current assets	14	199,800,249	43,144,028
TOTAL		**20,537,303,819**	**8,311,636,817**
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements
As per our report of even date

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

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

Sd/-
Milind Ranade
Partner
Membership No: 100564

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

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

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Jitendra Maheswari
Company Secretary
ICSI Reg. No. : A-19621

Place : Mumbai
Date : 17 May, 2018

Place : Mumbai
Date : 17 May, 2018

Statement of Profit and Loss

for the year ended 31 March, 2018

Particulars	Notes	31 March, 2018	31 March, 2017
Income			
Revenue from operations	18	1,341,370,235	232,827,883
Other income	19	38,719,066	23,716,675
Total income (I)		**1,380,089,301**	**256,544,558**
Expenses			
Employee benefit expenses	20	297,390,576	152,201,883
Other expenses	21	242,831,498	100,123,962
Depreciation and amortisation expenses	10&11	4,214,151	2,104,898
Finance cost	22	603,706,642	76,194,656
Provisions and write-offs	23	167,451,340	47,765,494
Total expenses (II)		**1,315,594,207**	**378,390,893**
Profit before tax (III) =(I)-(II)		**64,495,094**	**(121,846,335)**
Tax expense			
Income tax for the period		52,368,486	-
Deferred tax asset		(98,086,339)	-
Tax expense (IV)		**(45,717,853)**	**-**
Profit after tax for the year (III)-(IV)		**110,212,947**	**(121,846,335)**
Earnings per equity share (₹) (Face value ₹10 per share)	24		
Basic (Computed on the basis of total profit for the period)		0.56	(1.36)
Diluted (Computed on the basis of total profit for the period)		0.56	(1.36)
Significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements
As per our report of even date

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

Sd/-
Milind Ranade
Partner
Membership No: 100564

Place : Mumbai
Date : 17 May, 2018

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

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

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

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Jitendra Maheswari
Company Secretary
ICSI Reg. No. : A-19621

Place : Mumbai
Date : 17 May, 2018

Cash Flow Statement

for the year ended 31 March, 2018

	Particulars	31 March, 2018	31 March, 2017
A	**Cash flow from operating activities:**		
	Profit before tax	64,495,094	(121,846,335)
	Adjustment for computing operating profit before working capital changes:		
	Depreciation and amortisation	4,214,151	2,104,898
	Interest on fixed deposits and bonds	(34,340,524)	(12,515,955)
	Interest on investments	(57,800,643)	(1,584,922)
	Discount on Commercial Paper	35,346,630	5,867,310
	Profit on sale of investments	(23,510,100)	(23,659,095)
	Provision for standard/sub standard assets and bad debts w/off	167,451,340	47,765,494
	Provision for employees benefits	515,738	2,892,081
	Amortisation of ancillary borrowing costs	1,995,565	388,132
	Operating profit before working capital changes	158,367,251	(100,588,392)
	Movements in working capital :		
	- Increase/(decrease) in current liabilities	1,983,294,042	1,214,241,396
	- Increase/(decrease) in other long term liabilities	166,562,914	58,628,507
	- (Increase)/decrease in long term loans and advances	(14,383,297,980)	(4,385,411,255)
	- (Increase)/decrease in short term loans and advances	(403,679,919)	(119,494,825)
	- (Increase)/ decrease in other non current assets	369,303,677	2,792,459
	- (Increase)/decrease in other current assets	(133,831,781)	(66,644,335)
	Cash generated from operations	(12,243,281,796)	(3,396,476,445)
	- Income Taxes paid	(47,734,630)	271,851
	Net cash used in operating activities (A)	(12,291,016,426)	(3,396,204,594)
B	**Cash flow from investing activities:**		
	Purchase of tangible and intangible assets	(12,481,073)	(5,308,318)
	Purchase of current investments	(41,150,047,334)	(22,016,988,650)
	Sale/maturity of investments	43,636,343,087	19,427,518,858
	Fixed deposit placed during the year	(156,723,756)	(450,000,000)
	Fixed deposit matured during the year	100,000,000	86,500,000
	Interest received on fixed deposits and bonds	9,952,195	8,093,019
	Net cash used in investing activities (B)	2,427,043,119	(2,950,185,091)

	Particulars	31 March, 2018	31 March, 2017
C	**Cash flow from financing activities**		
	Proceeds from issuance of share capital (including share premium)	-	3,000,000,010
	Availment of long term borrowings from banks and financial institutions	9,125,000,000	3,225,000,000
	Availment of short term borrowings from banks and financial institutions	992,546,000	731,696,000
	Repayment of short term borrowings from banks and financial institutions	(250,000,000)	(500,000,000)
	Payment of ancillary borrowing costs	(4,033,835)	(5,954,174)
	Repayment of Long term borrowings from banks and financial institutions	(125,000,000)	-
	Net cash generated from financing activities (C)	9,738,512,165	6,450,741,836
	Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	(125,461,142)	104,352,151
	Cash and cash equivalents as at the beginning of the year	160,336,123	55,983,972
	Cash and cash equivalents as at the end of the year (refer note 29)	34,874,980	160,336,123
	Components of cash and cash equivalents as at the end of the year		
	Cash and cheques on hand		
	With banks - on current account	34,874,980	50,336,123
	- on deposit account	-	110,000,000
	Cash and cash equivalents as at the end of the year	34,874,980	160,336,123
	Significant accounting policies 2.1		

The accompanying notes are an integral part of the financial statements
As per our report of even date

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

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

Sd/-
Milind Ranade
Partner
Membership No: 100564

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

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

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Jitendra Maheswari
Company Secretary
ICSI Reg. No. : A-19621

Place : Mumbai
Date : 17 May, 2018

Place : Mumbai
Date : 17 May, 2018

Notes

1 BACKGROUND

Fullerton India Home Finance Company Limited ('The Company') is a public limited company domiciled in India and has been incorporated on 12 August, 2010 under the provisions of Companies Act, 1956, with the main object of providing finance for purchase, repairs, construction, and enlargement, erection of house or apartments or building (collectively referred to as 'Portfolio loans'). The Company is housing finance company registered with the National Housing Bank of India (the NHB) vide Registration number 07.0122.15 dated 14 July, 2015.

2 BASIS OF PREPARATION

The accompanying financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India (GAAP) and comply in all material respects with the Accounting Standards notified under Section 133 of the companies Act, 2013 ('the Act'), the relevant provisions of the Act and guidelines issued by the NHB from time to time. The financial statements have been prepared under the historical cost convention on an accrual basis.

The financial statements are prepared on going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future. The accounting policies adopted in the preparation of financials statement are consistent with those of previous year.

The Company being a Housing Finance Company registered with the NHB follows the guidelines issued by the NHB, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

The financial statements are presented in Indian Rupees.

2.1 Significant Accounting Policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based on management's knowledge of current event and actions, uncertainty about these assumptions and estimates could result in the outcome requiring material adjustments to the carrying amounts of assets and liabilities in future periods. Any revision to the accounting estimates is recognised prospectively in current and future periods.

(b) Fixed assets and depreciation

Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. Cost of fixed assets comprises purchase price and any directly attributable cost of bringing the asset to its working condition for the intended use.

Gain or loss arising from de-recognition of a fixed asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss when the asset is derecognised.

Intangible assets

Costs relating to acquisition and development of computer software are capitalised in accordance with the AS 26 'Intangible Assets' issued by the Institute of Chartered Accountants of India ('ICAI') and are amortised using the straight line method over a period of five years, which is the management's estimate of its useful life. Any expenses on such software for support and maintenance are charged to Statement of Profit and Loss.

Depreciation on tangible fixed assets

Depreciation is provided on pro-rata basis using the Straight Line Method ('SLM') from the date the asset is ready for its intended use or put to use whichever is earlier. In respect of assets sold, depreciation is provided upto the date of disposal.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 andbased on internal assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Life (in years)	Management estimate of Useful life	Useful life as per the limits prescribed in Schedule II to the Companies Act, 2013
Computer Server and Other Accessories	4	6
Computer Desktop and Laptops	3	3
Furniture and Fixtures	5	10
Office Equipments	5	5

Assets individually costing Rupees Five Thousand or less are fully depreciated in the year of purchase or acquisition.

(c) Impairment

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such estimated recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its estimated recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss.

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

(d) Investments

Investments are classified into long term investments and current investments. Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined in accordance with the NHB directions. The comparison of cost and fair value is done separately in respect of each category of investment. Investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value (NAV) declared by the mutual fund in respect of each particular scheme.

Long-term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment. Provision for diminution in the value of investments is made in accordance with the guidelines issued by the

Notes

NHB and the accounting standard on "Accounting for Investments".

Investments are accounted on trade date basis.

(e) Asset classification and Provisioning/ write-off of Assets

(i) Portfolio loans are classified as standard and non-performing assets (NPA) in accordance with The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.

(ii) Portfolio loans are provided for/ written off, in accordance with Company's policy, subject to the minimum provision required as per The Housing Finance Companies (NHB) Directions, 2010 as amended from time to time.

(iii) Provision for standard assets is being made on total outstanding amount of standard loans including accrued interest on such loans, on the basis of prudential norms laid down by the NHB and as mentioned in Notes 7 to the financial statements.

(f) Operating Leases

Lease arrangements where the Lessor effectively retains, substantially, all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Interest Income

Interest income on loans given is recognised on accrual basis, except in case of non-performing assets where interest is recognised on realisation, as per NHB guidelines. Loans are repaid by way of Equated Monthly Installments (EMI), which comprise of principal and interest. Interest is calculated on outstanding balance at the EMI dates. EMIs generally commence only after the entire loan is disbursed. Pending commencement of EMIs, pre-EMI interest is charged every month and is accounted on accrual basis.

Penal/additional interest on default in payment of dues by customer is recognised on realisation basis.

Interest income on deposits with banks is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Fee income

Processing fee collected are amortised over the contractual tenor of the loan agreement in proportion to the interest accrued during the year. The unamortised balance is disclosed under "Other current/non-current liabilities" based on unexpired tenor of loan. For the agreements foreclosed or transferred through assignment, the unamortised portion of the fee is recognised as income to the Statement of Profit and Loss at the time of such foreclosure/ transfer through assignment.

Additional charges such as penal, cheque bouncing charges, foreclosure charges, loan conversion charges etc. are recognised on receipt basis.

Commission income

Application fees and commission income earned for the services rendered are recognised on accrual basis. While rate conversion charges are recognised on event and accounted upfront.

Profit/Loss in sale of investments

Profit/loss earned on sale of investments is recognised on trade date basis. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss. Profit / loss on sale of investments is determined on average cost basis.

Income on discounted instruments

The difference between the acquisition cost and face value of the discounted instruments is recognised over the tenor of the instrument on straight line basis.

(h) Retirement and Other Employee benefits

i) Short Term Employee Benefits

All employee benefits falling due wholly within 12 months of rendering the services are classified as short-term employee benefits. All short term employee benefits are accounted on undiscounted basis during the accounting period based on services rendered by employees.

ii) Defined Contribution Plans

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions as specified by law are made to the Regional Provident Fund Commissioner and charged to the Statement of Profit and Loss of the year when the contribution to the respective fund is due. There are no obligations other than contribution payable to the provident fund.

iii) Defined Benefit Plans

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods, that benefit is discounted to determine its present value.

The present value of the obligation under such benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognises each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses comprising of experience adjustments and the effects of changes in actuarial assumptions are recognised immediately in the statement of profit and loss.

iv) Stock appreciation rights

In case of stock appreciation rights, measurement and disclosure of the employee share-based payment plan is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI. The Company measures compensation cost relating to stock appreciation rights using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis. Full provision is made in case of options vested and exercisable.

v) Leave benefits

Accumulated leave balance, which is expected to be utilised within the next twelve months, is treated as short term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects

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to incur as a result of unused entitlement that has accumulated at the reporting date.

(i) Income taxes

Tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income-tax Act, 1961) and deferred tax charge/credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Current income tax is recognised on an annual basis under the taxes payable method, based on the estimated tax liability computed after taking credit for allowances and exemption in accordance with Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised when there is reasonable certainty that the assets can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised to the extent there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

(j) Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – Earnings Per Share as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. Basic earnings per share is calculated by dividing the net profit after tax / net loss attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

(k) Provisions & Contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

(l) Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and cash in hand and short term balances with original maturity of three months or less from the date acquisition, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(m) Loan origination costs

Loan origination costs such as credit verification, contact point verification, agreement stamping, incentive to sales employees and direct selling agents commission directly attributable to disbursed loans are amortised over the contractual tenor of the loan agreements in proportion to the interest accrued during the year. The unamortised balance is disclosed as part of "Other Assets" based on unexpired tenor of loan. For the agreements foreclosed or transferred through assignment, the unamortised portion of such loan origination costs are recognised as charge to the Statement of Profit and Loss at the time of such foreclosure/ transfer through assignment.

(n) Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria :

(a) it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is expected to be realised within 12 months after the reporting date; or

(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting dated.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria :

(a) it is expected to be settled in the company's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is due to be settled within 12 months after the reporting dated; or

(d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

(o) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any, arising out of transactions settled during the year are recognised in the statement of profit and loss for the year.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The resultant exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

Non-monetary balances, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate on the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary balances or on the restatement of the Company's monetary balances at rates different

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from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expense in the year in which they arise.

(p) Borrowing costs

Ancillary borrowing costs incurred in connection with the arrangement of borrowings are amortised over the tenure of the respective borrowings except with respect to expenses incurred on issue of debt securities, which are debited against securities premium account in accordance with Section 52 of the Companies Act, 2013. The unamortised balance is disclosed as part of "Other Assets" based on unexpired tenor of borrowing. For the borrowings foreclosed, the unamortised portion of such borrowing costs is recognised as charge to the Statement of Profit and Loss at the time of such foreclosure.

(q) Commercial papers

Commercial papers issued by the Company are recognised at redemption value net of unamortised finance charges. The difference between redemption price and issue price is amortised on a straight line over the residual tenor of commercial paper and is disclosed separately under finance cost.

(r) Cash flow statement

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

2.2 Change in estimates

(a) During the current year, the Company has revised the estimate of provision on standard assets. Had the Company used the estimate applicable in previous year the provision on standard assets would have been higher by ₹ 94,167,140.

(b) During the current year, the Company has revised the estimate of provision on sub-standard assets. Had the Company used the estimate applicable in previous year the provision on sub-standard assets would have been lower by ₹ 60,002,000.

3. SHARE CAPITAL

Particulars	31 March, 2018	31 March, 2017
Authorised Shares		
1,500,000,000 (31 March, 2017: 1,500,000,000 equity shares of ₹10 each)	15,000,000,000	15,000,000,000
	15,000,000,000	**15,000,000,000**
Issued, subscribed and fully paid up shares		
195,273,443 (31 March, 2017: 195,273,443 equity shares of ₹10 each)	1,952,734,430	1,952,734,430
	1,952,734,430	**1,952,734,430**

Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares	31 March, 2018		31 March, 2017	
	No. of shares	(₹)	No. of shares	(₹)
At the beginning of the year	195,273,443	1,952,734,430	57,619,048	576,190,480
Issued during the year	-	-	137,654,395	1,376,543,950
Outstanding at the end of year	195,273,443	1,952,734,430	195,273,443	1,952,734,430

Terms/rights attached to equity shares

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

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

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

Shares held by holding /ultimate holding company and/or their subsidiaries/associates

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

	31 March, 2018	31 March, 2017
Fullerton India Credit Company Limited, the holding company and its nominees		
195,273,443 (31 March, 2017: 195,273,443) equity shares of ₹10 each fully paid)	1,952,734,430	1,952,734,430

Details of shareholders holding more than 5% shares in the Company

Equity shares of ₹10 each fully paid	31 March, 2018		31 March, 2017	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Fullerton India Credit Company Limited, the holding company and its nominees	195,273,443	100.00%	195,273,443	100.00%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

The company has not issued any shares other than cash consideration, bonus shares or bought back any equity shares during the last five year.

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4. RESERVE AND SURPLUS

Particulars		31 March, 2018	31 March, 2017
Securities Premium Account			
Opening Balance		1,647,265,584	23,809,524
Add: on issue of shares during the year		-	1,623,456,060
Less: Utilisation towards debenture issue expenses		(929,009)	-
Closing Balance	(A)	**1,646,336,575**	**1,647,265,584**
Statutory Reserve under Section 29C(i) of the NHB Act, 1987			
Balance as per the last financial statements		-	-
Add: Amount transferred from statement of profit and loss		22,042,600	-
Closing Balance	(B)	**22,042,600**	**-**
(Deficit) in the statement of profit and loss			
Opening balance		(166,764,756)	(44,918,421)
Add: Profit/(loss) for the year		110,212,947	(121,846,335)
Less: Transferred to Statutory Reserve [@ 20% of profit after tax as required by Section 29C of the NHB Act, 1987]		(22,042,600)	-
Net deficit in the statement of profit and loss	(C)	**(78,594,409)**	**(166,764,756)**
Total reserves and surplus (A+B+C)		**1,589,784,766**	**1,480,500,828**

5. LONG TERM BORROWINGS

Particulars	Non Current portion		Current maturities	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Secured				
Term loan from banks*	7,554,200,000	3,100,000,000	970,800,000	125,000,000
Non-convertible debentures** $	3,700,000,000	-	-	-
Total	**11,254,200,000**	**3,100,000,000**	**970,800,000**	**125,000,000**
Less: Amount disclosed under the head other current liabilities (refer note 9)	-	-	970,800,000	125,000,000
Total	**11,254,200,000**	**3,100,000,000**	**-**	**-**

*Terms loan from banks are secured by first Pari-passu charge over all loan receivables of the Company.

** Non-convertible debentures are secured by first Pari-passu charge over all loan receivables and immovable property.

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

Terms of repayment of term loans as on 31 March, 2018

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
		No. of installments	₹	No. of installments	₹	No. of installments	₹	No. of installments	₹	₹
Quarterly repayment schedule										-
More than 1460	08% - 09%	-	-	4	70,000,000	4	70,000,000	12	210,000,000	350,000,000
Half yearly repayment schedule			-		-		-		-	-
731-1095	08% - 09%	10	466,633,333	11	558,366,667	-	-	-	-	1,025,000,000
1096-1460	08% - 09%	4	166,666,667	4	166,666,666	4	166,666,667	-	-	500,000,000
More than 1460	07% - 08%	1	100,000,000	2	200,000,000	2	200,000,000	5	500,000,000	1,000,000,000
	08% - 09%	7	237,500,000	13	504,166,667	14	754,166,666	20	1,154,166,667	2,650,000,000
Yearly repayment schedule			-		-		-		-	-
731-1095	08% - 09%	-	-	2	500,000,000	1	500,000,000	-	-	1,000,000,000
More than 1460	08% - 09%	-	-	1	666,666,667	1	666,666,667	1	666,666,666	2,000,000,000
Total		**22**	**970,800,000**	**36**	**2,665,866,667**	**25**	**2,357,500,000**	**37**	**2,530,833,333**	**8,525,000,000**

Terms of repayment of term loans as on 31 March, 2017

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year		Due 1 to 2 years		Due 2 to 3 years		More than 3 years		Total
		No. of installments	₹	No. of installments	₹	No. of installments	₹	No. of installments	₹	₹
Half yearly repayment schedule										-
731-1095	09% - 11%	2	125,000,000	7	433,313,333	-	-	8	441,686,667	1,000,000,000
More than 1460	08% - 09%	-	-	4	162,500,000	7	595,833,333	14	1,191,666,667	1,950,000,000
	09% - 11%	-	-	2	41,666,667	2	41,666,667	2	41,666,666	125,000,000
Yearly repayment schedule										
731-1095	09% - 11%	-	-	1	49,980,000	2	100,020,000	-	-	150,000,000
Total		**2**	**125,000,000**	**14**	**687,460,000**	**11**	**737,520,000**	**24**	**1,675,020,000**	**3,225,000,000**

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Terms of repayment of NCD as on 31 March, 2018

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year	Due 1 to 2 years	Due 2 to 3 years	More than 3 years	Total
		₹	₹	₹	₹	₹
Issued at par and redeemable at par						
731-1095	07% - 08%	-	-	-	-	-
	08% - 09%	-	-	500,000,000	-	500,000,000
	09% - 11%	-	-	-	-	-
1096-1460	07% - 08%	-	-	1,300,000,000	-	1,300,000,000
	08% - 09%	-	-	-	1,500,000,000	1,500,000,000
	09% - 11%	-	-	-	-	-
More than 1460	07% - 08%	-	-	-	-	-
	08% - 09%	-	-	-	400,000,000	400,000,000
	09% - 11%	-	-	-	-	-
	11% - 12%	-	-	-	-	-
Total		**-**	**-**	**1,800,000,000**	**1,900,000,000**	**3,700,000,000**

Particulars	Face Value (₹ lakhs)	Quantity	Date of Redemption	31 March, 2018	31 March, 2017
8.05% Series-2	10	400	24 March, 2023	400,000,000	-
8.05% Series-5	10	500	20 April, 2021	500,000,000	-
8.48% Series-7	10	1,000	20 April, 2021	1,000,000,000	-
7.95% Series-4	10	300	27 November, 2020	300,000,000	-
7.95% Series-3	10	1,000	28 August, 2020	1,000,000,000	-
8.25% Series-1	10	500	27 May, 2020	500,000,000	-
Total				**3,700,000,000**	**-**

6. OTHER LONG TERM LIABILITIES

Particulars	31 March, 2018	31 March, 2017
Interest accrued but not due on debentures	48,076,173	-
Employee benefits payable	18,390,581	8,532,016
Unamortised income		
Unamortised processing fees on portfolio loans	184,209,766	52,747,451
Total	**250,676,520**	**61,279,467**

7. PROVISIONS

Particulars	Long Term		Short Term	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Provision for employee benefits				
Provision for gratuity (refer note 31)	3,722,586	2,228,212	1,250,056	24,999
Provision for leave benefits	-	-	911,174	1,653,840
Other provisions				
Provision for standard portfolio loans	92,258,216	46,146,211	2,377,893	1,475,674
Provision for sub-standard & doubtful portfolio loans	117,447,187	1,117,022	-	-
Provision for Income Tax (net of advance income tax)	-	-	3,197,616	-
Total	**213,427,989**	**49,491,445**	**7,736,739**	**3,154,513**

8. SHORT TERM BORROWINGS

Particulars	31 March, 2018	31 March, 2017
Unsecured		
Commercial paper	1,015,455,940	237,563,310
Total	**1,015,455,940**	**237,563,310**

Commercial paper carries interest rate of 7.30% p.a.- 8.00% p.a. and tenure of 91 days - 365 days repayable in bullet payment.

9. OTHER CURRENT LIABILITIES

Particulars	31 March, 2018	31 March, 2017
Other liabilities		
Current maturities of long term borrowings (refer note 5)	970,800,000	125,000,000
Expenses and other payable (Refer note 32 for details of dues to Micro Small and Medium Enterprises)	113,628,892	46,716,917
Employee benefits payable	34,746,873	30,111,938
Book overdraft	2,862,452,965	1,162,435,341
Interest accrued but not due on borrowings		
On non-convertible debentures	92,351,234	-
On bank loans	18,750,000	6,757,526
Statutory dues payable	13,760,413	8,495,728
Others	105,701,938	41,429,944
Unamortised income		
Unamortised processing fees on portfolio loans	41,095,120	5,965,430
Total	**4,253,287,435**	**1,426,912,824**

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10. TANGIBLE ASSETS

Particulars (₹)	Office Equipments	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land*	Total
Cost							
At 31 March, 2016	-	-	3,756,005	-			3,756,005
Addition during the year	4,831	1,541,172	2,337,527	-			3,883,530
Deductions/adjustments during the year	-	-	-	-			-
At 31 March, 2017	**4,831**	**1,541,172**	**6,093,532**	**-**	**-**	**-**	**7,639,534**
Addition during the year	87,174	2,448,932	4,269,899	596,883	4,480,185	598,000	12,481,074
Deductions/adjustments during the year	-	-	-				-
At 31 March, 2018	**92,005**	**3,990,104**	**10,363,431**	**596,883**	**4,480,185**	**598,000**	**20,120,608**
Depreciation							-
At 31 March, 2016	-	-	352,696	-			352,696
Charge for the year	4,831	198,951	1,763,608	-			1,967,390
Deductions/adjustments during the year	-	-	-	-			-
At 31 March, 2017	**4,831**	**198,951**	**2,116,304**	**-**	**-**	**-**	**2,320,086**
Charge for the year	81,243	930,672	2,339,692	123,430	454,156		3,929,193
Deductions/adjustments during the year	-	-	-	-	-		-
At 31 March, 2018	**86,074**	**1,129,623**	**4,455,996**	**123,430**	**454,156**	**-**	**6,249,279**
Net Block							
At 31 March, 2017	**-**	**1,342,220**	**3,977,228**	**-**	**-**	**-**	**5,319,448**
At March 31, 2018	**5,931**	**2,860,481**	**5,907,435**	**473,453**	**4,026,029**	**598,000**	**13,871,329**
Capital Work in Progress							
At 31 March, 2017	-	-	-	-	-	-	-
At 31 March, 2018	-	-	-	-	-	-	-

* Pledged as security against secured non-convertible debentures.

11. INTANGIBLE ASSETS

Particulars (₹)	Software
Cost	
At 31 March, 2016	-
Addition during the year	1,424,788
Deductions/adjustments during the year	-
At 31 March, 2017	**1,424,788**
Addition during the year	
Deductions/adjustments during the year	-
At 31 March, 2018	**1,424,788**
Amortisation	
At 31 March, 2016	**-**
Charge for the year	137,507
Deductions/adjustments during the year	-
At 31 March, 2017	**137,507**
Charge for the year	284,958
Deductions/adjustments during the year	-
At 31 March, 2018	**422,465**
Net Block	
At 31 March, 2017	**1,287,281**
At 31 March, 2018	**1,002,323**
Capital Work in Progress	
At 31 March, 2017	-
At 31 March, 2018	-

12. DEFERRED TAX ASSET

Particulars	31 March, 2018	31 March, 2017
Deferred tax asset		
Provision on standard portfolio loans	32,751,665	16,480,982
Provision on sub standard portfolio loans	37,490,084	386,579
Unamortised processing fee on portfolio loans	77,973,515	20,319,354
Unabsorbed carried forward losses	-	28,894,237
Provision for Section 43B items under Income tax Act, 1961	1,057,537	1,136,071
Preliminary expenses	3,296,000	4,944,000
A	**152,568,801**	**72,161,223**
Deferred tax liability		
Difference in depreciation as per financial statements and tax books	608,355	690,150
Unamortised borrowing costs	2,310,189	1,926,296
Unamortised loan origination costs on portfolio loans	43,935,415	11,233,784
Special Reserve created as per section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	7,628,503	-
B	**54,482,462**	**13,850,230**
Net deferred tax assets (A-B)	**98,086,339**	**58,310,993**
Net deferred tax assets recognised	98,086,339	-

The Company has recognised net deferred tax assets in the current yearto the extent of virtual certainty supported by convincing evidence that sufficient taxable income will be available in future years against which such deferred tax asset can be realised. The composition of deferred tax asset is given above. No Deferred tax was created during the year ended 31 March, 2017.

13. LOANS AND ADVANCES

Particulars	Non-current		Current	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
A Portfolio loans				
a. Secured, considered good*				
Housing	10,022,252,866	2,594,364,479	204,499,836	51,809,118
Non Housing	8,241,332,468	2,020,025,834	266,231,699	61,733,808
b. Secured, considered doubtful**				
Housing	233,456,579	7,339,992.38	-	-
Non Housing	53,814,002	106,822	-	-
Sub-Total	**18,550,855,915**	**4,621,837,127**	**470,731,535**	**113,542,926**
B Advances recoverable in cash or in kind or for value to be received				
Unsecured, considered good	3,261,154	552,019	-	304,176
Sub-Total	**3,261,154**	**552,019**	**-**	**304,176**
C Other loans and advances				
Advance Income Tax (net of provision for tax)	-	944,572	-	-

Notes

Particulars	Non-current		Current	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Prepaid expenses	-	-	4,925,886	1565,026
Others	-	-	50,677,841	11,285,535
Sub-Total	**-**	**944,572**	**55,603,727**	**12,850,561**
D Capital advances				
Unsecured, considered good	-	598,000	-	-
Sub-Total	**-**	**598,000**	**-**	**-**
Total (A+B+C+D)	**18,554,315,069**	**4,623,931,718**	**526,335,262**	**126,697,663**

Loans granted by the Company are secured by equitable mortgage of the property.

* Represents standard assets in accordance with Company's asset classification policy (refer note 2.1 (e))

** Represents non-performing assets in accordance with Company's asset classification policy (refer note 2.1 (e))

No loans have been granted by the Company against the collateral of gold jewellery.

14. OTHER ASSETS

Particulars	Non-current		Current	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Non Current bank balances (refer note 17)	-	350,000,000	-	-
Unamortised ancillary cost of borrowings	4,045,481	4,147,721	2,629,822	1,418,321
Unamortised Portfolio loan Origination costs	104,671,123	29,483,263	22,280,493	2,976,816
Interest accrued and due				
On secured loans	-	-	16,664,493	2,250,131
Interest Accrued but not due				
On deposits placed with banks	-	-	28,881,953	4,493,624
On secured loans	-	-	129,343,488	32,005,136
Total	**108,716,604**	**383,630,984**	**199,800,249**	**43,144,028**

15. CURRENT INVESTMENTS

Particulars	31 March, 2018	31 March, 2017
Current investments (valued at lower of cost and fair value, unless stated otherwise)		
a) Unquoted: Certificate of deposits		
2,500 (31 March, 2017: 2,500) units of ₹ 100,000 each of Axis Bank	24,54,18,730	24,70,69,365
2,500 (31 March, 2017: 7500) units of ₹ 100,000 each of ICICI Bank	24,53,83,788	73,25,02,636

Particulars	31 March, 2018	31 March, 2017
Nil (31 March, 2017: 2,500) units of ₹ 100,000 each of HDFC Bank	-	24,72,45,094
Nil (31 March, 2017:2,500) units of ₹ 100,000 each of Axis Bank	-	296,470,505
Nil (31 March, 2017: 3,000) units of ₹ 100,000 each of IDFC Bank	-	247,077,563
Nil (31 March, 2017: 2,500) units of ₹ 100,000 each of Kotak Mahindra Bank		
Nil (31 March, 2017: 7,500) units of ₹ 100,000 each of ICICI Bank	-	246,955,781
Nil (31 March, 2017: 2,500) units of ₹ 100,000 each of Credit Suisse	-	376,666,059
Nil (31 March, 2017:4,000) units of ₹ 100,000 each of SIDBI	-	473,302,569
Nil (31 March, 2017:5,000) units of ₹ 100,000 each of NABARD	-	-
Total Value	**490,802,518**	**2,867,289,572**
Aggregate Amount of unquoted investment (at Cost Price ₹ 475,031,250 (31 March, 2017: ₹ 2,865,720,650))	475,031,250	2,865,720,650

16. TRADE RECEIVABLE

Particulars	Non-current		Current	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Unsecured considered good unless otherwise stated - Debts outstanding for a period not exceeding six months from the date they are due for payment	-	-	2,775,390	-
Total	**-**	**-**	**2,775,390**	**-**

17. CASH AND BANK BALANCES

Particulars	Non-current		Current	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Cash and cash equivalents:				
Balances with banks				
- in Current accounts	-	-	34,874,980	50,336,123
- in fixed deposits with original maturity of less than 3 months	-	-	-	110,000,000
(A)	-	-	34,874,980	160,336,123
Other bank balances				
- in fixed deposits with original maturity for more than 12 months	-	350,000,000	506,723,756	100,000,000
(B)	-	350,000,000	506,723,756	100,000,000

Notes

Particulars	Non-current		Current	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
	-	350,000,000	541,598,736	260,336,123
Less: amount disclosed under non current assets (refer note14)	-	(350,000,000)	-	
Total ((A)+(B))	-	-	541,598,736	260,336,123

18: REVENUE FROM OPERATIONS

Particulars	For the year ended 31 March, 2018 ₹	For the year ended 31 March, 2017 ₹
Interest income		
Interest income on portfolio loans	1,191,732,724	209,233,870
Interest on bank deposits	34,340,524	12,515,956
Interest on current investments	57,800,643	1,584,922
Other operating revenue		
Processing fees	22,834,139	3,414,221
Ancillary income from operations	34,662,205	6,078,914
Total	1,341,370,235	232,827,883

19: OTHER INCOME

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit on sale of current investments	23,510,100	23,659,095
Commission income	15,096,030	-
Miscellaneous income	112,936	57,580
Total	38,719,066	23,716,675

20: EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Salaries, bonus and allowances	279,793,988	143,126,502
Contribution to provident and other funds	10,049,541	4,356,832
Gratuity expense (refer note no. 31)	515,738	1,238,241
Staff welfare expenses	7,031,309	3,480,308
Total	297,390,576	152,201,883

21: OTHER EXPENSES

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Printing and stationery	3,458,613	1,233,074
Rent	5,782,109	-
Rates and taxes	138,536	29,308
Business promotion expenses	3,530,811	7,603,103
Commission, brokerage & lead generation	19,955,304	3,926,810
Legal charges	451,156	1,544,656
Professional Charges (including collection & credit cost)	110,870,704	32,588,659
Courier charges	227,712	42,080
Repairs and maintenance		
Office premises	2,034,049	261,150
Others	412,775	96,041
Directors' sitting fees	2,048,728	1,580,250
Travelling and conveyance expenses	10,815,226	4,961,482
Telecommunication expenses	958,614	488,624
Payment to auditor (refer details below)	1,616,848	1,135,595
Electricity charges	9,570	-
Security charges	167,985	-
Training expenses	2,058,642	400,809
Fees and subscription	50,000	109,911
Miscellaneous expenses	1,459,571	3,651,628
Support service cost	76,784,545	40,470,782
Total	**242,831,498**	**100,123,962**
As auditor:		
Audit fee	926,500	776,878
Tax audit fee	163,500	110,983
Limited review	218,000	-
In other capacity:		
Other services (certification fees)	228,900	138,621
Reimbursement of expenses	79,948	109,114

22: FINANCE COSTS

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Interest		
On loans from banks	413,656,923	56,611,349
On non-convertible debentures	140,427,406	-
On inter corporate deposits	-	10,356,166
Discount on commercial papers	35,346,630	5,867,310
Amortisation of ancillary borrowing costs	1,995,565	388,132
Financial and bank charges	12,280,118	2,971,699
Total	**603,706,642**	**76,194,656**

Notes

23: PROVISIONS AND WRITE OFFS

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Bad debts & Write off	4,106,951	-
Provision against standard portfolio loans	47,014,224	46,648,472
Provision against sub standard portfolio loans	116,330,165	1,117,022
Total	**167,451,340**	**47,765,494**

24: EARNINGS PER SHARE

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Profit after Tax	**110,212,947**	**(121,846,335)**
Weighted Avg. number of shares used in computing Basic EPS	195,273,443	89,908,187
Weighted Avg. number of shares used in computing Diluted EPS	195,273,443	89,908,187
Earnings per Share :		
Basic (₹)	0.56	(1.36)
Diluted (₹)	0.56	(1.36)
[Nominal value of shares ₹ 10 each (PY : ₹10)]		

25: SEGMENT REPORTING

The Company's main business is to provide loans for purchase or construction of residential houses. All other activities of the Company revolve around the main business. Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment.

As the Company's business activity fall within a primary business segment, the financial statements are reflective of information required under the Accounting Standard 17 on Segment Reporting notified under section 133 of the Companies Act 2013 read together with paragraph 7 of the Companies (Accounts) Rule 2014 and the provisions of the Companies Act, 2013.

26: RELATED PARTY DISCLOSURES

As per the Accounting standard on 'Related party disclosures (AS 18)', the related parties of the Company with whom the Company has carried out transactions are as following:

Ultimate Holding Company	Temasek Holdings (Private) Limited (Holding Company of 'FFH')*
	Fullerton Financials Holdings Pte Ltd ('FFH', Holding Company of 'Angelica')*
	Angelica Investments Pte Ltd, Singapore ('Angelica', Holding Company of 'FICCL')*
Holding Company	Fullerton India Credit Company Limited ('FICCL', Holding Company)
Key Management Personnel	Mr. Rakesh Makkar, CEO and Whole time director since 16 March, 2018 Mr. Anand Natarajan, Managing Director till 06 March, 2018*

* No transactions during the year.

These transactions were carried out in ordinary course of business and were at arm's length price.

Transactions during the year	Holding Company		Key Management Personnel		Total	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Expenses as per Resource sharing agreement	79,548,395	43,193,875	-	-	79,548,395	43,193,875
Reimbursement of expense incurred on behalf of Company	-	-	-	-	-	-
Expenses paid by Company on behalf of other	3,388,098	3,487,308			3,388,098	3,487,308
Inter corporate loan received	-	500,000,000			-	500,000,000
Inter corporate loan repayment	-	510,356,166			-	510,356,166
Fee for committed credit line	3,400,310	1,706,310			3,400,310	1,706,310
Investment on equity shares	-	3,000,000,010	-	-	-	3,000,000,010
Salary and employee benefits #						
Mr. Rakesh Makkar		-	778,838	-	778,838	-
Balance outstanding as at the year end						
Other Payable "(net)"						
Fullerton India Credit Company Limited	19,741,314	5,322,498	-	-	19,741,314	5,322,498

Remuneration to key management personnel Mr. Anand Natarajan is paid by the Holding Company, hence no disclosures has been made by the Company.

Managerial remuneration excludes provision for gratuity since it is provided on actuarial basis for the company as a whole.

27: CASH AND CASH EQUIVALENTS FOR THE PURPOSE OF CASH FLOW STATEMENT

Particulars	31 March, 2018 ₹	31 March, 2017 ₹
Cash and Bank Balance (refer note 15)	541,598,736	260,336,123
Less: Other bank balances (refer note 15)	506,723,756	100,000,000.00
Balance considered as Cash and Cash Equivalents for Cash Flow Statement	34,874,980	160,336,123

Notes

28: CONTINGENT LIABILITY AND COMMITMENTS

a) **Contingent Liabilities**: The Company doesn't have any contingent liabilities.

b) **Capital and other commitments:** Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March, 2018 is ₹ 4,441,046 (31 March, 2017: ₹ 231,273).

Loans sanctioned not yet disbursed as at 31 March, 2018 were ₹ 830,733,289 (31 March, 2017: ₹ 180,675,466).

29. EXPENDITURE IN FOREIGN CURRENCY

Particulars	31 March, 2018 ₹	31 March, 2017 ₹
Director sitting fees	850,000	850,763

30. Employee Stock Appreciation Rights

Holding Company has an Employee Share based payment scheme, under which grants were made to employees of the Company as per details provided below:

	Grant 6	Grant 7	Grant 6A
Date of Grant	01 April, 2016	01 April, 2017	01 April, 2017
Value of the Grant	₹ 7,000,000	₹ 25,125,000	₹ 9,500,000
Performance Condition	Achievement PBT and ROE targets as per approved business plan	Achievement of PAT and ROE targets as per approved business plan	Achievement of specific targets
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 01 December, 2019 Tranche II: 33% vesting on 01 December, 2020 Tranche III: 34% vesting on 01 December, 2021	Tranche I: 33% vesting on 01 December, 2020 Tranche II: 33% vesting on 01 December, 2021 Tranche III: 34% vesting on 01 December, 2022	Tranche I: 50% vesting on 01 December, 2020 Tranche II: 50% vesting on 01 December, 2021
Vesting period (including performance period)	Tranche I: 3 years 8 months Tranche II: 4 years 8 months Tranche III: 5 years 8 months	Tranche I: 3 years 8 months Tranche II: 4 years 8 months Tranche III: 5 years 8 months	Tranche I: 3 years 8 months Tranche II: 4 years 8 months -
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of last vesting.	Within 30 days from each vesting date but not later than 2 years from the date of last vesting.	Within 30 days from each vesting date but not later than 3 years from the date of last vesting.
Method of Settlement	Cash Payout		

Fair value is computed using the method provided in the scheme for estimating the valuation of the grant which is linked to the Net Book Value of the Holding Company.

Adjustment has been made for the resignations during the year ended 31 March, 2018 and the consequential impact of forfeiture of the grant.

The movement of the stock appreciation rights granted during the year is as under:

Particulars (No. of Options)	31 March, 2018	31 March, 2017
Grants Outstanding at beginning of Year	1,796,200	1,287,600
Options granted during Year	3,462,500	700,000
Options transferred during the year from Holding Company	2,326,125	-
Grants forfeited on resignation of employees	2,400,100	-
Grants lapsed during the year	632,500	-
Grants exercised	253,600	191,400
Grants outstanding – Unvested as on 31 March, 2018	4,298,625	1,796,200
Grants outstanding –Vested and Exercisable as on March 31, 2018	-	-
Expense arising from the grants till 31 March, 2018 (₹)	**519,835**	**7,437,328**

Summary for grants given to employees transferred from Holding company during the year ended 31 March, 2018:

	Grant 4	Grant 5	Grant 6	Grant 7
Date of Grant	01 April, 2014	01 April, 2015	01 April, 2016	01 April, 2017
Value of the Grant	₹ 7,500,000	₹ 7,500,000	₹ 7,500,000	₹ 6,000,000
Performance Condition	Achievement of Profit before tax (PBT) and Return on Equity (ROE) targets as per approved plan			Achievement of PAT & ROE targets as per approved plan
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 01 December, 2017	Tranche I: 33% vesting on 01 December, 2018	Tranche I: 33% vesting on 01 December, 2019	Tranche I: 33% vesting on 01 December, 2020
	Tranche II: 33% vesting on 01 December, 2018	Tranche II: 33% vesting on 01 December, 2019	Tranche II: 33% vesting on 01 December, 2020	Tranche II: 33% vesting on 01 December, 2021
	Tranche III: 34% vesting on 01 December, 2019	Tranche III: 34% vesting on 01 December, 2020	Tranche III: 34% vesting on 01 December, 2021	Tranche III: 34% vesting on 01 December, 2022
Vesting period (including performance period)	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months
	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months
	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of last vesting.			
Method of Settlement	Cash Payout			

Notes

Summary for grants given to employees transferred from Holding company during the year ended March 31, 2017:

	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5
Date of Grant	30 November, 2011	01 April, 2013	01 April, 2013	01 April, 2014	01 April, 2015
Value of the Grant	₹ 1,200,000	₹ 2,800,000	₹ 3,000,000	₹ 4,000,000	₹ 4,000,000
Performance Condition	Achievement of Profit before tax (PBT) and Return on Equity (ROE) targets as per approved business plan				
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 01 December, 2013	Tranche I: 33% vesting on 01 December, 2015	Tranche I: 33% vesting on 01 December, 2016	Tranche I: 33% vesting on 01 December, 2017	Tranche I: 33% vesting on 01 December, 2018
	Tranche II: 33% vesting on 01 December, 2014	Tranche II: 33% vesting on 01 December, 2016	Tranche II: 33% vesting on 01 December, 2017	Tranche II: 33% vesting on 01 December, 2018	Tranche II: 33% vesting on 01 December, 2019
	Tranche III: 34% vesting on 01 December, 2015	Tranche III: 34% vesting on 01 December, 2017	Tranche III: 34% vesting on 01 December, 2018	Tranche III: 34% vesting on 01 December, 2019	Tranche III: 34% vesting on 01 December, 2020
Vesting period (including performance period)	Tranche I: 2 years	Tranche I: 2 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months
	Tranche II: 3 years	Tranche II: 3 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months
	Tranche III: 4 years	Tranche III: 4 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of last vesting except for Grant 1 where period is 3 years				
Method of Settlement	Cash Payout				

The estimated fair value of the grant at a notional value of ₹ 10 per unit (as at the date of grant) is as below:

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 6A
As at 31 March, 2018	₹ 32.35	₹ 23.20	₹ 23.20	₹ 19.76	₹ 15.96	₹ 12.54	₹ 11.39	₹ 11.39
As at 31 March, 2017	₹ 27.56	₹ 19.97	₹ 19.97	₹ 17.01	₹ 13.74	₹ 10.89	Nil	Nil
As at 31 March, 2016	₹ 24.97	₹ 18.22	₹ 18.22	₹ 15.52	₹ 12.54	Nil	Nil	Nil
As at 31 March, 2015	₹ 19.49	₹ 14.53	₹ 14.53	₹ 12.38	Nil	Nil	Nil	Nil
As at 31 March, 2014	₹ 15.36	₹ 11.74	₹ 11.74	Nil	Nil	Nil	Nil	Nil
As at 31 March, 2013	₹ 12.78	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Particulars	Grant 1	Grant 2	Grant 3	Grant 4	Grant 5	Grant 6	Grant 7	Grant 6A
As at 31 March, 2012	₹ 10.42	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Exercise price Vest 1	₹ 12.78	₹ 14.53	₹ 18.22	₹ 17.01	Nil	Nil	Nil	Nil
Exercise pice Vest 2	₹ 15.36	₹ 18.22	₹ 19.97	Nil	Nil	Nil	Nil	Nil
Exercise price Vest 3	₹ 19.49	₹ 19.97	Nil	Nil	Nil	Nil	Nil	Nil

31. Retirement and other employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognised in the Statement of Profit and Loss and the amounts recognised in the balance sheet for the plan.

Statement of Profit and Loss

Gratuity expense (recognised in Employee benefit expense):

Particulars	31 March, 2018 ₹	31 March, 2017 ₹
Current service cost	1,208,430	546,704
Interest cost on benefit obligation	159,754	79,066
Net actuarial (gain)/loss recognised in the year	(852,446)	612,471
Net Benefit Expense	**515,738**	**1,238,241**

Balance Sheet

Details of Provision for gratuity:

Particulars	31 March, 2018 ₹	31 March, 2017 ₹
Defined benefit obligation	4,972,642	2,253,211
Less: Unrecognised Past Service Cost	-	-
Plan asset/(liability)	**4,972,642**	**2,253,211**

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

Particulars	31 March, 2018 ₹	31 March, 2017 ₹
Opening defined benefit obligation	2,253,211	1,014,970
Interest cost	159,754	79,066
Current service cost	1,208,430	546,704
Actuarial (gains)/losses on obligation	(852,446)	612,471
Liability Transferred In / Acquisitions	2,203,693	-
Closing defined benefit obligation	**4,972,642**	**2,253,211**

Notes

The principal assumptions used in determining gratuity liability for the Company's plans are shown below:

Particulars	31 March, 2018	31 March, 2017
Discount rate	6.93%	7.09%
Employee attrition	Category 1, Basic salary upto ₹ 120,000/-	For service 4 years and below 25.30% p.a.
	For service 4 years and below 61.30% p.a.	For service 5 years and above 2.00% p.a.
	For service 5 years and above 2.00% p.a.	
	Category 2, Basic salary more than ₹ 120,000/-	
	For service 4 years and below 43.50% p.a.	
	For service 5 years and above 2.00% p.a.	
Salary escalation	**10.00%**	**10.00%**

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

Amounts for the current period and previous periods are as follows:

Particulars	31 March, 2018 ₹	31 March, 2017 ₹	31 March, 2016 ₹	31 March, 2015 ₹	31 March, 2014 ₹
Defined benefit obligation	4,972,642	2,253,211	1,014,970	-	-
Surplus/(deficit)	(4,972,642)	(2,253,211)	(1,014,970)	-	-

32. Based on information available with the Company, there are no amounts payable to Small Scale Industrial Undertakings and Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMEDA) as on the balance sheet date. This information has been relied upon by the statutory auditors.

Sr No	Particulars	31 March, 2018 ₹	31 March, 2017 ₹
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	-	-
2	The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-

Sr No	Particulars	31 March, 2018 ₹	31 March, 2017 ₹
4	The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
5	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	-	-

33. Support service cost

During the year, the Company carried out its operations out of premises leased by Fullerton India Credit Company Limited, the Holding Company. The Company has entered into resource sharing agreement with the Holding Company, as per which Holding Company has agreed to share premises and other resources and thereby to facilitate achieve economies of scale and avoid duplication. The reimbursement of cost is calculated on the basis of number of employees, area occupied, time spent by employees for other companies, actual identification, etc.

During the year Company has been charged with ₹ 79,548,395 (including GST) (Previous year ₹ 43,193,875) on account of above mentioned arrangement.

34. Below disclosures for SBN relates to specific period as notified, however no such details required in current financial year 2017-18.

Details of Specified Bank Notes (SBN) held and transacted during the period from 08 November, 2016 to 30 December, 2016 as required by notification no. G.S.R 308 (E) dated 30 March, 2017

	SBNs	Other denomination notes	Total
	(A)	(B)	(C)
Closing cash in hand as on 08.11.2016	22,000	61	22,061
(+) Permitted receipts	-	599,277	599,277
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	22,000*	599,338	621,338
Closing cash in hand as on 30.12.2016	-	-	-

Note: In addition to the above, amount of ₹ 9,000 was deposited by borrowers of the Company, towards loan obligations, in the collection bank accounts of the Company during the period 08 November, 2016 to 30 December, 2016.

35. Corporate Social Responsibility (CSR) expenses

Gross amount required to be spent by the Company during the year: Nil

The average of profits for last three years is a loss, hence no amount was required to be spent on CSR activities.

Notes

36. Disclosure required by Insurance Regulatory and Development Authority (IRDA)

Disclosure as per Schedule VI B for insurance commission income earner during the year ended: ICICI Lombard General Insurance Company Ltd. ₹15,096,030/- for FY2018 (FY2017 : Nil)

37. There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2018.

38. Disclosures as required by NHB Directions 2010 and circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated 11 October, 2010, issued by National housing Bank

a) Capital to Risk Assets ratio (CRAR)

Items	Particulars	31 March, 2018	31 March, 2017
i)	CRAR (%)	24.15%	93.99%
ii)	CRAR - Tier I Capital (%)	23.48%	92.74%
iii)	CRAR - Tier II Capital (%)	0.67%	1.25%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

b) Reserve Fund u/s 29C of NHB Act, 1987

Please refer note 4

c) Details of Investments

Sr. No.		Particulars	31 March, 2018 ₹	31 March, 2017 ₹
A		**Value of Investments**		
	(i)	Gross Value of Investments		
		(a) In India	490,802,518	2,867,289,572
		(b) Outside India,	-	-
	(ii)	**Provisions for Depreciation**		
		(a) In India	-	-
		(b) Outside India,	-	-
	(iii)	**Net Value of Investments**		
		(a) In India	490,802,518	2,867,289,572
		(b) Outside India,	-	-
B		**Movement of provisions held towards depreciation on investments**		
	(i)	Opening balance	-	-
	(ii)	Add : Provisions made during the year	-	-
	(iii)	Less : Write-off / write-back of excess provisions during the year	-	-
	(iv)	Closing balance	-	-

d) Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, exchange traded interest rate derivatives. Hence, no disclosure is made for the same

e) **Securitisation, Direct assignment, Financials assets sale and purchase**

i) The Company has not entered into any agreement for securitisation and direct assignment. Hence, no disclosure is made for the same

ii) The Company has not entered into any agreement for sale or purchase of financial assets. Hence, no disclosure is made for the same

f) **Assets Liability Management (Maturity pattern of certain items of Assets Liabilities)**

Particulars	Advances*		Investments**		Borrowings	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Up to 30/31 days	4,186,306	453,525	540,571,285	2,977,289,572	-	-
Over 1 month upto 2 Months	46,599,057	7,941,527	-	-	296,196,445	-
Over 2 months upto 3months	50,939,345	9,924,004	-	-	-	-
Over 3 months & up to 6 months	141,671,145	30,462,744	350,000,000	100,000,000	302,083,333	-
Over 6 Months & up to 1 year	227,335,682	64,761,125	106,954,989	350,000,000	1,387,976,161	362,563,310
Over 1 year & up to 3 years	1,182,786,414	275,476,294	-	-	6,823,366,667	1,866,666,667
Over 3 years & up to 5 years	1,490,122,338	349,011,338	-	-	4,430,833,334	1,233,333,333
Over 5 years & up to 7 years	1,839,257,930	443,577,424	-	-	-	-
Over 7 years & up to 10 years	3,395,890,609	836,477,115	-	-	-	-
Over 10 years	10,525,351,437	2,716,177,935	-	-	-	-
Total	**18,904,140,263**	**4,734,263,031**	**997,526,274**	**3,427,289,572**	**13,240,455,940**	**3,462,563,310**

* Represents interest bearing portfolio loans

**Investments includes deposit with banks

In computing the above information, certain estimates and adjustments have been made by the management which are consistent with the guidelines provided by National Housing Bank.

Notes

g) Exposures

i) Exposure to real estate sector

Sr.no.	Particulars	31 March, 2018 ₹	31 March, 2017 ₹
a)	**Direct exposure**		
i)	**Residential Mortgages** - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented		
	a Individual housing loan upto ₹ 15 lakhs	2,396,571,304	587,133,306
	b Other	15,890,423,490	3,751,843,764
ii)	**Commercial Real Estate** - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	880,600,637	430,658,250
iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a Residential	-	-
	b Commercial Real Estate	-	-
b)	**Indirect exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

ii) **Exposure to capital market**

The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

iii) **Details of financing of parent company products**

The Company does not finance any of it's holding/parent company products.

iv) **Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC**

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the NHB.

v) **Unsecured advances**

Refer note 13 for unsecured advances. The Company has not given any advances against the rights, licenses, authorisations, etc.

vi) During the year no non-performing financial assets were purchased / sold.

h) **Registration with other financial sector regulator**

Name of Regulator	Status	Registration details
Insurance Regulatory and Development Authority (IRDA)	Corporate Agent	CA0492 valid till 30 April, 2020

i) No penalties imposed by NHB and any regulator during the current year and previous year.

j) Refer note 26 for related party transactions during the current and previous year.

k) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars		FY2017 CARE	FY2018 CARE
LT	NCD / SD	AA+	AA+
	TL	AA+	AA+
ST	CP	A1+	A1+

LT – Long Term
NCD – Non Convertible Debentures
TL – Term Loan

ST – Short Term
CP – Commercial Paper
SD – Subordinate Debt

There were no migrations of ratings during the year. All the ratings are subject to annual surveillance.

l) Net Profit or Loss for the period, prior period items and changes in accounting policies.

Refer Statement of Profit and Loss for profit or loss in the current and the previous year. The accounting policies followed in preparation of financial statements are consistent with those of the previous year.

m) Revenue has been recognised in accordance with the revenue recognition policy of the Company and there are no deviations to the same (refer note 2).

n) Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit and Loss

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31 March, 2018	31 March, 2017
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	52,368,486	-
3. Provision towards Sub standard portfolio loans	116,330,165	1,117,022
4. Provision for Standard portfolio loans		
Housing	24,507,159	26,404,478
Non Housing (incl. CRE)	22,507,065	20,243,993
5. Other Provision and Contingencies	-	-
Total	**215,712,875**	**47,765,494**

The total provision carried by the Company in terms of paragraph 29 (2) of the Housing Finance Companies (NHB) Directions, 2010 and the National Housing Bank (NHB) circular no. NHB (ND) / DRS / pol-no. 09/2004-05 dated 18 May, 2005 in respect of Housing and Non-Housing loans is as follows:

Break up of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Standard Assets				
a) Total Outstanding Amount	10,226,752,702	2,646,173,597	8,507,564,167	2,081,759,642
b) Provisions made	50,884,544	26,461,736	43,751,565	20,817,596
Sub-Standard Assets				

Notes

Break up of Loan & Advances and Provisions thereon	Housing		Non Housing	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
a) Total Outstanding Amount	233,456,579	7,339,992	53,814,002	106,822
b) Provisions made	103,924,825	1,100,999	13,522,362	16,023
Doubtful Assets - Category-I				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets - Category-II				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Doubtful Assets - Category-III				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	10,460,209,281	2,653,513,589	8,561,378,169	2,081,866,464
b) Provisions made	154,809,369	27,562,735	57,273,927	20,833,619

o) Draw down from reserves

The Company has not withdrawn any amount from any of the reserves during the year ended 31 March, 2018 (Previous year : Nil)

p) Concentration of Deposits, Advances, Exposures and NPAs

(i) Concentration of Deposits

The Company has not accepted any deposits during the current and previous year. Also there are no outstanding deposit from earlier years.

(ii) Concentration of Advances	31 March, 2018 ₹	31 March, 2017 ₹
Total advances to twenty largest borrowers	982,566,816	540,721,469
Percentage of advances to twenty largest borrowers to total advances of the Company	5%	11%

(iii) Concentration of Exposures	31 March, 2018 ₹	31 March, 2017 ₹
Total exposure to twenty largest borrowers / customers	988,460,823	543,499,792
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	5%	11%

(iv) Concentration of Non Performing Accounts	31 March, 2018 ₹	31 March, 2017 ₹
Total Exposure to top ten NPA accounts	120,386,804	7,446,814

(v) Sector-wise Non performing accounts		Percentage of NPAs to Total Advances in that sector	
Sr. No.	Sector	31 March, 2018	31 March, 2017
A	Housing Loans		
1	Individuals	2.2%	0.3%
2	Buider/Project loans	-	-
3	Corporates	-	-
4	Others	-	-
B	Non Housing Loans		
1	Individuals	0.6%	-
2	Buider/Project loans	-	-
3	Corporates	-	-
4	Others	-	-

q) Movement of NPAs, provision, net NPA

Sr. No.	Particulars	31 March, 2018 ₹	31 March, 2017 ₹
(i)	Net NPA to Net Advances (%)	**0.90%**	**0.13%**
(ii)	Movement in Gross NPAs		
	(a) Opening Balance	7,446,814	-
	(b) additions during the year	294,516,525	7,467,308
	Sub Total (A)	**301,963,339**	**7,467,308**
	(a) Up gradations	12,239,561	-
	(b) Recoveries	629,442	20,494
	(c) Write-Offs	1,823,755	-
	Sub Total (B)	**14,692,758**	**20,494**
	Gross NPAs as on 31 Mar (A-B)	**287,270,581**	**7,446,814**
(iii)	Movement in provisions for NPAs		
	(a) Opening Balance	1,117,022	-
	(b) Provisions made during the year	119,182,852	1,120,096
	(c) Write off / Write back of excess provisions	2,852,687	3,074
	(d) Closing Balance	117,447,187	1,117,022
(iv)	Movement in Net NPAs		
	(a) Opening Balance	6,329,792	-
	(b) additions during the year	175,333,672	6,347,212
	(c) Reductions during the Year	11,840,071	17,420
	(d) Closing Balance	**169,823,393**	**6,329,792**

r) The Company has not invested in any overseas assets in the current and previous year. Also there are no outstanding investments from earlier years.

Notes

s) The Company has not sponsored any off-Balance Sheet SPV in the current and previous year which are required to be consolidated as per accounting norms. Also there are no outstanding investments from earlier years.

t) In terms of requirement of NHB's Circular No. NHB(ND)/DRS/Pol.Circular.61/2013-14 dated 07 April, 2014 following information on Reserve Fund under section 29C of the National Housing Bank Act, 1987 is provided :

	Particulars	As at 31 March, 2018	As at 31 March, 2017
	Balance at the beginning of the year		
a)	Statutory Reserve u/s 29C of the NHB Act, 1987*	-	-
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 the NHB Act, 1987	-	-
	Addition / Appropriation / Withdrawal during the year		
	Add:		
a)	Amount transferred u/s 29C of the NHB Act, 1987*	22,042,600	-
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 the NHB Act, 1987	-	-
	Less:		
a)	Amount transferred u/s 29C of the NHB Act, 1987*	-	-
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 the NHB Act, 1987	-	-
		22,042,600	-
	Balance at the end of the year		
a)	Statutory Reserve u/s 29C of the NHB Act, 1987*	22,042,600	-
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 the NHB Act, 1987	-	-
		22,042,600	-

*As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a statutory reserve before any dividend is declared. The Special Reserve created as per Section 29C of the NHB Act, 1987, qualifies for deduction as specified u/s 36 (1) (viii) of the Income Tax Act, 1961 and accordingly Company has been availing tax benefits for such transfers.

u) **Details of fraud reported is given below**

Particulars	For the year ended 31 March, 2018	For the year ended 31 March, 2017
Amount involved	1,823,755	-
Amount recovered	-	-
Amount written off/provided	1,823,755	-
Balance	-	-

v) **Disclosure on complaints**

(a)	No. of complaints pending at the beginning of the year	-
(b)	No. of complaints received during the year	10
(c)	No. of complaints redressed during the year	7
(d)	No. of complaints pending at the end of the year	3

39. The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

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

Sd/-
Milind Ranade
Partner
Membership No: 100564

Place : Mumbai
Date : 17 May, 2018

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

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

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

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Jitendra Maheswari
Company Secretary
ICSI Reg. No. : A-19621

Place : Mumbai
Date : 17 May, 2018

Notes

GRIHASHAKTI™
Fullerton India Home Finance Co. Ltd.

Fullerton India Home Finance Co. Ltd.

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