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Chartered Accountants

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Independent Auditor's Report

To the Members of Fullerton India Home Finance Company Limited

Report on the audit of the financial statements

Opinion

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 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

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

Basis for opinion

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

Independent Auditor's Report *(Continued)*

Fullerton India Home Finance Company Limited

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Key audit matter	How the matter was addressed in our audit
Transition date accounting – adoption of new accounting framework (Ind AS) Refer to the accounting policies in the Financial Statements: Significant accounting policies -Basis of preparation and Note 34 to the financial statements: "First time adoption of Ind AS"	
Effective 1 April 2018, the Company adopted the Ind AS notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: • Classification and measurement of financial assets and financial liabilities • Measurement of loan losses (expected credit losses) • Accounting for loan fees and costs • Additional disclosures as per the requirements of the new financial reporting framework Transition to the new financial reporting framework (Ind AS) is an intricate process involving multiple decision points for management i.e: Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified the transition date accounting as a key audit matter because of the significant degree of management judgment in the first time application of Ind AS principles as at the transition date particularly in the areas noted above and the additional disclosures associated with transition to Ind AS.	Our key audit procedures included: **Design / controls** • Assessed the design, implementation and operating effectiveness of key internal financial controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind AS 101. • We have also noticed the approvals of Audit Committee for the choices and exemptions made by the Company for compliance/acceptability under Ind AS 101. **Substantive tests** • Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101; • Understood the methodology implemented by management to give impact on the transition; • Test checked the computations associated with the transition adjustments; • Assessed areas of significant estimates and management judgement in line with principles under Ind AS; • Compared the reasonableness of management assumptions in respect of classification and measurement of financial instruments, expected credit loss model, cash settled share based payments, etc.

Independent Auditor's Report *(Continued)*

Fullerton India Home Finance Company Limited

Key audit matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Impairment of portfolio loans	
Refer to the accounting policies in "Note 1.C.2 to the Standalone Financial Statements: Impairment and write off", "Note 1.B.v to the Standalone Financial Statements: Significant Accounting Policies- use of estimates and judgments", Note 28 to the Standalone Financial Statements: Impairment on financial instruments" and "Note 48 to the Standalone Financial Statements: Financial Risk Management – Credit Risk"	
Subjective estimate Recognition and measurement of impairment on portfolio loans involves significant management judgement. With the applicability of Ind AS 109 credit loss assessment is now based on Expected Credit Loss (ECL) model. The Company's impairment allowance is derived from estimates including historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant factors are : • Segmentation of loan book • Loan staging criteria • Calculation of probability of default / Loss given default • Consideration of probability weighted scenarios and forward looking macro-economic factors including use of management overlay There is a significant increase in the data inputs required for the computation of ECL. This increases the risk of completeness and accuracy of the data that has been used as a basis of assumptions in the model. Use of alternative data points further increases management's judgment and estimates thereof. Given the size of loan portfolio relative to the balance sheet and the impact of impairment allowance on the financial statements, we have considered impairment of portfolio loans as a key audit matter.	Our audit procedures included: **Design / controls** • Understood management's new / revised processes and system implemented in relation to impairment allowance; • Assessed the design and operating effectiveness of key internal financial controls over impairment allowance calculation including governance controls over the development of the ECL model; • Test checked management review controls over measurement of impairment allowances and disclosures in financial statements. **Substantive tests** • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice; • Engaged our financial risk modelling specialists to test the methodology of the ECL model and reasonableness of assumptions used; • Performed test of details over calculation of impairment allowance to check reasonableness of assumptions used in the ECL model; • Re-performed calculation of ECL model on test check basis; • Evaluated management's judgment in the determination of ECL including methodology, segmentation, economic factors, period of historical loss rates used and loss emergence periods; • Evaluated the adequacy of disclosures relating to ECL.

Independent Auditor's Report *(Continued)*

Fullerton India Home Finance Company Limited

Key audit matters *(Continued)*

Key audit matter	How the matter was addressed in our audit
Information technology	
IT systems and controls relating to Loan Management System The Company's processes on sanctions, disbursements and recovery of portfolio loans are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses Loan Management Systems to manage its portfolio loans. Due to the large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, controls over data integrity has become more significant. We have focused on program development, user access management, change management, segregation of duties and system application controls over loan management systems. We have identified 'IT system and controls' as key audit matters since the Company relies on automated processes and controls for recording of portfolio loans.	Our audit procedures to assess the IT system controls relating to Loan Management System included the following: • Evaluated the design of General IT controls i.e. access management, change management, program development and computer operations and IT application controls i.e. controls on system generated reports and system / application processing over key financial accounting and reporting related to loans. • Tested a sample of key internal financial controls operating over the information technology in relation to Loan Management System, including granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties and system change management. • Engaged our IT and Data & Analytics specialists to evaluate the design, implementation and operating effectiveness of the significant accounts related selected IT automated controls which are core to automated computation carried out by the IT system and the consistency of data transmission. • Other areas that were independently assessed included password policies, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Director's report and management discussion & analysis section – "Analysis of the Financial Statements", but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report *(Continued)*

Fullerton India Home Finance Company Limited

Management's responsibility for the financial statements

The Company's management and Board of Directors are responsible for the matters stated in Section 134 (5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit / loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under Section 133 of the Act read with relevant rules issued thereunder. 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 and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibility for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Independent Auditor's Report *(Continued)*

Fullerton India Home Finance Company Limited

Auditor's responsibility for the audit of the financial statements *(Continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

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

Independent Auditor's Report *(Continued)*

Fullerton India Home Finance Company Limited

Report on other legal and regulatory requirements (*Continued*)

d) in our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act read with relevant rules issued thereunder;

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

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

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

i. the Company has disclosed the impact of pending litigation as at 31 March 2019 on its financial position in the financial statements – refer note 40 to the financial statements;

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

iii. there were 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 in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company as at its extra ordinary general meeting, as further explained in note 35 to the financial statements, the remuneration paid by the Company to its Directors during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197 (16) of the Act which are required to be commented upon by us.

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

Milind Ranade
Partner
Membership No: 100564

Mumbai
28 May 2019

Fullerton India Home Finance Company Limited

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

(Referred to in our report of even date)

i. (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) According to the information and explanations given to us, the Company has a regular programme of physical verification of its property, plant and equipment by which all the property, plant and equipment 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 explanations given to us, the title deeds of immovable properties recorded as property, plant and equipment in the books of account of the Company 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 explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security in connection with loan to any of its Directors or to any person in whom the Director is interested. The Company has complied with the provisions of Section 186 of the Act, with respect to the investments made, as applicable.

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. 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 employee's state insurance, income tax, goods and services 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 delays. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

Fullerton India Home Finance Company Limited

Annexure A to the Independent Auditor's Report – 31 March 2019 *(Continued)*

(b) According to the information and explanations given to us, there are no dues of provident fund, income tax, goods and services tax, employee's state insurance cess and other material statutory dues which have not been deposited by the Company on account of disputes.

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 financial institution, bank or debenture holders. During the year, the Company did not have any loans or borrowing from the government.

ix. 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.

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 invested in liquid assets.

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, now have been informed of such case by the management.

xi. According to the information and explanations given to us and as per the special resolution passed at its extra ordinary general meeting, as further explained in Note 35 to the financial statements, 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. 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 based on 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 explanations given to us and based on our examination of the records, 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 explanations 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.

Fullerton India Home Finance Company Limited

Annexure A to the Independent Auditor's Report – 31 March 2019 *(Continued)*

xvi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company being a housing finance company is registered with National Housing Bank and is 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

Milind Ranade
Partner
Membership No: 100564

Mumbai
28 May 2019

Fullerton India Home Finance Company Limited

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

(Referred to in our report of even date)

Report on the Internal Financial Controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

(Referred to in paragraph (A.f.) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

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

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's responsibility for internal financial controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal financial control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Fullerton India Home Finance Company Limited

Annexure B to the Independent Auditor's Report *(Continued)*

Auditor's responsibility ***(Continued)***

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

Meaning of internal financial controls with reference to financial statements

The company's internal financial controls with reference to financial statements 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. The company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 with reference to financial statements

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

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

Milind Ranade
Partner
Membership No: 100564

Mumbai
28 May 2019

Fullerton India Home Finance Company Limited
Balance sheet as at 31 March 2019

	Note	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
ASSETS				
Financial assets				
Cash and cash equivalents	2	9,461	349	1,603
Bank balances other than cash and cash equivalents	3	5,006	5,356	4,545
Investments	4	31,238	4,742	28,648
Trade receivables	5	62	26	-
Other financial assets	6	521	394	87
Loans and advances	7	2,96,731	1,87,488	46,873
		3,43,019	**1,98,355**	**81,756**
Non financial assets				
Current tax assets	8	329	32	9
Deferred tax asset (net)	9	1,497	1,287	-
Other non-financial assets	10	823	347	41
Property, plant and equipment	11	1,010	139	53
Intangible assets	12	84	10	13
		3,743	**1,815**	**116**
Total Assets		**3,46,762**	**2,00,170**	**81,872**
LIABILITIES AND EQUITY				
Liabilities				
Financial liabilities				
Trade payables	13			
i) total outstanding dues to micro enterprises and small enterprises		-	-	-
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		782	452	334
Debt Securities	14	74,988	38,346	-
Borrowings	15	2,01,111	95,525	34,638
Other financial liabilities	16	19,252	30,504	12,301
		2,96,133	**1,64,827**	**47,273**
Non financial liabilities				
Current tax liabilities	17	7	65	-
Provisions	18	94	59	39
Other non-financial liabilities	19	823	543	317
		924	**667**	**356**
Equity				
Equity share capital	20	24,536	19,527	19,527
Other equity	21	25,169	15,149	14,716
		49,705	**34,676**	**34,243**
Total liabilities and equity		**3,46,762**	**2,00,170**	**81,872**

Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements — 1-50

As per our report of even date attached.

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

Milind Ranade
Partner
Membership No.: 100564

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

Anindo Mukherjee
Chairman
DIN : 00019375

Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Pankaj Malik
Chief Financial Officer

Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 28 May 2019

Place: Mumbai
Date: 28 May 2019

Fullerton India Home Finance Company Limited

Fullerton India Home Finance Company Limited
Statement of Profit and Loss for the year ended 31 March 2019

	Note	Year ended 31 March 2019 (₹ lakhs)	Year ended 31 March 2018 (₹ lakhs)
Revenue from operations			
Interest income	22	30,762	12,955
Commission income	23	359	151
Net gain on financial assets at FVTPL	24	1,072	236
Ancillary income	25	545	219
Total revenue from operations		**32,738**	**13,561**
Other income	26	242	129
Total Income		**32,980**	**13,690**
Expenses			
Finance costs	27	18,388	5,993
Impairment on financial instruments	28	4,351	2,807
Employee benefits expense	29	5,662	2,966
Depreciation, amortisation and impairment	11&12	234	42
Other expenses	30	4,049	2,225
Total expenses		**32,684**	**14,033**
Profit before tax		**296**	**(343)**
Tax expense	31		
Current tax		458	524
Adjustment of tax relating to earlier periods		-	-
Deferred tax expense / (credit)		(210)	(1,291)
		248	(767)
Net profit after tax		**48**	**424**
Other comprehensive income / (loss)	32		
Items that will not be reclassified to profit or loss, net of tax			
Re-measurement of gain/loss on defined benefit plans		(19)	9
Income tax relating to above		-	-
Other comprehensive loss		**(19)**	**9**
Total comprehensive income		**29**	**433**
Earnings per equity share:	33		
Basic earnings per share		0.02	0.22
Diluted earnings per share		0.02	0.22
Face value per share (in ₹)		10.00	10.00
Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-50		

As per our report of even date attached.

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

Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 28 May 2019

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

Anindo Mukherjee
Chairman
DIN : 00019375

Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Pankaj Malik
Chief Financial Officer

Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 28 May 2019

Fullerton India Home Finance Company Limited

Fullerton India Home Finance Company Limited
Statement of Changes in Equity for the year ended 31 March 2019

A. Equity share capital

Particulars	Number of shares	Amount (₹ lakhs)
Equity share of Rs. 10 each fully paid up as at 1 April 2017	19,52,73,443	19,527
Changes during the year	-	-
Equity share of Rs. 10 each fully paid up as at 31 March 2018	19,52,73,443	19,527
Changes during the year	5,00,83,473	5,009
Equity share of Rs. 10 each fully paid up as at 31 March 2019	24,53,56,916	24,536

B. Other equity

(Amount in ₹ lakhs)

Particulars	Reserves and surplus					Items of OCI	Total
	General Reserve	Capital Reserve	Securities premium	Reserve Fund under Section 29C(i) of the NHB Act, 1987	Retained Earnings	Re-measurement of defined benefit plan	
Opening balance as at 01 April 2017	-	-	16,473	-	(1,757)	-	14,716
Reversed/ (utilised) for debenture issue costs	-	10	(10)	-	-	-	-
Transferred from retained earnings to reserve fund	-	-	-	220	(220)	-	-
Profit for the year	-			-	424	-	424
Other comprehensive income for the year	-			-	-	9	9
Closing balance as at 31 March 2018	-	10	16,463	220	(1,553)	9	15,149
Transferred from retained earnings to reserve fund	-	-	-	11	(11)	-	-
Securities Premium on shares issued	-	-	9,991	-	-	-	9,991
Profit for the year	-	-	-	-	48	-	48
Other comprehensive income for the year	-	-	-	-	-	(19)	(19)
Closing balance as at 31 March 2019	-	10	26,454	231	(1,516)	(10)	25,169

As per our report of even date attached   1-50

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

Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 28 May 2019

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

Anindo Mukherjee
Chairman
DIN : 00019375

Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Pankaj Malik
Chief Financial Officer

Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 28 May 2019

Fullerton India Home Finance Company Limited

Fullerton India Home Finance Company Limited
Statement of cash flow for the year ended 31 March 2019

	Year ended 31 March 2019 (₹ lakhs)	Year ended 31 March 2018 (₹ lakhs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	**296**	**(343)**
Adjustments for :		
Financial asset measured at amortised cost	(821)	(357)
Financial liabilities measured at amortised cost	2	(44)
Depreciation, amortisation and impairment	234	42
Interest income on fixed deposits, bonds and investments	(694)	(921)
Disocunt on commercial papers	1,281	353
Net (gain)/loss on financial assets at FVTPL	(1,072)	(2)
Impairment on financial instruments	4,251	2,807
Write off of fixed assets & intangible assets	1	-
Fair valuation of SAR liability	321	20
Amortisation of ancillary borrowing costs	-	20
Operating profit before working capital changes	3,799	1,575
Adjustments for working capital:		
- (Increase)/decrease in loans and advances	(1,11,112)	(1,47,861)
- (Increase)/ decrease in other Assets (Financials & Non - Financial assets)	(319)	2,355
- (Increase)/decrease in trade receivables	(36)	-
- Increase/(decrease) in other liabilities (Provision and Financial & Non- Financial liabilities)	(10,608)	21,498
Cash (used)/generated from operating activities	(1,18,276)	(1,22,433)
Income tax paid (net)	(1,000)	(477)
Net cash (used)/generated from operating activities (A)	(1,19,276)	(1,22,910)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property plant and equipment and intangibles	(1,180)	(125)
Purchase of investments	(17,15,647)	(4,11,500)
Sale/maturity of investments	16,89,250	4,36,363
Fixed deposit placed during the year	(6,500)	(1,567)
Fixed deposit matured during the year	6,567	1,000
Interest received on fixed deposits and bonds	486	100
Interest received on investments	440	-
Net cash (used)/generated from investing activities (B)	(26,584)	24,271
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of share capital (including share premium)	15,000	-
Proceeds from borrowings from banks and financial institutions	1,89,000	1,01,175
Repayment of borrowings from banks and financial institutions	(48,500)	(3,750)
Payment of ancillary borrowing costs	(528)	(40)
Net cash (used)/generated in financing activities (C)	1,54,972	97,385
Net increase / (decrease) in cash and cash equivalents [D = (A+B+C)]	9,112	(1,254)
Cash and cash equivalents as at the beginning of the period (E)	349	1,603
Closing balance of cash and cash equivalents (D+E)	9,461	349
Components of cash and cash equivalents:		
Cash on hand	-	-
Balances with banks		
- in current accounts	9,461	349
- in fixed deposit with maturity less than 3 months	-	-
Cash and cash equivalents	9,461	349

Note:
The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows. Effective 1 April 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of amendment did not have any material impact on the financial statements. (Refer note 15 (b) for net debt reconciliation)

As per our report of even date attached

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

Milind Ranade
Partner
Membership No.: 100564

Place: Mumbai
Date: 28 May 2019

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

Anindo Mukherjee
Chairman
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CEO & Whole Time Director
DIN : 01225230

Pankaj Malik
Chief Financial Officer

Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 28 May 2019

Fullerton India Home Finance Company Limited

Fullerton India Home Finance Company Limited

Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2019

1. Notes to Financial Statements

A. Company information

Fullerton India Home Finance Company Limited ('the Company') is a public limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a Housing finance Company ('HFC') registered vide Registration number 07.0122.15 dated 14 July, 2015 with the National Housing Board ('NHB'). Registered address of the Company is Fullerton India Home Finance Company Limited, 3rd Floor, No 165, Megh Towers, Poonamallee High Road, Maduravoyal, Chennai. The Company provides loans to customers for purchase of new home, home improvement loans, home construction, home extensions, loans against property (collectively referred to as "Portfolio Loans").

As at 31 March 2019, Fullerton India Credit Limited, the holding Company owned 100% of the Company's equity share capital.

B. Basis of preparation

i. Statement of compliance

These financial statements have been prepared, on a going concern basis, in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the NHB Directions 2010 as applicable to an HFCs and other accounting principles generally accepted in India.

The financial statements up to and for the year ended 31 March 2018 were prepared in accordance with accounting standards notified under Section 133 of the Act, the relevant rules thereunder, other relevant provisions of the Act and guidelines issued by the NHB as applicable to an HFCs (Previous GAAP).

These are the first Ind AS financial statements of the Company prepared in accordance with Ind AS. Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. Refer note 34 for an explanation of how the transition from Previous GAAP to Ind AS has affected the Company's previously reported financial position, financial performance and cash flows.

ii. Presentation of financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity are presented in the format prescribed in the Schedule III vide their Notification G.S.R. 1022(E) dated 11 October 2018 for Non –Banking Financial Companies in Division III to the Act. The statement of cash flow has been presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 49.

iii. Functional and presentation currency

Indian rupees is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Accordingly, the management has determined that financial statements are presented in Indian Rupees. All amounts have been rounded off to the nearest lakhs upto two decimal places, unless otherwise indicated.

Fullerton India Home Finance Company Limited ★

iv. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial instruments (as explained in the accounting policies below)	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations
Liabilities for cash settled share based payments	Fair value

v. Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known or materialized.

Assumptions and estimation uncertainties

Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2019 is included in the following notes to the policy :

Note 1.C.2 – financial instruments – Fair values, risk management and impairment of financials assets
Note 1.C.7 – recognition of deferred tax assets;
Note 1.C.8 – estimates of useful lives and residual value of property, plant and equipment and intangible assets;
Note 1.C.9 – Impairment test of non-financial assets : key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;
Note 1.C.10 – measurement of defined benefit obligation : key actuarial assumptions and cash settled – share based payments and
Note 1.C.11 – recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources, if any

vi. Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fullerton India Home Finance Company Limited

The Company has an established control framework with respect to the measurement of fair values. Measurement of fair value includes determining appropriate valuation techinques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value. Judgment and estimation are usually required for selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of probability of counterparty default and selection of appropriate discount rates.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes to accounts:

Note 48 - Financial instruments - Fair values and risk management

Note 38 - Cash settled share based payments

C. Significant accounting policies

1. Revenue Recognition

Interest income

The Company calculates interest income using the Effective Interest Rate (EIR) method.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. The future cash flows are estimated taking into account all the contractual terms of the asset. If expectations regarding the cash flows on the

Fullerton India Home Finance Company Limited

financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the statement of profit and loss.

When a financial asset becomes credit-impaired subsequent to initial recognition, the Company calculates interest income by applying the effective interest rate to the amortised cost (net of provision) of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on financial assets classified as FVTPL is recognized at contractual interest rate of financial instruments.

Penal/additional interest on default in payment of dues by customer is recognized on realization basis.

Fee income

Loan processing fee/document fees/stamp fees which are integral part of financials assets are recognized through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortized portion of the fee is recognized as income to the Statement of profit and loss at the time of such foreclosure/transfer through assignment. Applications fee is recognized at the commencement of the contracts. Additional charges such as penal, dishonor, foreclosure charges, delayed payment charges etc. are recognized on realization basis.

Dividend income

Dividend income is recognized as and when the right to receive payment is established.

Net gain from financial assets at FVTPL

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

Rendering of services

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 to determine when to recognize revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, an entity estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions,

Fullerton India Home Finance Company Limited

incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Commission income

Commission income earned for the services rendered are recognized on accrual basis, while rate conversion charges are recognized upfront based on event occurrence.

2. Financial instruments

- **Recognition and initial measurement**

Financial assets and liabilities are recognsied when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value on trade date basis. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. Transaction costs of financial instrument carried at fair value through profit or loss are expensed in profit or loss.

- **Classification and subsequent measurement**

Financial assets

The Company subsequently classifies its financial assets in the following measurement categories:

- amortised cost;
- Fair value through profit or loss
- fair value through other comprehensive income

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial assets is measured at amortized cost using Effective Interest Rate (EIR) method if it meets both of the following conditions :

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment – by – investment basis.

All financials assets not classified and measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate the financials assets that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL, if doing so eliminates or significantly reduces the accounting mismatch that would otherwise arise.

Fullerton India Home Finance Company Limited

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice.
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal). Amount 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

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Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Any gain or loss on derecognition is recognized in the statement of profit or loss.
Financial assets (other than Equity Investments) at FVOCI	Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the statement of Profit and Loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to profit or loss.

Financial liabilities and equity instruments

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received.

Financial liabilities are subsequent measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense and foreign exchange gains and losses are recognized in the Statement of Profit and Loss. Any gain or loss on derecognition is also recognized as profit or loss respectively.

- **Reclassification**

If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on Modification and derecognition of financial assets described below.

Fullerton India Home Finance Company Limited

- **De-recognition**

Financial Assets, modification and transfer

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Profit/premium arising at the time of assignment of portfolio loans, is recognized as an upfront gain/loss. Interest on retained portion of assigned portfolio is recognized basis Effective Interest Rate. Service fee received is accounted for based on the terms of underlying deal structure of transaction.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized as profit or loss.

- **Offsetting of financial instruments**

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

- **Impairment and write off**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are measured at amortised cost along with related undrawn commitments.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the sanction letter till the the amount is fully drawn down by the customer.

Fullerton India Home Finance Company Limited

The Company recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. For recognition of impairment loss on financial assets ,the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial assets. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Company also considers the peers data points to benchmark assessment of expected credit loss.

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. The measurement of the loss allowance is based on the present value of the assets expected cash flows using the assets EIR, regardless of whether it is measured on an individual basis or a collective basis.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

- **Collateral valuation and repossession**

To mitigate the credit risk on financial assets, the Company seeks to use collateral, where possible as per the Board approved Credit Policy. The Company provides fully secured, partially secured and unsecured loans to customers. The parameters relating to acceptability and valuation of each type of collateral is a part of the Credit Policy of the Company.

In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals, the Company liquidates the assets and recovers the amount due against the loan. Any surplus funds are returned to the customers/obligors.

Fullerton India Home Finance Company Limited

3. **Cash and cash equivalents**

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand, call deposits and other short term, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consists of balances with banks which are unrestricted for withdrawal and usage.

4. **Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the assets or assets, even if the right is not explicitly specified in an arrangement.

Operating lease

Leases where the lessor effectively retains substantially all risks and benefits incidental to ownership of the asset are classified as Operating lease.

Company as a lessee

Operating lease payments (net of any incentive received from the lessor) are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease term unless the payments are structured to increase in line with general inflation to compensate for the lessor's expected inflationary cost.

5. **Borrowing costs**

Borrowing cost is calculated using effective interest rate on the amortised cost of the instrument. EIR includes interest and amortization of ancillary costs, incurred in connection with the borrowing of funds. Other borrowing costs are recognized as an expense in the period in which they are incurred.

6. **Foreign currency**

Transactions in foreign currency are recorded at exchange rate prevailing on the date of transaction. Exchange differences, if any, arising out of foreign exchange transactions settled during the period are recognized in the Statement of Profit and Loss. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the Balance sheet date and exchange gain or loss arising restatement is recognized in the Statement of Profit and Loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

All resulting exchange differences are recognized in other comprehensive income.

7. **Income taxes**

Income tax expense comprises current tax expenses, net change in the deferred tax assets or liabilities during the year and any adjustment to the tax payable or receivable in respect of previous years. Current and deferred taxes are recognized in the Statement of profit and loss, except when they relate to business combinations or to an item that are recognized in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognized in Other comprehensive income or directly in Equity respectively.

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Current Income taxes

The current income tax includes income taxes payable by the Company computed in accordance with the tax laws applicable in the jurisdiction in which the Company generate taxable income and any adjustment to the tax payable or receivable in respect of previous years.

The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

Deferred income taxes

Deferred income tax is recognized using Balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount.

Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed or settled. Deferred tax asset are recognized to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow part of deferred income tax assets to be utilised. At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefit in the form of availability of setoff against future income tax liability. Accordingly, MAT is recognized as deferred tax assets in the Balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

Goods and services tax input credit

Goods and services tax input credit is recognized in the books of accounts in the period in which the supply of goods or service received is recognized and when there is no uncertainty in availing/utilising the credits. Expenses and assets are recognized net of the goods and services tax/value added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

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The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

8. Property plant and equipment (including Capital Work-in-Progress) and Intangible assets

Recognition and measurement

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

Cost of an item of property, plant and equipment comprises its purchase price(after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

Assets acquired which are not ready for intended use as on the reporting date are classified under Capital work in progress.

Any gain or loss arising from disposal of an item of property, plant and equipment and intangible assets is recognized as profit or loss respectively.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All other expenditure is recognized in the Statement of Profit and Loss as incurred.

Depreciation/Amortization

Depreciation on Property, plant and equipment is provided on straight-line basis as per the estimated useful life of the assets as determined by the management, which is in line with Schedule II of the Companies Act, 2013 except for certain assets as stated below.

	Useful life estimated by the Company (in years)	**Useful Life as per Schedule II (in years)**
Computer Server and Other Accessories *	4	6
Computer Desktop and Laptops *	3	3
Furniture and Fixtures *	5	10
Office Equipment's *	5	5
Handheld devices *	2	5
Vehicles *	4	8

* Useful life of the assets has been assessed based 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.

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Leasehold improvements are amortized over the period of the lease subject to a maximum lease period of 66 months.

Depreciation/Amortization on addition/disposable is provided on a pro-rata basis i.e from/upto the date on which asset is ready to use /disposed off.

Intangible Assets

Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.
Intangible assets are amortized using the straight line method over a period of five years commencing from the date on which such asset is first installed.

9. Impairment on Non Financials Assets

The carrying amount of the non-financial assets other than deferred tax are reviewed at each Balance Sheet date if there is any indication of impairment based on internal /external factors. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. The recoverable amount of the assets/ Cash generating unit is estimated as the higher of net selling price and its value in use. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. After impairment, depreciation / amortization is provided on the revised carrying amount of the asset over its remaining useful life.

The Company reviews at each reporting date, whether there is any indication that the loss has decreased or no longer exists. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortization if there were no impairment.

10. Employee Benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Defined Contribution Plans

Contributions to defined contribution schemes includes employees' state insurance, superannuation scheme, employee pension scheme. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. The Company makes specified periodic contributions to the credit of the employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees.

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Defined Benefit Plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized in Other Comprehensive Income (OCI). The Company determines the net interest expense /income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/asset, taking into account any changes in the net defined benefit liability /asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognized immediately in the Statement of Profit or Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long term employee benefits

The Company's net obligation in respect of long-term employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method.

Phantom Plan

For cash-settled share based payments, the fair value of the amount payable to employees is recognized as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognized in employee benefits expenses. Refer Note 38 for details.

11. Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognized when an enterprise has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

The Company operates in a regulatory and legal environment that, by nature, has an inherent risk of litigation to its operations and in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Contingent assets are neither recognized nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/development of asset and amount of undisbursed portfolio loans.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

12. Earnings per share

Basic earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the profit per share.

13. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company.

14. Dividend on equity shares

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognized directly in equity.

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D. Recent Accounting Development

Standards issued but not yet effective

Following are the new standards and amendments to existing standards (as notified by Ministry of Corporate Affairs (MCA) on March 30, 2019 as part of the Companies (Ind AS) Amendment Rules, 2019) which are effective for the annual period beginning from April 01, 2019. The Company intends to adopt these standards and amendments from the effective date.

Ind AS 116 – Leases:

Ind AS 116 is applicable for financial reporting periods beginning on or after April 01, 2019 and replaces existing lease accounting guidance, namely Ind AS 17 Leases. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The nature of expenses related to those leases will change as Ind AS 116 replaces the operating lease expense (i.e. rent) with depreciation charge for ROU assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company plans to apply Ind AS 116 on April 01, 2019, using the prospective approach. Therefore, the ROU asset is measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before the date of initial application

The Company is in the process of analysing the impact of new lease standard on its financial statements.

Amendments to existing Ind AS:

The following amended standards are not expected to have a significant impact on the Company's financial statements. This assessment is based on currently available information and is subject to changes arising from further reasonable and supportable information being made available to the Company when it adopts the respective amended standards.

i. Amendment to Ind AS 12 Income Taxes:

Income tax consequences of distribution of profits (i.e dividends), including payments on financial instruments classified as equity, should be recognized when a liability to pay dividend is recognized.

The income tax consequences should be recognized in profit or loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized.

Appendix C has been added to Ind AS 12 which seeks to bring clarity to the accounting for uncertainties on income tax treatments that are yet to be accepted by tax authorities and to reflect it in the measurement of current and deferred taxes.

ii. Amendments to Ind AS 109 Financial Instruments:

A financial asset would be classified and measured at amortised cost or at Fair Value through Other Comprehensive Income (FVOCI) if its contractual cash flows are solely in the nature of principle and interest on the principle amount outstanding (SPPI criterion).

An exception has been prescribed to the classification and measurement requirements with respect to the SPPI criterion for financial assets that:

-Have a prepayment feature which results in a negative compensation.

-Apart from the prepayment feature, other features of the financial asset would have contractual cash flows which would meet the SPPI criterion, and

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-The fair value of the prepayment feature is insignificant when the entity initially recognises the financial asset. If this is impracticable to assess based on facts and circumstances that existed on initial recognition of the asset, then the exception would not be available.

Such financial assets could be measured at amortised cost or at FVOCI based on the business model within which they are held.

iii. Amendments to Ind AS 19 Employee Benefits

When a defined benefit plan is amended, curtailed or settled, entities would be required to use updated actuarial assumptions to determine its current service cost and net interest for the remainder of the annual reporting period (post the plan amendment, curtailment or settlement).

The effect of the asset ceiling would not be considered while calculating the gain or loss on any settlement of the plan. Subsequently, it would be recognized in other comprehensive income.

iv. Amendments to Ind AS 23 Borrowing costs

Borrowing cost eligible for capitalization

- Clarification that in computing the capitalization rate for funds borrowed generally, the Company should exclude borrowing costs applicable to borrowings made specifically for obtaining a qualifying asset, only until the asset is ready for its intended use or sale. Borrowing costs related to specific borrowings that remain outstanding after the related qualifying asset is ready for intended use or for sale would subsequently be considered as part of the general borrowing cost of the Company.
- Transitional provision: The Company applying Ind AS 23 should apply the amendments to the borrowing costs incurred on or after the date the Company first applies the amendments.

The amendments that are not yet effective, made to the the following existing standards, does not have any impact on the Company's financial statements :

- Ind AS 28 Investments in associates and joint ventures
- Ind AS 103 Business Combinations and
- Ind AS 111 Joint arrangements

2. Cash and cash Equivalents

Particulars	**As at 31 March 2019 (₹ lakhs)**	**As at 31 March 2018 (₹ lakhs)**	**As at 01 April 2017 (₹ lakhs)**
Cash on hand	-	-	-
Balances with banks			
- in current accounts	9,461	349	503
- in deposit with maturity less than 3 months	-	-	1,100
Total	**9,461**	**349**	**1,603**

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3. Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Deposit with maturity of more than 3 month but less than 12 months	5	-	-
Deposit with maturity of more than 12 months	5,001	5,356	4,545
Total	**5,006**	**5,356**	**4,545**

4. Investments

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Measured at fair value through profit and loss			
Units of Mutual funds			
93,604.460 (31 March 2018: Nil; 1 April 2017: Nil) units of Rs. 1,000 each in DSP Liquidity Fund Option - Direct Plan - Growth	2,503	-	-
66,116.578 (31 March 2018: Nil; 1 April 2017: Nil) units of Rs. 10 each in Kotak Liquid - Direct Plan - Growth	2,502	-	-
Measured at fair value through profit and loss			
Unquoted: Certificate of deposits			
5,000 (31 March 2018: 2,500; 1 April 2017: 2,500) units of Rs. 100,000 each of Axis Bank Limited	4,869	2,348	2,469
5,000 (31 March 2018: 2,500; 1 April 2017: 7,500) units of Rs. 100,000 each of ICICI Bank Limited	4,813	2,394	7,319
7,500 (31 March 2018: Nil; 1 April 2017: 3,000) units of Rs. 100,000 each of IDFC Bank Limited	7,142	-	2,964
10,000 (31 March 2018: Nil; 1 April 2017: Nil) units of Rs. 100,000 each of INDUSIND BANK	9,409	-	-
Nil (31 March 2018: Nil; 1 April 2017: 5,000) units of Rs. 100,000 each of NABARD	-	-	4,731
Nil (31 March 2018: Nil; 1 April 2017: 2,500) units of Rs. 100,000 each of Kotak Mahindra Bank Limited	-	-	2,469
Nil (31 March 2018: Nil; 1 April 2017: 2,500) units of Rs. 100,000 each of Credit Suisse	-	-	2,469
Nil (31 March 2018: Nil; 1 April 2017: 4,000) units of Rs. 100,000 each of SIDBI	-	-	3,760
Nil (31 March 2018: Nil; 1 April 2017: 2,500) units of Rs. 100,000 each of HDFC Bank	-	-	2,467
Total	**31,238**	**4,742**	**28,648**

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5. Trade Receivables

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Receivables considered good - Secured	-	-	-
Receivables considered good - Unsecured	62	26	-
Less: Provision for impairment	-	-	-
Total	**62**	**26**	**-**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Also, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

6. Other Financial Assets

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Security Deposits	108	2	-
Interest Accrued on Investment	210	158	16
Others	203	234	71
Total	**521**	**394**	**87**

7. Loans and Advances

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Loans carried at amortized cost			
(i) Loans repayable on Demand	-	-	-
(ii) Portfolio Loans*	301,309	190,814	47,434
Total Gross	**301,309**	**190,814**	**47,434**
Less- Impairment allowance	(4,578)	(3,326)	(561)
Total Net	**296,731**	**187,488**	**46,873**
(i) Secured by tangible assets	296,731	187,488	46,873
(ii)Secured by intangible assets	-	-	-
(iii) Covered by Bank/Government Guarantees	-	-	-
(iv) Unsecured	-	-	-
Total (B)-Gross	**296,731**	**187,488**	**46,873**
Less: Impairment loss allowance			
Total (B)-Net	**296,731**	**187,488**	**46,873**

* All the loans are disbursed in India and there are no loans issued to public sector.

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8. Current tax assets

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Advance tax (net of provision)	329	32	9
Total	**329**	**32**	**9**

Advance tax (net of provision) of ₹ 32 lakhs for FY 2018 has been reclassified from Provision for tax (net of advance tax).

9. Deferred tax (Net)

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Deferred tax asset arising on account of :			
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	27	11	-
Provision for diminution in the value of investments	-	2	
Impact on application of expected credit loss on financial assets	1,284	1,052	-
Rent Equalisation reserve	6	-	-
Processing fee and LOC adjustments related to financial assets at amortised cost	479	305	-
Provision for expenses disallowed as per Income-tax Act, 1961	109	-	-
Fair valuation of SAR liability	-	6	-
Provision for security deposits	1	-	-
Preliminary expenses	14	33	-
Total deferred tax assets (A)	**1,920**	**1,409**	**-**
Deferred tax liability arising on account of :			
Difference in book value of PPE	8	6	-
Borrowing cost adjustments related to financial liabilities at amortised cost	164	40	-
Fair valuation of loans assigned	184	-	-
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	67	76	-
Total deferred tax liabilities (B)	**423**	**122**	**-**
Deferred tax assets (net) (A-B)	**1,497**	**1,287**	**-**

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10. Other Non-Financial Assets

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Advances recoverable in cash or in kind or for value to be received	84	33	9
Surplus in gratuity fund			
Prepayments	187	49	16
Capital advances	1	-	6
Advances to employees	2	1	0
Others	549	264	10
Total	**823**	**347**	**41**

11. Property, Plant and Equipment

(₹ lakhs)

Particulars	Office Equipments	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land *	Total
Gross block							
Balance as at 01 April 2017	-	13	40	-	-	-	**53**
Additions	1	24	43	6	45	6	**125**
Deletions	-	-	-	-	-	-	**-**
Balance as at 31 March 2018	**1**	**37**	**83**	**6**	**45**	**6**	**178**
Additions	125	407	265	287	8	-	**1,092**
Deletions	-	(2)	-	-	-	-	**(2)**
Balance as at 31 March 2019	**126**	**442**	**348**	**293**	**53**	**6**	**1,268**
Accumulated depreciation							
Balance as at 01 April 2017	-	-	-	-	-	-	**-**
Depreciation charge	1	9	23	1	5	-	**39**
Deletions	-	-	-	-	-	-	**-**
Balance as at 31 March 2018	**1**	**9**	**23**	**1**	**5**	**-**	**39**
Depreciation charge	16	55	89	49	11	-	**220**
Deletions	-	(1)	-	-	-	-	**(1)**
Balance as at 31 March 2019	**17**	**63**	**112**	**50**	**16**	**-**	**258**
Net block							
Balance as at 01 April 2017	-	13	40	-	-	-	**53**
Balance as at 31 March 2018	0	28	60	5	40	6	**139**
Balance as at 31 March 2019	109	379	236	243	37	6	**1,010**

*Pledged as security against secured non -convertible debenture.

The Company has availed the deemed cost exemption as per Ind AS 101 in relation to the Property Plant and Equipment as on the date of transition (April 01, 2017) and hence the net block of carrying amount as at March 31, 2017 has been considered as the gross block of carrying amount on the date of transition. Refer note below for the gross block value and the accumulated depreciation as at March 31, 2017 under the previous GAAP.

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Particulars	Gross block (₹ lakhs)	Accumulated depreciation (₹ lakhs)	Net block (₹ lakhs)
Property, plant and equipment			
Furniture & fixtures	15	2	13
Computer & accessories	61	21	40
Total	**76**	**23**	**53**

As per management assessment there are no probable scenario in which the recoverable amount of asset would decrease below the carrying amount of asset. Consequently no impairment required.

12. Intangible assets

(₹ lakhs)

Particulars	Computer Software	Total
Gross block		
Balance as at 01 April 2017	13	**13**
Additions	-	-
Deletions	-	-
Balance as at 31 March 2018	**13**	**13**
Additions	88	**88**
Deletions	-	-
Balance as at 31 March 2019	**101**	**101**
Amortization		
Balance as at 01 April 2017	-	-
Amortization	3	**3**
Deletions	-	-
Balance as at 31 March 2018	**3**	**3**
Amortization	14	**14**
Deletions	-	-
Balance as at 31 March 2019	**17**	**17**
Net block		
Balance as at 01 April 2017	**13**	**13**
Balance as at 31 March 2018	**10**	**10**
Balance as at 31 March 2019	**84**	**84**

The Company has availed the deemed cost exemption as per Ind AS 101 in relation to the Intangible assets as on the date of transition (April 01, 2017) and hence the net block of carrying amount as at March 31, 2017 has been considered as the gross block of carrying amount on the date of transition. Refer note below for the gross block value and the accumulated depreciation as at March 31, 2017 under the previous GAAP.

(₹ lakhs)

Particulars	Gross block	Accumulated depreciation	Net block
Intangible assets			
Computer software	14	1	13

As per management assessment there are no probable scenario in which the recoverable amount of asset would decrease below the carrying amount of asset. Consequently no impairment required.

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13. Trade Payables*

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Due to micro and small enterprises (refer Note 54)	-	-	-
Due to creditors other than micro and small enterprises	782	452	334
Total	**782**	**452**	**334**

*Other payable of FY 2018 : ₹ 452 lakhs, FY 2017: ₹ 334 lakhs has been reclassified to Trade payables.

14. Debt Securities

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
At amortized cost			
Non- convertible debentures (secured)*	74,988	38,346	-
Total	**74,988**	**38,346**	**-**

*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 utilized for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

15. Borrowings

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
At amortized cost			
Term loans from bank (secured)*	193,358	85,372	32,263
Other Loans			
Commercial papers (unsecured)#	7,753	10,153	2,375
Total	**201,111**	**95,525**	**34,638**

*Indian rupee loan from banks are secured by first pari passu charge over all loan receivables.

#Commercial paper carries interest in the range of 9.50% to 9.65% p.a. and tenure of 90 to 365 days fully payable at maturity. The interest rate is on XIRR basis.

Fullerton India Home Finance Company Limited

(b) Net Debt Reconciliation

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Borrowings	201,111	95,525	34,638
Debt securities	74,988	38,346	-
Less: Cash and cash equivalents	(9,461)	(349)	(1,603)
Net Debt	**266,638**	**133,522**	**33,035**

Changes in financial liabilities arising from financing activities

(₹ lakhs)

Particulars	Borrowings	Debt securities
Balance as at 1 April 2017	**34,638**	-
Receipts	64,750	37,000
Repayment	(3,750)	-
Finance costs*	4,633	1,360
Finance costs paid	(4,746)	(14)
Balance as at 31 March 2018	**95,525**	**38,346**
Receipts	154,700	34,300
Repayment	(48,500)	-
Finance costs*	13,882	4,506
Finance costs paid	(14,498)	(2,164)
Balance as at 31 March 2019	**201,111**	**74,988**

*Finance cost includes interest accrued but not due.

Terms of repayment of non-convertible debentures as on 31 March 2019

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year (₹ lakhs)	Due 1 to 2 Years (₹ lakhs)	Due 2 to 3 Years (₹ lakhs)	More than 3 Years (₹ lakhs)	Total (₹ lakhs)
Issued at par and redeemable at par						
731-1095	08% - 09%	-	5,000	-	-	5,000
	09% - 11%	-	17,500	-	-	17,500
1096-1460	07% - 08%	-	13,000	-	-	13,000
	08% - 09%	-	-	15,000	-	15,000
	09% - 11%	-	-	7,500	-	7,500
More than 1460	08% - 09%	-	-	-	10,800	10,800
	09% - 11%	-	-	-	2,500	2,500
Total		-	**35,500**	**22,500**	**13,300**	**71,300**

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Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2019

Terms of repayment of non-convertible debentures as on 31 March 2018

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year (₹ lakhs)	Due 1 to 2 Years (₹ lakhs)	Due 2 to 3 Years (₹ lakhs)	More than 3 Years (₹ lakhs)	Total (₹ lakhs)
Issued at par and redeemable at par						
731-1095	08% - 09%	-	-	5,000	-	5,000
1096-1460	07% - 08%	-	-	13,000	-	13,000
	08% - 09%	-	-	-	15,000	15,000
	08% - 09%	-	-	-	4,000	4,000
Total		**-**	**-**	**18,000**	**19,000**	**37,000**

Terms of repayment of term loans as on 31 March 2019

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	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	₹ lakhs
Quarterly repayment schedule										
More than 1460	08% - 09%	3	2,500	4	3,333	4	3,333	14	10,834	20,000
	09% - 11%	14	3,167	16	4,833	16	4,833	36	9,667	22,500
Half yearly repayment schedule										
366-730	09% - 11%	1	250	-	-	-	-	-	-	250
731-1095	09% - 11%	8	4,833	-	-	2	2,500	4	5,000	12,333
1096-1460	08% - 09%	4	1,666	4	1,667	-	-	-	-	3,333
	09% - 11%	-	-	1	833	2	1,667	4	2,500	5,000
More than 1460	08% - 09%	19	7,000	20	8,667	21	10,334	37	16,708	42,709
	09% - 11%	6	3,000	21	9,667	29	17,042	45	27,916	57,625
Yearly repayment schedule										
731-1095	08% - 09%	1	5,000	1	5,000	-	-	-	-	10,000
More than 1460	09% - 11%	1	6,667	1	6,667	1	6,666	-	-	20,000
Total		**57**	**34,083**	**68**	**40,667**	**75**	**46,375**	**140**	**72,625**	**1,93,750**

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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	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	₹ lakhs
Quarterly repayment schedule										
More than 1460	08% - 09%	-	-	4	700	4	700	12	2,100	3,500
Half yearly repayment schedule										
731-1095	08% - 09%	10	4,666	11	5,584	-	-	-	-	10,250
1096-1460	08% - 09%	4	1,667	4	1,666	4	1,667	-	-	5,000
More than 1460	07% - 08%	1	1,000	2	2,000	2	2,000	5	5,000	10,000
	08% - 09%	7	2,375	13	5,041	14	7,542	20	11,542	26,500
Yearly repayment schedule										
731-1095	08% - 09%	-	-	2	5,000	1	5,000	-	-	10,000
More than 1460	08% - 09%	-	-	1	6,666	1	6,667	1	6,667	20,000
Total		**22**	**9,708**	**37**	**26,657**	**26**	**23,576**	**38**	**25,309**	**85,250**

Terms of repayment of term loans as on 1 April 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	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	₹ lakhs
Half yearly repayment schedule										
731-1095	09% - 11%	2	1,250	7	4,333	-	-	8	4,417	10,000
More than 1460	08% - 09%	-	-	4	1,625	7	5,958	14	11,917	19,500
	09% - 11%	-	-	2	417	2	417	2	416	1,250
Yearly repayment schedule										
731-1095	09% - 11%	-	-	1	500	2	1,000	-	-	1,500
Total		**2**	**1,250**	**14**	**6,875**	**11**	**7,375**	**24**	**16,750**	**32,250**

Note : The above disclosures are based on face value of non-convertible debentures / principal amounts of term loans as per terms of issue / contract and outstanding as at respective reporting dates.

Fullerton India Home Finance Company Limited

Particulars of Secured Redeemable Non-convertible Debentures:

(₹ lakhs)

Particulars	Face Value	Quantity as at 31 March 2019	Date of Redemption	As at 31 March 2019	As at 31 March 2018	As at 01 April 2017
9.25% Series-9	10	250	08-Aug-25	2,500	-	-
8.75% Series-6	10	680	28-May-23	6,800	-	-
8.05% Series-2	10	400	24-Mar-23	4,000	4,000	-
9.2% Series-8	10	750	28-Jul-21	7,500	-	-
8.05% Series-5	10	500	20-Apr-21	5,000	5,000	-
8.48% Series-7	10	1,000	20-Apr-21	10,000	10,000	-
9.68% Series-10	10	1,250	24-Mar-21	12,500	-	-
9.67% Series-11	10	500	22-Mar-21	5,000	-	-
7.95% Series-4	10	300	26-Nov-20	3,000	3,000	-
7.95% Series-3	10	1,000	28-Aug-20	10,000	10,000	-
8.25% Series-1	10	500	27-May-20	5,000	5,000	-
Total				**71,300**	**37,000**	**-**

16. Other Financials Liabilities

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Employee benefits and other payables	1,109	553	393
Book overdraft	16,050	28,621	11,624
Payable towards asset assignment / securitization	203	-	-
Others*	1,890	1,330	284
Total	**19,252**	**30,504**	**12,301**

*Other payable of FY 2018 : ₹ 452 lakhs, FY 2017: ₹ 334 lakhs has been reclassified to Trade payables.

17. Current tax liabilities

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Provision for Income Tax (net of advance tax)	7	65	-
Total	**7**	**65**	**-**

18. Provisions

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Provision for employee benefits			
- Provision for gratuity	85	50	22
- Provision for leave benefits	9	9	17
Total	**94**	**59**	**39**

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19. Other non-financial liabilities

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Statutory dues	182	138	85
Others	641	405	232
Total	**823**	**543**	**317**

20. Share capital

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Equity shares Capital (Authorized)	150,000	150,000	150,000
1,500,000,000 (31 March 2018: 1,500,000,000; 1 April 2017: 1,500,000,000) equity shares of Rs.10 each			
Issued, subscribed and fully paid up	**24,536**	**19,527**	**19,527**
245,356,916 (31 March 2018: 195,273,443; 1 April 2017: 195,273,443) Equity shares of Rs.10 each fully paid			

(a) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Number	Amount (₹ lakhs)	Number	Amount (₹ lakhs)	Number	Amount (₹ lakhs)
Balance at the beginning of the year	195,273,443	19,527	195,273,443	19,527	195,273,443	19,527
Add :Shares issued during the year	50,083,473	5,009	-	-	-	-
Balance at the end of the year	**245,356,916**	**24,536**	**195,273,443**	**19,527**	**195,273,443**	**19,527**

(b) Terms/right 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.

(c) Shares held by holding Company

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

Fullerton India Home Finance Company Limited

Particulars	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
	Number	Amount (₹ lakhs)	Number	Amount (₹ lakhs)	Number	Amount (₹ lakhs)
Fullerton India Credit Company Limited, the holding company and its nominees 245,356,916 (31 March 2018: 195,273,443; 1 April 2017: 195,273,443) equity shares of Rs.10 each fully paid)	245,356,916	24,536	195,273,443	19,527	195,273,443	19,527

(d) Shareholders holding more than 5% of the shares in the Company

Particulars	As at 31 March 2019		As at 31 March 2018		As at 01 April 2017	
Equity shares of Rs.10 each fully paid	Number	% of holding	Number	% of holding	Number	% of holding
Fullerton India Credit Company Limited, the holding company and its nominees	245,356,916	100%	195,273,443	100%	195,273,443	100%

(e) Shareholders holding more than 5% of the shares in the Company

The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March 2019.

21. Other Equity

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Capital Reserve	10	10	-
Securities premium	26,454	16,463	16,473
Reserve Fund under Section 29C(i) of the NHB Act, 1987	231	220	-
Items of OCI	(10)	9	-
Surplus in the statement of profit and loss	(1,516)	(1,553)	(1,757)
Total	**25,169**	**15,149**	**14,716**

(Refer Statement of Change in Equity for the year ended 31st March 2019 for movement in Other Equity)

Nature and purpose of reserves

(i) General Reserve

Pursuant to the provisions of Companies Act 1956, the Company had transferred a portion of profit of the Company before declaring dividend to general reserve. However mandatory transfer to general reserve is not required under Companies Act, 2013.

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(ii) Capital Reserve

Capital Reserve is created on account of reversal of debenture issue costs charged to securities premium under previous GAAP. The same shall be utilized as per the provisions of Companies Act, 2013.

(iii) Securities Premium

Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Companies Act, 2013.

(iv) Reserve Fund under Section 29C(i) of the NHB Act, 1987

The Company is required to create a fund by transferring not less than 20% its net profit every year as disclosed in the statement of profit and loss account and before any dividend is declared. The fund shall be utilised for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within 21 days from the date of such withdrawal.

(v) Retained Earnings & Surplus in the statement of profit and loss

Retained earnings are profit that the Company has earned to date, less any dividend or other distributions paid to the shareholders, net of utilization as permitted under applicable law.

22. Interest Income

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
On Loans	30,068	12,034
On Bank Deposits	203	343
On Investments	491	578
Total	**30,762**	**12,955**

23. Fee and Commission Income

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Fees and Commission Income	359	151
Total	**359**	**151**

24. Net gain on financial assets at FVTPL

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Realized Gain	1023	235
Unrealized Gain	49	1
Total	**1072**	**236**

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25. Ancillary Income

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Other fee income	545	219
Total	**545**	**219**

26. Other Income

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Security Deposits	7	-
Miscellaneous income	235	129
Total	**242**	**129**

27. Finance Cost

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
On financial liabilities measured at amortised cost		
Borrowings	13,842	4,510
Debt securities	4,506	1,360
Bank charges and others	40	123
Total	**18,388**	**5,993**

28. Impairment on financial instruments

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Bad debts and Write off (net of recovery)	3,099	42
Provision for loans and advances	1,252	2 765
Total	**4,351**	**2,807**

*Bad debts and write offs are offset by recovery of 2,455 lakhs (FY 2018: Nil lakhs)

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29. Employee benefits expense

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Salaries, bonus and allowances	5,010	2,761
Share based payment to employees and directors	321	20
Contribution to provident and other funds	184	100
Gratuity expense (refer note 37)	37	14
Staff welfare and training expenses	110	71
Total	**5,662**	**2,966**

30. Other Expenses

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Printing and stationery	63	35
Rent	387	58
Rates and taxes	2	1
Business promotion expenses	154	35
Legal charges	68	5
Professional charges	1,618	1,055
Collection expenses	112	47
Courier charges	22	2
Repairs and maintenance		
Office premises	81	20
Others	3	4
Directors' sitting fees	19	20
Travelling expenses	160	108
Telecommunication expenses	74	10
Payment to auditor (refer details below)	31	16
Electricity charges	31	0
Security charges	62	2
Recruitment expenses	55	48
Training expenses	9	21
Fees and subscription	3	-
Miscellaneous expenses	1,094	738
Write off of fixed assets and intangible assets	1	-
Total	**4,049**	**2,225**

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Professional fees payable to auditors		
Statutory Audit fee	13	9
Tax Audit fee	2	2
Limited review fee	3	2
In other capacity		
- Certification matter & others	12	2
- Reimbursement of expenses	1	1
Total	**31**	**16**

31. Tax Expense

(a) Amount recognized in the statement of profit and loss

Particulars	**For the year ended 31 March 2019 (₹ lakhs)**	**For the year ended 31 March 2018 (₹ lakhs)**
Current tax for the year	458	524
Adjustment of tax relating to earlier periods		
Current tax expense (A)	**458**	**524**
Deferred taxes for the year		
(Increase)/decrease in deferred tax assets	(511)	(1,409)
Increase/(decrease) in deferred tax liabilities	301	118
Net deferred tax Asset (B)	**(210)**	**(1,291)**
Total Income Tax Expense (A+B)	**248**	**(767)**

(b) Amount recognised in Other Comprehensive Income

Particulars	**For the year ended 31 March 2019 (₹ lakhs)**	**For the year ended 31 March 2018 (₹ lakhs)**
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit obligations (net of tax)	(19)	9
Total	**(19)**	**9**

(c) Tax reconciliation (for profit and loss)

Particulars	**For the year ended 31 March 2019 (₹ lakhs)**	**For the year ended 31 March 2018 (₹ lakhs)**
Net Profit / (Loss) before OCI as per PL	**296**	**(343)**
Income tax @ Statutory Tax Rate of 29.12%	86	(100)
Tax effects of:		
Items which are taxed at different rates	156	(671)
Net expenses that are not deductible in determining taxable profit	9	(1)
Deductible expenses debited to OCI	-	2

Fullerton India Home Finance Company Limited ★

Recognition of previously unrecognised temporary differences	(3)	3
Income tax expenses reported in PL	**248**	**(767)**
Tax Rate Effective*	83.85%	223.55%

*In FY 2018-19 the Govt. enacted or a change in national income tax rate by increasing health and education cess tax from 3% to 4%, accordingly income tax rate has been increased from 28.32% in FY 2017-18 to 29.12% in FY 2018-19

Significant components and movement in deferred tax assets and liabilities **(₹ lakhs)**

Particulars	As at 31 March 2018	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2019
Deferred tax liabilities on account of:					
Difference in book value of PPE	6	2	-	-	8
Borrowing cost adjustments related to financial liabilities at amortised cost	40	124	-	-	164
Fair valuation of loans assigned	-	184	-	-	184
Provision for security deposits	-	-	-	-	-
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	76	(9)	-	-	67
Deferred Tax Liability (A)	**122**	**301**	**-**	**-**	**423**
Deferred tax assets on account of:					
Impact on application of expected credit loss on financial assets	1,052	232	-	-	1,284
Processing fee and LOC adjustments related to Financial assets at amortised cost	305	174	-	-	479
Impact of expenditure under Section 43B of Income Tax Act, 1961	11	125	-	-	136
Fair valuation of SAR liability	6	(6)	-	-	-
Provision for security deposits	-	1	-	-	1
Rent equalisation reserve	-	6	-	-	6
MTM on investments	2	(2)	-	-	-
Preliminary expenses	33	(19)	-	-	14
Deferred tax assets (B)	**1,409**	**511**	**-**	**-**	**1,920**
Net Deferred Tax Assets (B – A)	**1,287**	**210**	**-**	**-**	**1,497**

Fullerton India Home Finance Company Limited

(₹ lakhs)

	As at 1 April 2017	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2018
Deferred tax liabilities on account of:					
Difference in book value of PPE	-	6	-	-	6
Borrowing cost adjustments related to financial liabilities at amortised cost	-	36	-	4	40
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	-	76	-	-	76
Deferred Tax Liability (A)	**-**	**118**	**-**	**4**	**122**
Deferred tax assets on account of:					
Impact on application of expected credit loss on financial assets	-	1,052	-	-	1,052
Processing fees and LOC adjustments related to financial assets at amortised cost	-	305	-	-	305
Impact of expenditure under Section 43B of Income Tax Act, 1961	-	11	-	-	11
Fair valuation of SAR liability	-	6	-	-	6
Provision for security deposits	-	-	-	-	-
MTM on investments	-	2	-	-	2
Preliminary expenses	-	33	-	-	33
Deferred Tax Assets (B)	**-**	**1,409**	**-**	**-**	**1,409**
Net Deferred Tax Assets (B – A)	**-**	**1,291**	**-**	**(4)**	**1,287**

32. Amount recognized in Other Comprehensive Income

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Items that will not be reclassified to profit & loss		
Actuarial gain / (loss) on defined benefit obligations (net of tax)	(19)	9
Total	**(19)**	**9**

Fullerton India Home Finance Company Limited

33. Earnings Per Share

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net Profit after tax attributable to equity holders **(₹ lakhs)**	48	424
Weighted average number of equity shares for Basic earnings per share	220,383,787	195,273,443
Weighted average number of equity shares for Diluted earnings per share	220,383,787	195,273,443
Earnings per Share		
Basic earnings per share ₹	0.02	0.22
Diluted earnings per share ₹	0.02	0.22
Nominal value of shares ₹ 10 each (Previous year: ₹ 10 each)		

The Company has not issued any potential equity shares. Accordingly diluted EPS is equal to basic EPS

34. First time adoption of Ind AS

These are the Company's first separate financial statements prepared in accordance with Ind AS. For the period upto and including the year ended 31 March 2018, the Company has prepared its financial statements in accordance with Previous GAAP.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2019, the comparative information presented in these financial statements as at and for the year ended 31 March 2018 and in the preparation of an opening Ind AS balance sheet at 1 April 2017 (the date of transition). This note explains the principle adjustments made by the Company in restating its Previous GAAP financial statements, including the Balance Sheet as at 1 April 2017 and the financial statements as at and for the year ended 31 March 2018.

Optional exemptions availed and mandatory exceptions

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and Previous GAAP is recognsied directly in equity (retained earnings or another appropriate category of equity).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is as follows:

A. Exceptions and exemptions availed

(I) Ind AS Mandatory Exceptions

Estimates

On assessment of the estimates made under the Previous GAAP financial statements, the Company has concluded that there is no necessity to revise the estimates under Ind AS. However, estimates that were required under Ind AS but not required under Previous GAAP are made by the Company for the relevant reporting dates reflecting conditions existing as at that date.

Fullerton India Home Finance Company Limited

Classification and measurement of financial assets

The Company has determined the classification and measurement of financial assets based on facts and circumstances that existed on the date of transition.

De-recognition of financial assets and liabilities

The Company has applied the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

Stock appreciation rights

The Company has elected to apply Ind AS 102 Share-based payment to SAR that were unvested and unexercised on the date of transition to Ind AS.

Impairment of financial assets

The Company has applied the impairment related requirements of Ind AS 109 retrospectively from the transition date.

(II) **Ind AS Optional Exemption Availed**

Deemed cost - Property Plant and Equipment and Other Intangible Assets

The Company has elected to continue with the carrying value for all of its Property, Plant and Equipment and Intangible Assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

B. Reconciliations between Previous GAAP and Ind AS

For the purposes of reporting as set out in Note 1B, the Company has transitioned its basis of accounting from Previous GAAP to Ind AS. The accounting policies set out in note 1C have been applied in preparing the financial statements for the year ended March 31, 2019, the comparative information presented in these financial statements for the year ended March 31, 2018 and in the preparation of an opening Ind AS balance sheet at April 01, 2017 (the 'transition date').

In preparing the opening Ind AS balance sheet, amounts reported in financial statements prepared in accordance with Previous GAAP have been adjusted. An explanation of how the transition from Previous GAAP to Ind AS has affected the financial performance, financial position and cash flows is set out in the following tables and the notes that accompany the tables.

Fullerton India Home Finance Company Limited
Summary of significant accounting policies and other explanatory information to the financial statements as at and for the year ended 31 March 2019

B.1 Reconciliation between Previous GAAP and Ind AS

i) Effect of Ind AS adoption on the balance sheet as at 1 April 2017

	As at 1 April 2017 (₹ lakhs)			As at 31 March 2018 (₹ lakhs)		
Particulars	**Previous GAAP***	**Adjustments**	**Amount IND AS**	**Previous GAAP***	**Adjustments**	**Amount under IND AS**
ASSETS						
Financial assets						
Cash and cash equivalents	1,603	-	1,603	349	-	349
Bank balances other than cash and cash equivalents	4,545	-	4,545	5,356	-	5,356
Investments	28,657	(9)	28,648	4,750	(8)	4,742
Trade receivables	-	-	-	26	-	26
Other financial assets	87	-	87	394	-	394
Loans and advances	46,947	(74)	46,873	1,88,571	(1,083)	1,87,488
Total Financial assets	**81,839**	**(83)**	**81,756**	**1,99,446**	**(1,091)**	**1,98,355**
Non- Financial assets						
Current tax assets (net)	9	-	9	32	-	32
Deferred tax asset (net)	-	-	-	981	306	1,287
Property, plant and equipment	53	-	53	139	-	139
Intangibles assets	13	-	13	10	-	10
Other Non-Financial assets	41	-	41	347	-	347
Total Non-Financial assets	**116**	**-**	**116**	**1,509**	**306**	**1,815**
Total Assets	**81,955**	**(83)**	**81,872**	**2,00,955**	**(785)**	**2,00,170**
LIABILITIES AND EQUITY						
Liabilities						
Financial liabilities						
Trade payables	334	-	334	452	-	452
Debt Securities	-	-	-	38,404	(58)	38,346
Borrowings	34,638	-	34,638	95,525	-	95,525
Other financial liabilities	12,295	6	12,301	30,483	21	30,504
Total Financial Liability	**47,267**	**6**	**47,273**	**1,64,864**	**(37)**	**1,64,827**
Non-Financial liabilities						
Current tax liabilities (net)	-	-	-	65	-	65
Provisions	39	-	39	59	-	59
Other Non-Financial liabilities	317	-	317	543	-	543
Total Non-Financial Liability	**356**	**-**	**356**	**667**	**-**	**667**
Equity						
Equity share capital	19,527	-	19,527	19,527	-	19,527
Other equity	14,805	(89)	14,716	15,897	(748)	15,149
	34,332	**(89)**	**34,243**	**35,424**	**(748)**	**34,676**
Total Liabilities and Equity	**81,955**	**(83)**	**81,872**	**2,00,955**	**(785)**	**2,00,170**

* The Previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

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ii) Effect of Ind AS adoption on statement of profit and loss for the year ended 31 March 2018

(₹ lakhs)

Particulars	Previous GAAP*	Adjustments	Amount under IND AS
Revenue from operations			
Interest income	12,833	122	12,955
Fees and commission income	151	-	151
Net gain on fair value changes	235	1	236
Ancillary income	219	-	219
Total revenue from operations	**13,438**	**123**	**13,561**
Other income	129	-	129
Total Income	**13,567**	**123**	**13,690**
Expenses			
Finance costs	6,037	(44)	5,993
Impairment on financial instruments	1,675	1,132	2,807
Employee benefits expense	2,943	23	2,966
Depreciation, amortization and impairment	42	-	42
Other expenses	2,225	-	2,225
Total expenses	**12,922**	**1,111**	**14,033**
Profit before tax	645	(988)	(343)
Tax expense			
(i) Current tax	524	-	524
(ii) Adjustment of tax relating to earlier periods	-	-	-
(iii) Deferred tax expense / (credit)	(981)	(310)	(1,291)
Net profit after tax	**1,102**	**(678)**	**424**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss, net of tax			
Re-measurement of defined benefit plan (net of tax)	-	9	9
Other comprehensive income / (loss) for the year, net of tax	**-**	**9**	**9**
Total comprehensive income	**1,102**	**(669)**	**433**

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iii) Reconciliation of equity from previous GAAP to IND AS

(₹ lakhs)

Particulars	Note	Equity as at	
		31 March 2018	01 April 2017
Equity as per previous GAAP		**35,424**	**34,332**
GAAP adjustments:			
Impact on recognition of financial assets and financial liabilities at amortised cost by application of Effective interest rate:			
- Financial assets	(a)	122	-
- Financial liabilities	(b)	58	-
Impact on application of expected credit loss on financial assets	(c)	(1,206)	(74)
Fair valuation of investments	(d)	(8)	(9)
Fair valuation of SAR liability	(e)	(21)	(6)
Deferred tax adjustments on above	(g)	307	-
Total - GAAP adjustments		**(748)**	**(89)**
Equity as per IND AS		**34,676**	**34,243**

Reconciliation of total comprehensive income from previous GAAP to IND AS (₹ lakhs)

Particulars	Note	Equity as at 31 March 2018
Net profit for the period as per previous GAAP		**1,102**
GAAP adjustments:		
Impact on recognition of financial assets and financial liabilities at amortised cost by application of Effective interest rate:		
- Financial assets	(a)	122
- Financial liabilities	(b)	45
Impact on application of expected credit loss on financial assets	(c)	(1,132)
Fair valuation of investments	(d)	1
Fair valuation of SAR liability	(e)	(15)
Reclassification of actuarial gain / loss on defined benefit obligation to other comprehensive income	(f)	(9)
Impact of deferred taxes on the above adjustments	(g)	310
Net profit after tax		**424**
Reclassification of actuarial gain / loss on defined benefit obligation to other comprehensive income (net of tax)		9
Total comprehensive income as per IND AS		**433**

iv) Impact on Cash flow statements :

There is no significant impact on cash flow from operating, investing and financing activities for the year ended 31 March 2018 on transition to Ind AS.

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B.2 Notes to reconciliations

(a) Financial assets carried at amortized cost

Security Deposits

Under the Previous GAAP, interest free lease security deposits given (that are refundable in cash on expiry/termination of the lease term) were recorded at their transaction value.

Under Ind AS, all financial assets are required to be measured at fair value on initial recognition. Accordingly, the Company has fair valued lease security deposits under IND AS. Difference between the fair value and transaction value of the security deposits has been recognized as prepaid expenses. Subsequently, the deposit will be measured at amortised cost resulting into recognition of finance income in the statement of profit and loss.

Portfolio Loans

Under the Previous GAAP, loans are accounted at the gross transaction price where processing fees is recognized as income and loan origination costs are recognized as expenses, over the period of the loan in proportion to the interest income for the entire period.

Under IND AS, transaction costs are included in the initial recognition amount of financial assets and recognized as interest income using the effective interest method. Since these portfolio loans are linked on Company's prime lending rate, therefore carrying value of portfolio loans remains same.

(b) Financial liabilities carried at amortised cost

Under the Previous GAAP, transaction costs incurred on borrowings were charged to securities premium upfront.

Under Ind AS, transaction costs are included in the initial recognition amount of financial liabilities and recognized as interest expenses using the effective interest method. IND AS impact of the amount already charged in securities premium till transition date is reversed under capital reserve.

(c) Impact on implementation of expected credit loss on financial assets.

Under the Previous GAAP, provision for doubtful debts are made based on the RBI prudential norms for incurred losses.

Under Ind AS, an impairment loss shall be recognized as per the expected credit losses model on all financial assets (other than those measured at fair value).

(d) Fair Valuation of Investments

Under the Previous GAAP, long term investments are carried at cost. Provision for diminution was recognized for a decline, if any, which was other than temporary in the value of Long Term investments. Short term investments are carried at net realizable value or cost whichever is lower.

Under Ind AS, the Company has measured its investments in government securities, treasury bills, mutual funds, commercial papers, corporate bonds, certificate of deposit sat FVTPL as they do not meet the SPPI criteria (i.e. solely payments of principal and interest).

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(e) Fair Valuation of Stock Appreciation Rights

Under the Previous GAAP, the cost of cash-settled employee share-based plan were recognized using the net book value as at the grant date.

Under Ind AS, the Company has measured the cost of cash-settled employee share-based plan at fair value as at reporting date. The resulting employee compensation cost has been recognized in retained earnings as at the date of transition April 01, 2017 and subsequently in the Statement of Profit and Loss for the year ended March 31, 2018.

(f) Impact of recognizing actuarial gains / (losses) on defined benefit obligations in other comprehensive income

Under the Previous GAAP, actuarial gains / losses on defined benefit obligations were recognized in statement of profit and loss as part of employee benefit expenses.

Under Ind AS, re-measurements i.e. actuarial gains and losses are recognized in other comprehensive income instead of the statement of profit and loss.

(g) Impact on account of deferred taxes

Under the Previous GAAP, deferred tax was accounted as per the income approach which required creation of deferred tax asset/ liability on timing differences between taxable income and accounting income.

Under Ind AS, deferred tax is accounted as per the balance sheet approach which requires creation of deferred tax asset/ liability on temporary differences between the carrying amount of an asset/ liability in the Balance Sheet and its corresponding tax base. The adjustments in equity and net profit, as discussed above, resulted in additional temporary differences on which deferred taxes are calculated. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has accounted deferred tax on them.

(h) Retained Earnings

Retained earnings as on 1st April 2017 has been adjusted consequent to the above IND AS transition adjustment

35. Related Party Disclosures

Related party disclosures as required under Indian Accounting standard 24, "Related party disclosure" are given below for the related parties of the Company with whom there have been transaction during the year.

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35.1. List of related parties

Nature of Relationship	Name of Related Party
Ultimate Holding Company	Angelica Investments Pte Ltd, Singapore ('Angelica')(Holding Company of FICCL) Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica) Temasek Holdings (Private) Limited (Holding Company of 'FFH')
Holding Company	Fullerton India Credit Company Limited ('FICCL', Holding Company)
Key Management Personnel	Dr Milan Robert Shuster, Independent Director Mr. Kenneth Ho Tat Meng , Non Independent Director Ms. Renu Challu, Independent Director Mr. Rakesh Makkar, Chief Executive Officer and Whole time Director since 16 March, 2018
	Mr. Ravindra Rao, Chief Executive Officer till 15 March 2018

35.2. Transactions during the year with related parties :

Nature of Transactions	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Expenses incurred by the Company on behalf of others		
Fullerton India Credit Company Limited	-	34
Income earned by the Company on behalf of others	4	-
Fullerton India Credit Company Limited		
Issue of Share capital (including securities premium)		
Fullerton India Credit Company Limited	15,000	-
Expense as per Resource sharing agreement		
Fullerton India Credit Company Limited	1,033	795
Fee for committed credit line		
Fullerton India Credit Company Limited	15	34

Remuneration paid to Company's KMPs	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Salary, bonus and allowances (including short terms benefits)	259	173
Post -employment benefits	10	4
Director's sitting fees	19	19

Note : The managerial remuneration paid by the Company to its Directors during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act vide special resolution passed at its extra ordinary general meeting held on 4 January 2019.

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35.3. Amount due to / from related parties:

Balance outstanding as at the year end	As at 31 March 2018 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)
Issue of Equity Share		
Fullerton India Credit Company Limited	51,000	36,000
Other Payables (Net)		
Fullerton India Credit Company Limited	106	194

36. Capital Management

Equity share capital and other equity are considered for the purpose of the Company's capital management. The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through equity, borrowings and operating cash flows generated. The management monitors the return on capital and the board of directors monitors the level of dividends to shareholders of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the National Housing Bank (NHB). The adequacy of the company's capital is monitored using, among other measures, the regulations issued NHB. Company has complied in full with all its externally imposed capital requirements over the reported period. For details refer "Additional disclosure as per NHB"

37. Retirement Benefit Plans

Defined Contribution Plan

The total expense charged to income statement of ₹ 184 lakhs (2018: ₹ 100 lakhs) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

Defined Benefit Obligation

Particulars	31 March 2019 (Amount ₹)	31 March 2018 (Amount ₹)
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	6.76% p.a.	6.93% p.a.
Rate of increase in compensation	10.00% p.a.	10.00% p.a.
Employee turnover		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	46.70%	43.50%
5 years and above	2.00%	2.00%

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Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	50.90%	61.30%
5 years and above	2.00%	2.00%
Assets information:		
Insured Managed funds	-	-
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	49,72,642	22,53,211
Interest expense	3,44,604	1,59,753
Current service cost	12,11,415	12,08,433
Past service cost	-	-
Liability Transferred In	21,75,335	23,41,832
Liability Transferred Out/	-	(1,38,141)
Benefit Paid From the Fund	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(4,20,319)	(19,99,531)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	2,70,266	93,653
Actuarial (Gains)/Losses on Obligations - Due to Experience adjustments	20,86,746	10,53,432
Present Value of obligation at the end of the year	**1,06,40,689**	**49,72,642**
Changes in the Fair value of Plan Assets		
Assets and liabilities recognized in the balance sheet		
Present value of the defined benefit obligation at the end of the year	(1,06,40,689)	(49,72,642)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	**(1,06,40,689)**	**(49,72,642)**
Net (Liability)/Asset Recognized in the Balance Sheet	**(1,06,40,689)**	**(49,72,642)**

Expenses recognized in the Statement of Profit and Loss		
Particulars	**For the year ended 31 March 2019 (Amount ₹)**	**For the year ended 31 March 2018 (Amount ₹)**
Current Service Cost	12,11,415	12,08,433
Past service cost		-
Net interest (income)/ expense	3,44,604	1,59,753
Net gratuity expense recognized	**15,56,019**	**13,68,186**
Included in note 32 'Employee benefits expense'		
Expenses recognized in the Statement of Other comprehensive income (OCI)		
Actuarial gain/ loss on post-employment benefit obligation	19,36,693	(8,52,446)
Total re-measurement cost / (credit) for the year recognized in OCI	**19,36,693**	**(8,52,446)**

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Reconciliation of Net asset / (liability) recognized:		
Particulars	**31 March 2019 (Amount ₹)**	**31 March 2018 (Amount ₹)**
Opening Net Liability	49,72,642	22,53,211
Expenses recognized at the end of period	15,56,019	13,68,186
Amount recognized in other comprehensive income	19,36,693	(8,52,446)
Net Liability/(Asset) Transfer In	21,75,335	23,41,832
Net (Liability)/Asset Transfer Out	-	(1,38,141)
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	**1,06,40,689**	**49,72,642**

Sensitivity Analysis:

Particulars	As at 31 March 2019		As at 31 March 2018	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	17,88,705	(14,68,655)	6,60,278	(5,38,859)
Future Salary Growth (1% movement)	(14,41,240)	17,13,568	(5,29,592)	6,33,577
Rate of Employee Turnover (1% movement)	5,69,485	(4,93,379)	2,37,966	(2,08,243)

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

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

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

Maturity analysis of projected benefit obligation

Year	31 March 2019 (Amount ₹)
1	1,42,500
2	1,49,299
3	1,72,467
4	1,93,767
5	2,15,908
Sum of Years 6 to 10	43,58,391

Fullerton India Home Finance Company Limited

Risks associated with Defined Benefit Plan:

(i) **Interest Rate Risk**

A fall in the discount rate which is linked to the government security rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the fair value of the assets depending on the duration of asset.

(ii) **Salary Risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(iii) **Investment and concentration risk**

The Company has not invested its funds in any fund, accordingly it is not exposed to any investment and concentration risks.

(v) **Mortality Risk**

Since the benefits under the plan are not payable for life time and are payable till retirement age only, the plan does not have any longevity risk.

During the year, there were no plan amendments, curtailments and settlements.

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38. Employee stock appreciation rights

The Company has a cash settled share based payment scheme, under which grants were made as per details provided below:

	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 6A
Date of Grant	01-Apr-14	01-Apr-15	01-Apr-16	01-Apr-17	01-Apr-18	01-Apr-17
Value of the Grant	₹ 115 Lakhs	₹ 115 Lakhs	₹ 145 Lakhs	₹ 155 Lakhs	₹ 126 Lakhs	₹ 251 Lakhs
Performance Condition	Achievement of PBT and ROE –Targets as per approved plan			Achievement of PAT and ROE – Targets as per approved plan		Achievement of specific targets
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 1st December 2017	Tranche I: 33% vesting on 1st December 2018	Tranche I: 33% vesting on 1st December 2019	Tranche I: 33% vesting on 1st December 2020	Tranche I: 33% vesting on 1st December 2021	Tranche I: 50% vesting on 1st December 2020
	Tranche II: 33% vesting on 1st December 2018	Tranche II: 33% vesting on 1st December 2019	Tranche II: 33% vesting on 1st December 2020	Tranche II: 33% vesting on 1st December 2021	Tranche II: 33% vesting on 1st December 2022	Tranche II: 50% vesting on 1st December 2021
	Tranche III: 34% vesting on 1st December 2019	Tranche III: 34% vesting on 1st December 2020	Tranche III: 34% vesting on 1st December 2021	Tranche III: 34% vesting on 1st December 2022	Tranche III: 34% vesting on 1st December 2023	-
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 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 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	Tranche III: 5 years 8 months	-

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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 & 6A where period is 3 years
Method of Settlement	Cash payout as per terms of the scheme

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 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 6A
As at 31 March 2019	25.84	20.88	16.18	14.47	12.70	14.47
As at 31 March 2018	19.76	15.96	12.54	11.39	NA	11.39
As at 31 March 2017	17.01	13.74	10.89	NA	NA	NA
As at 31 March 2016	15.52	12.54	NA	NA	NA	NA
As at 31 March 2015	12.38	NA	NA	NA	NA	NA
As at 31 March 2014	NA	NA	NA	NA	NA	NA
As at 31 March 2013	NA	NA	NA	NA	NA	NA
As at 31 March 2012	NA	NA	NA	NA	NA	NA
Exercise price vest 1	17.01	15.96	NA	NA	NA	NA
Exercise price vest 2	19.76	NA	NA	NA	NA	NA
Exercise price vest 3	NA	NA	NA	NA	NA	NA

Fair value is computed using the method provided in the Scheme for estimating the valuation of grant which is linked to Net Book Value of the Holding Company's financial statements and approved business plans.

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

Particulars (No. of Options)	As at 31 March 2019	As at 31 March 2018
Options Outstanding at beginning of Year	4,298,625	1,796,200
Options granted during Year	1,260,000	3,462,500
Options of employee transferred during the year	-	(2,326,125)
Options forfeited on resignation of employees	-	(2,400,100)
Options lapsed during the year	(187,500)	(632,500)
Options exercised during the year	-	(253,600)
Options outstanding – Unvested	5,074,125	4,298,625
Options outstanding –Vested and Exercisable	297,000	-
Expense recognised (₹ in Lakhs)	**321**	**20**

39. Segment Information

Business Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM regularly monitors and reviews the operating result of the whole Company as one segment of "Financing". Thus, as defined in IND AS 108 "Operating Segments", the Company's entire business falls under this one operational segment.

Entity wide disclosures

No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the Company's total revenue in year ended 31 March 2019 or 31 March 2018. The Company operates in single geography i.e. India and therefore geographical information is not required to be disclosed separately.

40. Contingent Liability and commitments

a) Contingent liabilities:

(i) The Company has contingent liability pending for litigation of ₹ 0.20 Lakhs.

b) Capital and other commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2019 is ₹ 76 Lakhs (31 March 2018: ₹ 44 Lakhs; 1 April 2017 ₹ 2 Lakhs).

Loans sanctioned not yet disbursed as at 31 March 2019 were ₹ 30,858 Lakhs (31 March 2018: ₹ 8,307; 1 April 2017: ₹ 1,807 Lakhs).

The Company's pending litigations comprise of claims against the Company by the customers and proceedings pending with other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in the financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

There has been a Supreme Court (SC) judgement dated 28th February, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

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41. Leases

a) Where the Company is the lessee:

Premises are obtained on operating lease. The lease term ranges from 11 months to 134 months and are renewable/cancellable at the option of the Company. Certain lease agreements contain clause for escalation of lease payments. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to the Statement of Profit and Loss.

The following table sets forth, for the periods indicated, the details of future rentals payable on operating leases.

Particulars	31 March 2019 (₹ lakhs)	31 March 2018 (₹ lakhs)
Operating lease payments recognized during the year	400	-
Minimum lease obligations		
Not later than one year	336	-
Later than one year and not later than five years	1,340	-
Later than five years	917	-

42. Micro and Small Enterprises

The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) by obtaining confirmations from all suppliers. Based on the information received by the Company, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly the disclosure relating to amount unpaid as at the year ended together with interest paid/payable is disclosed below:

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
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	-	-	-
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	-	-	-

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.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-	-
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.	-	-	-

43. CSR Expenses

Gross amount required to be spent by the Company during the year: Nil (31 March 2018 : Nil)
The average of profits for last three years is a loss; hence no amount was required to be spent on CSR activities.

44. Events after reporting date

There have been no events after the reporting date that requires adjustment / disclosure in these financial statements.

45. 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 to carry out its operations. The Company has entered into resource sharing agreement with the holding company, as per which the 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 company, actual identification, etc.

During the year the Company has paid ₹ 1,033 lakhs (Previous year ₹ 795 lakhs) on account of above mentioned arrangement.

46. IRDA

Disclosure as per Schedule VI B for insurance commission income earned during the year ended:

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
ICICI Lombard General Insurance Company Ltd	307	151

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47. There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2019 (31 March 2018: Nil).

48. Financial Risk Management

Risk management framework

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company places emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board of Directors of the Company (BOD) along with the management are primarily responsible for Financial Risk Management of the Company. The BOD's oversight of risk includes review and approval of key risk strategies and policies. These are monitored and governed through the Risk Oversight Committee (ROC). Audit Committee (AC) ensures that an independent assurance is provided to the BOD.

The ROC controls and manages an the inherent risks related to the Company's activities by the following risk categories:

Risk	Exposure arising from	Management
Credit Risk	Cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables, financial assets measured at amortised cost	ROC is actively involved in the following: • Oversight over the implementation of Core Credit Policies and Remedial Management Policies of the Company; • Review of the overall portfolio credit performance of the Company and establishing concentration limits by product programs, collateral types and tenors and customer profiles; • Determination of portfolio credit quality by reviewing observed default rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and • Review of product programs and recommending improvements/ amendments thereto.
Liquidity Risk	Financial liabilities	BOD is responsible for setting the strategic direction for the Company. This includes, establishing the liquidity risk appetite and the liquidity required to fulfil its strategic initiatives, setting boundaries/limits within such levels of tolerance and approving the policies that govern risk management under business as usual and stressed conditions. Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy and procedures which are based on guidelines provided by ROC. ALCO derives its authority from the ROC and is responsible for ensuring adherence to the

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		liquidity and asset – liability management limits set by the BOD and to oversee implementation of the strategic direction articulated by the BOD. ALCO not only ensures that the Company has adequate liquidity on an on-going basis but also examines how liquidity requirements are likely to evolve under different assumptions.
Market Risk - Foreign Exch.	Recognized financial assets and financial liabilities not denominated in functional currency	ROC is involved in the formulation of policies for monitoring market risk. The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates such as interest rates, foreign exchange rates, traded prices and credit spreads, which may result in a loss of earnings and capital.
- Interest Rate Risk (IRS) **- Price Risk**	Investments in units of mutual fund, bonds, government securities, certificate of deposits and commercial papers	ROC is involved in the formulation of policies for monitoring market risk. The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates such as interest rates, foreign exchange rates, traded prices and credit spreads, which may result in a loss of earnings and capital.

Credit Risk

Credit risk is the risk of financials loss to the Company if a customer or counter party to the financial instrument fails to meet its contractual obligation, and arises principally from the cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables and financial assets measured at amortised cost.

The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The ROC reviews and approves Loan Product programs on an on-going basis. Key aspect of the product programs outline the framework of any credit financial product being offered by the Company. Within this established framework, credit policies are established to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, credit appraisal, verification, documentation, disbursement and collection / recovery procedures.

Product level credit risk policies are implemented to align all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

The Company has additionally taken the following measures:-

- Credit risk team is appointed to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.
- Enhanced monitoring of portfolio through periodic reviews.
- Periodic trainings to its credit officers

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Credit approval

The Board of Directors has delegated credit approval authority to the Company's Credit Committee, Chief Risk Officer / National Credit Manager, Regional Credit Manager and Credit Manager under the Company's Credit Policy. The branch credit team/operations team monitors compliance with the terms and conditions of credit facilities prior to disbursement. It also reviews the completeness of documentation and creation of security by the borrower.

The central operations team verifies adherence to the terms of the credit approval prior to the disbursement of credit facilities.

Credit underwriting

The Company's credit officers evaluate credit proposals on the basis of credit underwriting policies and procedures approved by the management. The criteria typically include factors such as the customer eligibility, income and debt obligation assessment, nature of product, customer scorecards wherever applicable, historical experience, type of collateral provided and demographic parameters. Any deviations need to be approved at the designated levels.

External agencies such as field investigation agencies facilitate a due diligence process including visits to offices and residences, risk containment agencies for document frauds, legal & valuer agencies for property evaluation.

Analysis of risk concentration

Since the Company provides only retail housing loans, there is not significant concentration risk at the borrower / counterparty level. The maximum loan outstanding to any individual borrower or counterparty as of 31 March 2019 was ₹ 1,500 lakhs, before taking into account collateral or other credit enhancements or undisbursed commitments.

Stress testing of portfolio

The Company evaluates potentially adverse scenarios that may impact the business or portfolio performance. Annual stress test exercise covering the entire portfolio is performed to assess vulnerability of the business extreme scenarios to possible extreme scenarios and effectiveness of management actions. The assessed impact is incorporated into risk appetite of the Company to ensure regulatory compliance.

Exposure to credit risk

The carrying amount of financial assets represents maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of cash and cash equivalent, bank balance other than cash and cash equivalents, trade and other receivables and financial assets measured at amortised cost.

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Maximum exposure to credit risk	311,781	193,613	53,108

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Analysis of inputs to the ECL model under multiple economic scenarios

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

Cash shortfalls are identified as follows.

- For 12-month ECLs: Cash shortfalls resulting from default events that are possible in the next 12 months.
- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

For undrawn loan commitments, a cash shortfall is the difference between:

- the contractual cash flows that are due to the Company if the holder of the loan commitment draws down the loan; and
- the cash flows that the Company expects to receive if the loan is drawn down.

The Company records allowance for expected credit losses for cash and cash equivalents, bank balance, investment, trade and other receivables, loans and advances together with loan commitments and other financial assets at amortised cost, collectively named as 'financial assets'.

The Company performs a collective assessment on a homogeneous pool of outstanding loans grouped on the basis of shared risk characteristic based on the type of products sliced down to geography as part of the impairment analysis.

For estimation of ECL, the entire portfolio is broadly partitioned into products like Loan against property and Housing Loans. Hese portfolio is used to arrive Exposure at Default, Probability of default and Loss given default.

The Company follows the expected credit loss (ECL) methodology based on historically available information and projection of macroeconomic indicators in order to determine the impairment allowance required against different categories / pool of loan accounts.

All defining parameters (PD, LGD, EL Adjustment factor) are estimated on a half yearly frequency. However, required changes may be done more frequently in case of change in market conditions, portfolio changes and other scenarios.

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

The 12mECL is part of LTECL that represent the ECLs from default events on a financial asset that are possible within the 12 months after the reporting date.

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Definition of Default

As per the Company's policy, all assets are classified into stage 1, stage 2 and stage 3. Assets up to 29 DPD (days past due) are classified as stage 1 assets. Assets with DPD of 30 days up to 89 days are classified as stage 2 assets and assets with DPD greater than 90 days are classified as stage 3 assets. The Company considers a financial instrument as defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower facility becomes 90 days past due on its contractual payments.

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk since initial recognition when contractual payments are more than 29 days past due. The Company also applies a qualitative method for triggering a significant increase in credit risk for an asset. This will be the case for exposure that meets certain heighted risk criteria, such as political situations and exceptions to normal economic scenarios. Such factors are based on its expert judgement and relevant historical experiences.

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognized and is still in the portfolio.

The Company collects performance and default information about its credit risk exposures analysed by type of funding and vintage of loans. The Company employs statistical models of flow analysis to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time. In absence of adequate historical data, the Company uses industry proxy data of peer companies as sourced from external agencies or similar products offered by companies within the group.

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest whether due or not.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due (net of recovery cost) and those that the lender would expect to receive. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. It is usually expressed as a percentage of the EAD. In absence of adequate historical data, the Company uses industry proxy data of peer companies as sourced from external agencies or similar products offered by companies within the group.

The Company collects list of all the defaulters and tracked from the first time they become non-performing asset ("Stage 3"). The Company calculates the LGD based on the present value of month on month recovery post default for Stage 1 and 2 and takes into account of the Stage 3 recovery and present value of the actual Stage 3.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

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Reconciliation of ECL balances is given below :

Particulars	As at 31 March 2019 (₹ lakhs)			As at 31 March 2018 (₹ lakhs)		
	12 Month ECL	Life time ECL	Total	12 Month ECL	Life time ECL	Total
ECL allowance - opening balance	**1,635**	**1,691**	**3,326**	**561**	**-**	**561**
New assets originated or purchased	448	2,884	**3,332**	1,225	1,658	**2,883**
Assets derecognised or repaid * (excluding write offs)	(89)	(1,381)	**(1,470)**	(115)	(3)	**(118)**
Transfers to Stage 1	212	(212)	-	24	(24)	-
Transfers to Stage 2	(36)	36	-	(17)	17	-
Transfers to Stage 3	(41)	41	-	(43)	43	-
Amounts written off	(91)	(519)	**(610)**	-	-	-
ECL allowance - closing balance	**2,038**	**2,540**	**4,578**	**1,635**	**1,691**	**3,326**

*ECL derecognized includes ECL released on account of assignment and NPA pool sale.

Credit Quality

The Company has classified portfolio loans as financial assets at amortized cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Accordingly, the Company analysis exposure to credit risk on the basis of vintage experience across its products. The Company categorizes its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Reconciliation of stage movement of portfolio loan is given below :

Particular	As at 31 March 2019 (₹ lakhs)				As at 31 March 2018 (₹ lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	1,84,021	3,445	2,750	**1,90,216**	46,885	469	-	**47,354**
New assets originated or purchased	1,37,495	268	745	**1,38,508**	1,48,794	1,599	593	**1,50,986**
Assets derecognised or repaid (excluding write offs)	(25,345)	(1,275)	(1,179)	**(27,799)**	(8,102)	(14)	-	**(8,116)**
Transfers to Stage 1	1,161	(945)	(216)	-	116	(116)	-	-
Transfers to Stage 2	(3,940)	3,949	(9)	-	(1,813)	1,813	-	-
Transfers to Stage 3	(4,422)	(393)	4,815	-	(1,850)	(307)	2,157	-
Amounts written off	(240)	(240)	(1,006)	**(1,486)**	(8)	-	-	**(8)**
ECL allowance - closing balance	**2,88,730**	**4,810**	**5,900**	**2,99,440**	**1,84,021**	**3,445**	**2,750**	**1,90,216**

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Trade receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflect low level of credit risk. Company creates ECL on trade receivable balances in line with BOD approved provisioning policy.

Cash and cash equivalents, other bank balance and other financial assets

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after taking into account parameters like safety, liquidity and post tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

While exposure with respect to security deposit and advance given for business purpose is spread across and carry low credit exposure as the Company has possession of rental premises and other with whom the Company has worked with for a number of years.

Write off policy

The Company has laid down explicit policies on loan write-offs to deal with assets which are impaired due to customer's inability to repay the loan beyond a timeline wherein loan against property and home loans are written-off at 720 Days Past Due.

Collateral management and associated risks

The Company holds collateral like residential, commercial land & building against secured portfolio loans such as housing loans, loan against property and developer funding.

The Company has a collateral management system to address the risks associated in the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation in value of asset due to unforeseen circumstances.

The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals the Company liquidates the assets and recovers the amount due against the loan. Negotiations with customers with respect to settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds are returned to the customers/obligors.
An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Company.

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As at 31 March 2019 (₹ lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents/ Bank Balances	14,467	-	14,467	-
Loans & Advances (Gross)	301,309	884,268	(582,959)	4,578
Trade receivables	62	-	62	-
Financial Assets at FVTPL	31,238	-	31,238	-
Other financial asset	521	-	521	-
Total Financial Asset	**347,597**	**884,268**	**(536,671)**	**4,578**

As at 31 March 2018 (₹ lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents/ Bank Balances	5,705	-	5,705	-
Loans & Advances (Gross)	1,90,814	4,65,702	(2,74,887)	3,326
Trade receivables	26	-	26	-
Financial Assets at FVTPL	4,742	-	4,742	-
Other financial asset	394	-	394	-
Total Financial Asset	**2,01,681**	**4,65,702**	**(2,64,020)**	**3,326**

As at 31 March 2017 (₹ lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents/ Bank Balances	6,148	-	6,148	-
Loans & Advances (Gross)	47,434	101,078	(53,644)	561
Trade receivables	-	-	-	-
Financial Assets at FVTPL	28,648	-	28,648	-
Other financial asset	87	-	87	-
Total Financial Asset	**82,317**	**101,078**	**(18,761)**	**561**

The value of the collateral for residential & commercial mortgage loans is based on the collateral value at origination. For credit-impaired loans the value of collateral is based on the most recent appraisals.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets.

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Fair value of collateral and credit enhancements held under the base case scenario

Portfolio Loans	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
As at 31 March 2019 (₹ Lakhs)	6,197	10,786	(4,594)	2,540
As at 31 March 2018 (₹ Lakhs)	2,873	5,587	(2,714)	1,691
As at 31 March 2017 (₹ Lakhs)	74	98	(24)	11

Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

The Company maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Company. In terms of actions, the Company's liquidity risk management policy is guided by the following principles:

1. Lender diversification demonstrated by an increase in lenders, across instruments (bank finance, bonds, money market instruments, sell down of loan portfolio of loan portfolio) and liquidity pools (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors)

2. Matching of asset and liability tenor

3. Maintenance of adequate liquidity buffer as per internal policy

4. Structural liquidity mismatch

Tools to manage Liquidity Risk

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Projected rolling cash flow for the next 6 months is prepared which provides a gap analysis of expected cash inflow and outflow on a given date. Treasury is responsible to prepare a suitable funding plan based on the cash flow.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored on a monthly basis to ensure these are within the policy limits.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due.

Analysis of financial liabilities by remaining contractual maturities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

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As at 31 March 2019 (₹ lakhs)	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities				
Trade payables	782	-	-	782
Borrowings other than debt securities*	51,845	179,530	10,147	241,522
Debt Securities	4,279	83,170	2,961	90,410
Other financial liabilities	19,252	-	-	19,252

As at 31 March 2018 (₹ lakhs)	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities				
Trade payables	452	-	-	452
Borrowings other than debt securities*	17,180	85,477	2,303	104,960
Debt Securities	1,759	45,881	-	47,640
Other financial liabilities	30,504	-	-	30,504

As at 31 March 2017 (₹ lakhs)	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities				
Trade payables	334	-	-	334
Borrowings other than debt securities*	4,459	39,243	-	43,702
Debt Securities	-	-	-	-
Other financial liabilities	12,301	-	-	12,301

* The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amount may change as market interest rates change.

Financing arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Expiring within one year	72,000	17,920	-
Expiring beyond one year (term loan)	-	-	-

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The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to maintenance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in ₹ and have an average maturity of 1 year (2018: 1 year, 2017: 1 year). The Company holds uncommitted line of credit from the Holding Company of ₹ 10,000 lakhs which was in the form of committed line of credit upto 31 March 2018.

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

Currency risk

The Company has insignificant amount of foreign currency denominated assets and liabilities. Accordingly, there is no significant exposure to currency risk.

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables whether caused by factors specific to an individual investment, its issuer and market.

To manage its price risk arising from investments, the Company has invested in the mutual fund after considering the risk and return profile of the mutual funds i.e. the debt profile of the mutual fund indicates that the debt has been given to creditworthy banks and other institutional parties and equity investment is made after considering the performance of the stock. The Company's exposure to price risk arises from investments in debt securities, units of mutual funds, which are classified as financial assets at Fair Value through Profit and Loss and amounts to as follows:

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Exposure to price risk	31,238	4,742	28,648

Sensitivity analysis

The table below sets out the effect on profit or loss due to reasonable possible weakening / strengthening in prices of 5% :

	Effect on profit or loss	
	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)
Impact on profit before tax for 5% increase in prices	(260)	(40)
Impact on profit before tax for 5% decrease in prices	260	40

Interest rate risk

The interest rate risk is the vulnerability of the Company's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Company's profitability, in particular net interest income. Exposure to this risk primarily results from timing spread in the re-pricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractual re-pricing (floating rate instruments). The objective of interest rate risk policy is to establish boundaries on interest rate risk exposure for the Company and the governance and monitoring policies for interest rate risk management.

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The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	**As at 31 March 2019 (₹ lakhs)**	**As at 31 March 2018 (₹ lakhs)**	**As at 01 April 2017 (₹ lakhs)**
Fixed rate borrowings			
Debt Securities	71,300	37,000	-
Borrowings	8,200	10,500	2,500
Variable rate borrowings	193,750	85,250	32,250
Total borrowings	**273,250**	**132,750**	**34,750**

The following metrics are employed for measurement of interest rate risks:

- Reprising Gap analysis – measured by calculating gaps over different time intervals as at a given date, and measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions).
- Sensitivity analysis – interest rate sensitivity is monitored as per interest rate simulations, viz. potential loss due to an adverse movement in interest rates of 100 bps for mismatch up to 1 year.

Sensitivity analysis

Particulars	**Effect on profit or loss**	
	As at 31 March 2019 (₹ lakhs)	**As at 31 March 2018 (₹ lakhs)**
Impact on profit before tax for 100 bps increase in interest rates	(1,938)	(853)
Impact on profit before tax for 100 bps decrease in interest rates	1,938	853

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Financial Instrument

a. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at reporting date :

Financial instruments by category	As at 31 March 2019 (₹ lakhs)		As at 31 March 2018 (₹ lakhs)		As at 01 April 2017 (₹ lakhs)	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets:						
Cash and cash equivalent	-	9,461	-	349	-	1,603
Bank balances other than cash and cash equivalent	-	5,006	-	5,356	-	4,545
Investments	31,238	-	4,742	-	28,648	-
Trade Receivables	-	62	-	26	-	-
Loans and advances to customers	-	2,96,731	-	1,87,488	-	46,873
Other financial assets	-	521	-	394	-	87
Total financial assets	**31,238**	**3,11,781**	**4,742**	**1,93,613**	**28,648**	**53,108**
Financial liabilities:						
Trade payables	-	782	-	452	-	334
Debt securities	-	74,988	-	38,346	-	-
Borrowing other than debt securities	-	2,01,111	-	95,525	-	34,638
Other financial liabilities	-	19,252	-	30,504	-	12,301
Total financial liabilities	**-**	**2,96,133**	**-**	**1,64,827**	**-**	**47,273**

Fair Value of cash and cash equivalents, bank balances other than cash and cash equivalent, trade receivables, loans and advances to customers, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

b. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the Ind AS 107. An explanation of each level follows underneath the table.

The hierarchy used is as follows :

Level 1 — Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

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Level 2 — Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

i. Financial assets at FVTPL

Particulars	Level 2		
	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 01 April 2017 (₹ lakhs)
Investments	31,238	4,742	28,648
Total	**31,238**	**4,742**	**28,648**

ii. Financial assets and liabilities measured at amortized cost at each reporting date

Particulars	31 March 2019 (₹ lakhs)		
	Carrying Value	Fair value	
		Level 2	Level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	296,731	-	296,731
Other financial assets	521		517
Total	**297,252**	**-**	**297,248**
Financial liabilities measured at amortised cost			
Debt securities	74,988	-	74,402
Borrowing other than debt securities	201,111	-	201,111
Total	**276,099**	**-**	**275,513**

Particulars	31 March 2018 (₹ lakhs)		
	Carrying Value	Fair value	
		Level 2	Level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	187,488	-	187,488
Other financial assets	394	-	394
Total	**187,882**	**-**	**187,882**
Financial liabilities measured at amortised cost			
Debt securities	38,346	-	38,230
Borrowing other than debt securities	95,525	-	95,525
Total	**133,871**	**-**	**133,755**

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Particulars	31 March 2017 (₹ lakhs)		
	Carrying Value	Fair value	
		Level 2	Level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	46,873	-	46,873
Other financial assets	87	-	87
Total	**46,960**	**-**	**46,960**
Financial liabilities measured at amortised cost			
Debt securities	-	-	-
Borrowing other than debt securities	34,638	-	34,638
Total	**34,638**	**-**	**34,638**

* Gross value of portfolio loans.

Following discounting factor are used for calculation of fair values:

Particulars	Discounting factors
Loans and advances to customers	Average loan boarding rate for respective product for recent four months as at reporting date
Other financial assets, Debt securities, Borrowing other than debt securities	Average cost of funds as at reporting date

Valuation techniques used to determine fair value

Each class of financial assets	Techniques
Government securities	The fair value is determined by applying direct quotes available from the active market for such securities.
Units of mutual funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed
Certificate of Deposits	The fair value for such securities is determined by applying benchmark quotes for such securities published by market aggregators on daily basis for relevant maturities.
Equity shares	Discounted cash flow based on present value of the expected future economic benefit and fair value as determined by the management based on MIS review, audited financial statements and information available in public domain

In order to assess Level 3 valuations as per Company's investment policy, the management reviews the performance of the investee companies on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance department of the Company includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. Discussions on valuation processes and results are held between the valuation team and the senior management at least once every six months which is in line with the Company's half yearly reporting periods.

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49. Maturity Analysis of Assets and Liabilities

Particular	As at 31 March 2019 (₹ lakhs)			As at 31 March 2018 (₹ lakhs)		
Assets	**Within 12 month**	**After 12 month**	**Total**	**Within 12 month**	**After 12 month**	**Total**
Financial Assets						
Cash and cash equivalents	9,461	-	9,461	349	-	349
Bank balances other than cash and cash equivalents	5,006	-	5,006	5,356	-	5,356
Investments	31,238	-	31,238	4,742	-	4,742
Trade receivables	62	-	62	26	-	26
Other financial assets	210	311	521	158	236	394
Loans and advances	8,583	2,88,148	2,96,731	6,615	1,80,873	1,87,488
Non Financial assets						
Current tax assets (net)	-	329	329	-	32	32
Deferred tax asset (net)	-	1,497	1,497	-	1,287	1,287
Property, plant and equipment	-	1,010	1,010	-	139	139
Intangibles assets	-	84	84	-	10	10
Intangibles assets under development	-	-	-	-	-	-
Other non-financial assets	-	823	823	-	347	347
Total Assets	**54,560**	**2,92,202**	**3,46,762**	**17,246**	**1,82,924**	**2,00,170**
Liabilities						
Financial liabilities						
Trade payables	782	-	782	452	-	452
Debt Securities	-	74,988	74,988	-	38,346	38,346
Borrowings	41,780	1,59,331	2,01,111	19,875	75,650	95,525
Other financial liabilities	18,475	776	19,252	30,117	387	30,504
Non Financial liabilities						
Current tax liabilities (net)	7	-	7	65	-	65
Provisions	-	94	94	-	59	59
Other non financial liabilities	823	-	823	543	-	543

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Equity						
Equity share capital	-	24,536	24,536	-	19,527	19,527
Other equity	-	25,169	25,169	-	15,149	15,149
Total liabilities	**61,860**	**2,84,902**	**3,46,762**	**51,052**	**1,49,118**	**2,00,170**
Net	**(6,970)**	**6,970**	**(0)**	**(33,806)**	**33,806**	**0**

50. 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
ICAI Firm's Registration No: 101248W/W-100022

Milind Ranade
Partner

Membership No:100564

Place: Mumbai
Date: May 28,2019

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

Anindo Mukherjee
Chairman

DIN: 00019375

Rakesh Makkar
CEO & Whole time Director
DIN: 01225230

Pankaj Malik
Chief Financial Officer

Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Fullerton India Home Finance Company Limited

Place: Mumbai
Date: May 28,2019

ADDITIONAL DISCLOSURES REQUIRED BY NHB

The Company is required to provide additional disclosures in financial statements as required by the Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 and NHB Directions 2010 issued by National Housing Bank :

i. **Capital to Risk Assets Ratio ('CRAR')**

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)
CRAR (%)	21.63%	24.15%
CRAR - Tier I Capital (%)	21.10%	23.48%
CRAR - Tier II Capital (%)	0.53%	0.67%
Amount of subordinated debt raised as Tier-II capital (only principle)	-	-

ii. **Reserve Fund u/s 29 C of NHB Act, 1987**
Please refer note 21

iii. **Details of investments with movement in provision for depreciation**

Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)
Gross Value of Investments		
In India	31,238	4,742
Outside India,	-	-
Provisions for Impairment		
In India	-	-
Outside India,	-	-
Net Value of Investments		
In India	31,238	4,742
Outside India,	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add : Provisions made during the year	-	-
Less : Write-off / write-back of excess provisions during the year	-	-
Closing balance	-	-

iv. **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.

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v. Securitization, Direct Assignment, Financials Assets Sales and Purchase

a) Securitization

The Company has not entered into any agreement for securitisation. Hence, no disclosure is made for the same.

b) Assignment

Details of Assignment transactions Undertaken by the Company during the year

Particulars	For the Year ended 31 March 2019 (₹ lakhs)	For the Year ended 31 March 2018 (₹ lakhs)
No. of accounts	669	-
Aggregate value (net of provisions) of accounts sold	7,144	-
Aggregate consideration	7,144	-
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value	-	-

c) Details of non-performing financial assets purchased / sold

I. Details of non performing financial assets purchased during the year:

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2019 (₹ lakhs)
No. of accounts purchased during the year	NIL	NIL
Aggregate outstanding Of these, number of accounts restructured Aggregate outstanding		

II. Details of non performing financial assets sold:

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
No. of accounts sold during the year	130	-
Aggregate outstanding	5,171	-
Aggregate consideration received	2,628	-

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vi. Asset Liability Management (Maturity Pattern of certain items of Assets & Liability)

(₹ lakhs)

Particulars	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
	Advances*		Investments*		Borrowings*	
Up to 30/31 days	41	43	5,004	5,406	(59)	0
Over 1 month upto 2 Months	462	473	0	0	1,022	0
Over 2 months upto 3months	505	517	2,458	0	649	2,901
Over 3 months & up to 6 months	1,547	1,438	9,760	3,500	6,445	3,021
Over 6 Months & up to 1 year	3,255	2,678	19,225	1,070	33,795	13,940
Over 1 year & up to 3 years	15,568	12,009	0	0	145,042	68,234
Over 3 years & up to 5 years	19,721	15,130	0	0	73,842	44,308
Over 5 years	258,343	157,928	0	0	12,083	0
Total	**299,442**	**190,216**	**36,447**	**9,976**	**272,819**	**132,404**

* Represents interest bearing portfolio loans

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.

vii. Exposures

d) Exposure to real estate sector

Particulars	**As at 31 March 2019 (₹ lakhs)**	**As at 31 March 2018 (₹ lakhs)**
Direct exposure		
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 Rs. 15 lakhs	40,342	23,966
b) Other	1,44,905	1,58,904
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	1,17,077	8,806
Investments in Mortgage Backed Securities (MBS) and other securitised exposures -	-	-
a) Residential b) Commercial Real Estate	- -	- -
Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
Indirect Exposure - Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)		
Total Exposure to Real Estate Sector	**302,324**	**191,676**

The Company provides loans which are fully collateralized against property, in accordance with the approved policy of the Company which includes credit assessment of financial statements and cash flow of the customers. The end use of the loan may be business in the case of business customers or could be personal in case of salaried individuals. Accordingly, there is no direct real estate exposure except as disclosed above.

e) Exposure to capital market

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

f) Details of financing of parent Company products

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

g) Details of financing of parent Company products

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

h) Unsecured advances

Refer note 7 for unsecured advances. The Company has not given any advances against the rights, licenses, authorizations, etc.

viii. Registration with other financial sector

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

ix. No penalties were imposed by NHB and other regulators during the current and previous year.

x. Refer note 35 for related party transactions during the current and previous year.

xi. Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars		For the year ended 31 March 2019	For the year ended 31 March 2018
		CARE	CARE
LT	Non-convertible debentures(NCD)	AA+	AA+
	Term Loan (TL)	AA+	AA+
ST	Commercial Paper	A1+	A1+

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

xii. 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 current and previous year. The accounting policies followed in preparations of financial statements are consistent with those of the previous year.

xiii. Revenue has been recognized in accordance with the revenue recognition policy of the Company and there are no deviations to the same (refer note 1.c).

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xiv. Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit & Loss Account

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
2. Provision made towards Income tax	458	524
3. Provision towards NPA	170	1,163
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc)		
-Housing	(168)	245
-Non Housing (incl. CRE)	400	225
Total	**860**	**2,157**

The total provision carried by the Company in terms of paragraph 29 (2) of 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 as follows:-

Break up of Loan & Advances and Provisions thereon	Housing		Non Housing	
	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)
Standard Assets				
a) Total Outstanding Amount	167,997	102,268	125,247	85,076
b) Provisions made	553	509	626	438
Sub-Standard Assets				
a) Total Outstanding Amount	4,402	2,335	1,604	538
b) Provisions made	916	1,039	354	135
Doubtful Assets – Category-I				
a) Total Outstanding Amount	190	-	-	-
b) Provisions made	75	-	-	-
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	172,589	104,603	126,851	85,614
b) Provisions made	1,544	1,548	980	573

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xv. Draw down from reserves

The Company has not withdrawn any amount from any of the reserves during the year ended 31 March 2019 (31 March 2018: Nil; 1 April 2017: Nil)

xvi. Concentration of Deposits, Advances, Exposures and NPAs

a) Concentration of Deposits

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

b) Concentration of Advances

Particular	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Total advances to twenty largest borrowers	12,945	10,172
Percentage of advances to twenty largest borrowers to total advances of the Company	4%	5%

c) Concentration of Exposure

Particular	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Total advances to twenty largest borrowers	13,087	10,231
Percentage of advances to twenty largest borrowers to total advances of the Company	4%	5%

d) Concentration of Non Performing Accounts

Particular	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Total Exposure to top ten NPA accounts	2,183	712

e) **Sector-wise Non performing accounts**

Particular	Percentage of NPAs to Total Advances in that sector	
Sector	**For the year ended 31 March 2019 (₹ lakhs)**	**For the year ended 31 March 2018 (₹ lakhs)**
Housing Loans		
Individuals	2.7%	2.2%
Buider/Project loans/Corporates/other	-	-
Non Housing Loans		
Individuals	1.3%	0.6%
Buider/Project loans/Corporates/other	-	-

xvii. Movement of NPA's, provision, net npa (op, add, reductions, closing)

Particulars	For the year ended 31 March 2019 (₹ lakhs)	For the year ended 31 March 2018 (₹ lakhs)
Net NPA to Net Advances (%)	**1.63%**	**0.90%**
Movement in Gross NPAs		
(a) Opening Balance	2,873	75
(b) additions during the year	11,750	2,945
Sub Total (A)	**14,623**	**3,020**
(a) Up gradations	3,233	123
(b) Recoveries	3,707	6
(c) Write-Offs	1,486	18
Sub Total (B)	**8,426**	**147**
Gross NPAs as on 31 Mar (A-B)	**6,197**	**2,873**
Movement in provisions for NPAs		
(a) Opening Balance	1,174	11
(b) Provisions made during the year	1,473	1,192
(c) Write off / Write back of excess provisions	1,303	29
(d) Closing Balance	**1,345**	**1,174**
Movement in Net NPAs		
(a) Opening Balance	1,698	63
(b) additions during the year	10,277	1,753
(c) Reductions during the Year	7,123	118
(d) Closing Balance	**4,852**	**1,698**

xviii. 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 :

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Particulars	As at 31 March 2019 (₹ lakhs)	As at 31 March 2018 (₹ lakhs)
Balance at the beginning of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987*	**220**	-
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:		
Amount transferred u/s 29C of the NHB Act, 1987*	11	220
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:		
Amount transferred u/s 29C of the NHB Act, 1987*	-	-
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	-	-
Balance at the end of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987*	**231**	**220**
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	-	-

*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 Company commenced commercial operations as Housing Finance Company during the financial year 2015-16. No amount has been transferred to statutory reserve as the Company has incurred losses.

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

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

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xxi. Disclosure on complaints

Particulars	**As at 31 March 2019 (₹ lakhs)**	**As at 31 March 2018 (₹ lakhs)**
a) No. of complaints pending at the beginning of the year	3	-
b) No. of complaints received during the year	68	10
c) No. of complaints redressed during the year	64	7
d) No. of complaints pending at the end of the year	7	3

xxii. The details of frauds noticed / reported are as below:

Particulars	**For the year ended 31st March 2019 (₹ lakhs)**	**For the year ended 31st March 2019 (₹ lakhs)**
Amount Involved	73	18
Amount Recovered	1	-
Amount written off/provided	72	18
Balance	-	-

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

Fullerton India Home Finance Company Limited