

# B S R & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' 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 2020, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (the "SAs") specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 on the financial statements.

##### Emphasis of matter

As described in Note 41 to the financial statements, in respect of accounts overdue but standard at 29 February 2020 where moratorium benefit has been granted and accepted by the customers, the staging of those accounts at 31 March 2020 is based on the days past due status as on 29 February 2020 in accordance with the Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 51 to the financial statements, the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

B S R & Co (a partnership firm with Registration No  
BA61223) converted into  
B S R & Co. LLP (a Limited Liability, Partnership with  
LLP Registration No. AAB-8181)  
with effect from October 14, 2013

Registered Office  
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**Independent Auditors' 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
<b>Impairment of portfolio loans</b>	
Refer to the accounting policies in "Note 1.C.2 to the Financial Statements: Impairment and write off", "Note 1.B.v to the Financial Statements: Significant Accounting Policies- use of estimates and judgments", Note 30 to the Financial Statements: Impairment on financial instruments" and "Note 49 to the Financial Statements: Financial Risk Management – Credit Risk"	
<p><b>Subjective estimate</b></p> <p>Recognition and measurement of impairment on portfolio loans involves significant management judgement.</p> <p>As per Ind AS 109 Financial instruments, credit loss assessment is 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.</p> <p>The most significant factors are:</p> <ul style="list-style-type: none"> <li>• Segmentation of loan book</li> <li>• Loan staging criteria</li> <li>• Calculation of probability of default / Loss given default</li> <li>• Consideration of probability weighted scenarios and forward looking macro-economic factors including use of management overlay</li> </ul> <p>The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.</p>	<p>Our audit procedures included:</p> <p><b>Design / controls</b></p> <ul style="list-style-type: none"> <li>• Understood management's revised processes, controls and system implemented in relation to impairment allowance (including the management review controls as mandated by Reserve Bank of India (the "RBI");</li> <li>• Assessed the design and implementation of key internal financial controls and entity level controls (including controls around information provided by the Company) over impairment allowance calculation including governance controls over the development of the ECL model in line with RBI guidance;</li> <li>• Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge.</li> <li>• Evaluated management's controls over collation of relevant information used for determining estimates for management overlays on account of COVID-19.</li> <li>• Test checked management review controls over measurement of impairment allowances and disclosures in financial statements and</li> <li>• Tested key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations in respect of the changes made to give effect to moratorium benefits policy approved by the Board</li> </ul>

**Independent Auditors' Report (Continued)**

**Fullerton India Home Finance Company Limited**

**Key Audit Matters (Continued)**

Key audit matter	How the matter was addressed in our audit
<p><i>Impact of COVID-19</i>                      On 11 March 2020, the World Health Organisation declared the Novel Coronavirus (COVID-19) outbreak to be a pandemic.</p> <p>We have identified the impact of, and uncertainty related to the COVID 19 pandemic as a key element and consideration for recognition and measurement of impairment of loans and advances on account of:</p> <ul style="list-style-type: none"> <li>- Short and long term macroeconomic effect on businesses in the country and globally and its consequential first order and cascading negative impact on revenue and employment generation opportunities;</li> <li>- impact of the pandemic on the Company's customers and their ability to repay dues; and</li> <li>- application of regulatory package announced by the Reserve Bank of India (RBI) on asset classification and provisioning.</li> </ul> <p>Management has conducted a qualitative assessment of significant increase in credit risk (SICR) of the loan portfolio with respect to the moratorium benefit to borrowers prescribed by the RBI and considered updated macroeconomic scenarios and the use of management overlays to reflect potential impact of COVID-19 on expected credit losses on its loan portfolio.</p>	<p><b>Substantive tests</b></p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice;</li> <li>• Assessed the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package.</li> <li>• Assessed the appropriateness of changes made in macroeconomic factors and management overlays to calibrate the risks that are not yet fully captured by the existing model.</li> <li>• Corroborate through independent check and enquiries the reasonableness of management's assessment of grading of severity of impact of COVID-19 on segments of its loan portfolio and the resultant impairment provision computed.</li> <li>• Focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model.</li> <li>• Engaged our financial risk modelling specialists to test the methodology of the ECL model and reasonableness of assumptions used;</li> <li>• Performed test of details over calculation of impairment allowance to check reasonableness of assumptions used in the ECL model;</li> <li>• Performed model calculations testing through re-performance where possible.;</li> <li>• The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral.</li> <li>• Assessed the factual accuracy and appropriateness of the additional financial statements disclosures made by the Company regarding impact of COVID-19.</li> </ul>

**Independent Auditors' Report (Continued)**

**Fullerton India Home Finance Company Limited**

**Key Audit Matters (Continued)**

Key audit matter	How the matter was addressed in our audit
<b>Information technology</b>	
<p><b>IT systems and controls relating to Loan Management System</b></p> <p>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.</p> <p>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.</p> <p>We have focused on program development, user access management, change management, segregation of duties and system application controls over loan management systems.</p> <p>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.</p>	<p>Our audit procedures to assess the IT system controls relating to Loan Management System included the following:</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• Engaged our IT and Data &amp; 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.</li> <li>• 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.</li> </ul>

**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 Company's Director's report and management discussion & analysis section – "Analysis of the Financial Statements", but does not include the financial statements and our auditors' report thereon.

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

## **Independent Auditors' Report (Continued)**

### **Fullerton India Home Finance Company Limited**

#### **Other Information (Continued)**

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.

#### **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 Responsibilities 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 skepticism throughout the audit. We also:

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

## **Independent Auditors' Report (Continued)**

### **Fullerton India Home Finance Company Limited**

#### **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management and Board of Directors.
- 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 auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Report on Other Legal and Regulatory Requirements**

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



**Independent Auditors' Report (Continued)**

**Fullerton India Home Finance Company Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

2. (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), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - 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 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 Auditors' 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 litigations as at 31 March 2020 on its financial position in its 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 2020.



**Independent Auditors' Report (Continued)**

**Fullerton India Home Finance Company Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meeting and 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  
UDIN: 20100564AAAAGQ8391

Mumbai  
08 June 2020



## Fullerton India Home Finance Company Limited

### Annexure A to the Independent Auditors' Report – 31 March 2020

(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) 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. During the year, the Management has largely covered property, plant and equipment in its physical verification. According to the information and explanations given to us no material discrepancies were noticed on such physical verifications.
- (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 granted any loans, made investments or provided any guarantees or security in connection with any loan which attract the provisions of Section 185 and Section 186 of the Act. Thus, paragraph 3 (iv) of the Order is not applicable to the Company.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and Rules framed there under. Thus, paragraph 3 (v) of the Order is not applicable to the Company.
- vi. 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. Thus, 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,

## Fullerton India Home Finance Company Limited

### **Annexure A to the Independent Auditors' Report – 31 March 2020 (Continued)**

employee's state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of provident fund, employee's state insurance, income tax, goods and services tax, cess and other material statutory dues which have not been deposited by the Company on account of disputes.
- viii. 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, except for ₹ 386 lakhs, 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, nor have been informed of such case by the management.
- xi. According to the information and explanations given to us and based on our examination of the records, 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.

## Fullerton India Home Finance Company Limited

### **Annexure A to the Independent Auditors' Report – 31 March 2020 (Continued)**

- xv. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with Directors or person connected with him. Thus, paragraph 3(xv) of the Order is not applicable to the Company.
- xvi. 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 **BSR & Co. LLP**  
*Chartered Accountants*  
Firm's Registration No: 101248W/W-100022



**Milind Ranade**  
*Partner*

Mumbai  
08 June 2020

Membership No: 100564  
UDIN: 20100564AAAAGQ8391

## Fullerton India Home Finance Company Limited

### **Annexure B to the Independent Auditors' Report – 31 March 2020**

(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 2020 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 2020, 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



## Fullerton India Home Finance Company Limited Annexure B to the Independent Auditors' Report (*Continued*)

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

risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

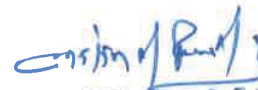
### Meaning of internal financial controls with reference to financial statements

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  
UDIN: 20100564AAAAGQ8391

Mumbai  
08 June 2020

Fullerton India Home Finance Company Limited  
Balance sheet as at 31 March 2020

	Note	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and cash equivalents	2	11,890	9,461
Bank balances other than cash and cash equivalents	3	250	5,006
Investments	4	38,512	31,238
Trade receivables	5	25	62
Other financial assets	6	1,076	521
Loans and advances	7	389,843	296,731
		<b>441,596</b>	<b>343,019</b>
<b>Non-financial assets</b>			
Current tax assets	8	374	329
Deferred tax asset (net)	9	2,937	1,497
Other non financial assets	10	819	823
Property, plant and equipment	11	820	1,010
Right to use of asset	12	2,020	-
Intangible assets	13	172	84
Intangible assets under development	13	28	-
		<b>7,170</b>	<b>3,743</b>
<b>Total Assets</b>		<b>448,766</b>	<b>346,762</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	14	-	-
i) total outstanding dues to micro enterprises and small enterprises		0	-
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		198	782
Debt securities	15	89,401	74,988
Borrowings	16	280,342	201,111
Lease rental liabilities	17	2,171	-
Other financial liabilities	18	4,535	19,252
		<b>376,647</b>	<b>296,133</b>
<b>Non-financial liabilities</b>			
Current tax liabilities	19	148	7
Provisions	20	175	94
Other non financial liabilities	21	707	823
		<b>1,030</b>	<b>924</b>
<b>Equity</b>			
Equity share capital	22	30,803	24,536
Other equity	23	40,286	25,169
		<b>71,089</b>	<b>49,705</b>
<b>Total liabilities and equity</b>		<b>448,766</b>	<b>346,762</b>
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-52		

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

  
Bakesh Makkar  
CEO & Whole Time Director  
DIN : 01225230

  
Pankaj Mallik  
Chief Financial Officer

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

Place: Mumbai  
Date: 08 June 2020

Place: Mumbai  
Date: 08 June 2020



Fullerton India Home Finance Company Limited  
Statement of Profit and Loss for the year ended 31 March 2020

	Note	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
<b>Revenue from operations</b>			
Interest income	24	50,323	30,762
Fees and commission income	25	839	359
Net gain on financial asset at FVTPL	26	1,460	1,072
Ancillary income	25	812	545
<b>Total revenue from operations</b>		<b>53,434</b>	<b>32,738</b>
Other income	28	711	242
<b>Total Income</b>		<b>54,145</b>	<b>32,980</b>
<b>Expenses</b>			
Finance costs	29	30,657	18,388
Impairment on financial assets	30	8,508	4,351
Employee benefits expense	31	7,811	5,662
Depreciation, amortisation and impairment	11,12&13	727	234
Other expenses	32	4,303	4,049
<b>Total expenses</b>		<b>52,006</b>	<b>32,684</b>
<b>Profit before tax</b>		<b>2,139</b>	<b>296</b>
<b>Tax expense</b>	33		
Current tax		2,186	458
Deferred tax expense / (credit)		(1,438)	(210)
		748	248
<b>Net profit after tax</b>		<b>1,391</b>	<b>48</b>
<b>Other comprehensive income / (loss)</b>	33(b)		
<b>Items that will not be reclassified to profit or loss</b>			
Re-measurement of gain/loss on defined benefit plans		(8)	(19)
Deferred tax expense relating to the above		2	-
<b>Other comprehensive loss</b>		<b>(6)</b>	<b>(19)</b>
<b>Total comprehensive income for the year</b>		<b>1,385</b>	<b>29</b>
<b>Earnings per equity share:</b>	34		
Basic earnings per share (in ₹)		0.48	0.02
Diluted earnings per share (in ₹)		0.48	0.02
Face value per share (in ₹)		10.00	10.00
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-52		

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

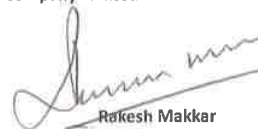
For and on behalf of the Board of Directors of  
Fullerton India Home Finance Company Limited



Anindo Mukherjee  
Chairman  
DIN : 00019375



Pankaj Malik  
Chief Financial Officer



Rakesh Makkar  
CEO & Whole Time Director  
DIN : 01225230



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

Place: Mumbai  
Date: 08 June 2020

Place: Mumbai  
Date: 08 June 2020



Fullerton India Home Finance Company Limited  
Statement of Changes in Equity for the year ended 31 March 2020

A. Equity share capital

Particulars	Number of shares	Amount (₹ lakhs)
Equity share of ₹ 10 each fully paid up as at 31 March 2018	195,273,443	19,527
Changes during the year	50,083,473	5,009
Equity share of ₹ 10 each fully paid up as at 31 March 2019	245,356,916	24,536
Changes during the year	62,676,277	6,267
Equity share of ₹ 10 each fully paid up as at 31 March 2020	308,033,193	30,803

B. Other equity

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 gain/loss on defined benefit plans	
Closing balance as at 31 March 2018	-	10	16,463	220	(1,553)	9	15,149
Securities Premium on shares issued	-	-	9,991	-	-	-	9,991
Transferred from retained earnings to reserve fund	-	-	-	11	(11)	-	-
Profit for the year	-	-	-	-	48	-	48
Other comprehensive Income/(loss) for the year	-	-	-	-	-	(19)	(19)
Closing balance as at 31 March 2019	-	10	26,454	231	(1,516)	(10)	25,169
Securities Premium on shares Issued	-	-	13,732	-	-	-	13,732
Transferred from retained earnings to reserve fund	-	-	-	278	(278)	-	-
Profit for the year	-	-	-	-	1,391	-	1,391
Other comprehensive Income/(loss) for the year	-	-	-	-	-	(6)	(6)
Closing balance as at 31 March 2020	-	10	40,186	509	(403)	(16)	40,286

As per our report of even date attached

1-52

For B S R & Co. LLP  
Chartered Accountants  
ICAI Firm Registration No.: 101745W/W-100022

  
Millind 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 : 0019375

  
Pankaj Malik  
Chief Financial Officer



Rakesh Makkar  
CEO & Whole Time Director  
DIN : 01225230

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



Place: Mumbai  
Date: 08 June 2020

Place: Mumbai  
Date: 08 June 2020



Fullerton India Home Finance Company Limited  
Statement of cash flow for the year ended 31 March 2020

	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,139	296
Adjustments for :		
Financial asset measured at amortised cost	(597)	(821)
Financial liabilities measured at amortised cost	218	2
Depreciation, amortisation and impairment	727	234
Interest income on fixed deposits and investments	(2,187)	(694)
Net (gain)/loss on financial assets at FVTPL	(1,460)	(1,072)
Impairment on financial instruments	8,508	4,251
Write off of fixed assets & intangible assets	-	1
Profit on sale of property, plant and equipment	(0)	-
Fair valuation of SAR liability	88	321
<b>Operating profit before working capital changes</b>	<b>7,436</b>	<b>2,518</b>
Adjustments for working capital:		
- (Increase)/decrease in loans and advances	(101,032)	(111,112)
- (Increase)/ decrease in other assets (financial and non-financial assets)	97	(319)
- (Increase)/decrease in trade receivables	37	(36)
- Increase/(decrease) in other liabilities (Provision, financial and non-financial liabilities)	(12,453)	(9,327)
<b>Cash generated from/(used in) operating activities</b>	<b>(105,915)</b>	<b>(118,276)</b>
Income tax paid (net)	(2,091)	(1,000)
<b>Net cash generated from/(used in) operating activities (A)</b>	<b>(108,006)</b>	<b>(119,276)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property plant and equipment and intangibles	(288)	(1,180)
Purchase of investments	(884,244)	(1,715,647)
Sale/maturity of investments	878,431	1,689,250
Fixed deposit placed during the year	(30,084)	(6,500)
Fixed deposit matured during the year	34,834	6,567
Interest received on fixed deposits	522	486
Interest received on investments	1,048	440
<b>Net cash generated from/(used in) Investing activities (B)</b>	<b>219</b>	<b>(26,584)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital (including share premium)	20,000	15,000
Proceeds from borrowings from banks and financial institutions	146,100	189,000
Repayment of borrowings from banks and financial institutions	(55,220)	(48,500)
Payment of ancillary borrowing costs	(200)	(528)
Principal and interest payment of Lease liability	(464)	-
<b>Net cash generated from/(used in) financing activities (C)</b>	<b>110,216</b>	<b>154,972</b>
<b>Net Increase / (decrease) in cash and cash equivalents D=(A+B+C)</b>	<b>2,429</b>	<b>9,112</b>
Cash and cash equivalents as at the beginning of the period (E)	9,461	349
<b>Closing balance of cash and cash equivalents (D+E)</b>	<b>11,890</b>	<b>9,461</b>
<b>Components of cash and cash equivalents:</b>		
Cash on hand	0	0
Balances with banks		
- in current accounts	10,089	9,461
- in fixed deposit with maturity less than 3 months	1,801	-
<b>Cash and cash equivalents</b>	<b>11,890</b>	<b>9,461</b>

**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.

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 : 0019375



Rakesh Makkar  
CEO & Whole Time Director  
DIN : 01225290



Pankaj Malik  
Chief Financial Officer



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

Place: Mumbai  
Date: 08 June 2020

Place: Mumbai  
Date: 08 June 2020



## 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 2020

#### 1 Notes to Financial Statement

##### (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 Bank ('NHB'). The 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 home, home improvement loans, home construction, home extensions, loans against property (collectively referred to as "Portfolio Loans").

As at 31 March 2020, 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 were approved for issue by the Company's Board of Directors on 08 June 2020.

###### (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 50.

###### (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.

###### (iv) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments and certain financial assets and financial liabilities measured at fair value (refer accounting policy).

###### (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 2020 is included in the following notes to the policy :

**Note 1.C.2** – financial instruments – Fair values, risk management and impairment of financial assets

**Note 1.C.8** – recognition of deferred tax assets;

**Note 1.C.9** – estimates of useful lives and the residual value of property, plant and equipment and intangible assets;

**Note 1.C.10** – Impairment test of non-financial assets : key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;

**Note 1.C.11** – measurement of defined benefit obligation : key actuarial assumptions and cash-settled – share-based payments

**Note 1.C.12** – recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources, if any and

**Note 1.C.17** – estimation uncertainty relating to the global health pandemic



**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 2020**

**(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 an appropriate 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.

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

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 the selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of the 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 37**- Gratuity and Leave encashment

**Note 38** - Cash-settled - share-based payments

**Note 49** - Financial instruments - Fair values and risk management

**(C) Significant accounting policies**

**1 Revenue Recognition**

**Interest income**

The Company calculates interest income by 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 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.



## 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 2020

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 an integral part of financial 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 the assignment. Applications fee is recognized at the commencement of the contracts. Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognized on a realization basis.

#### Dividend income

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

#### Net gain from financial instruments 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, 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 is recognized on an 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 recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value on a 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

The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

#### 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.



## 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 2020

A financial asset is measured at amortized cost using the 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 financial 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 financial 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.

#### 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 reassesses 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 (SPPI)

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 Particulars 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 sole 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.



**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 2020**

**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 recognised 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 recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised 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 recognised in the statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised 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 recognised 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 recognised 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 recognised at the proceeds received.

Financial liabilities are subsequently 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 recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

• **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.

• **De-recognition, modification and transfer**

**Financial Assets**

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 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 the assigned portfolio is recognized basis Effective Interest Rate. The Service fee received is accounted for based on the terms of the underlying deal structure of the transaction.



**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 2020**

On derecognition of a financial asset in its entirety, the difference between:

- l) the carrying amount (measured at the date of derecognition) and
- ll) the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

**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 recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised 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 recognised 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 at amortized cost along with related undrawn commitments and loans sanctioned but not disbursed.

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 amount is fully drawn down by the customer.

ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments.

For recognition of impairment loss on financial assets, the Company determines 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, the 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 is the expected credit loss resulting from all possible default events over the expected life of a financial asset. 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 a default occurring over the remaining life of the financial instrument.

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 49.

**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 accounted 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.



## 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 2020

#### 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.

#### 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 consist of balances with banks which are unrestricted for withdrawal and usage.

#### 4 Leases

The Company assesses whether the contract is, or contains, a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

##### As a lessee

The Company has various offices, branches and other premises under non-cancellable various lease arrangements to meet its operational business requirements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Company's incremental borrowing rate. Lease payments as at commencement date are adjusted for any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at their carrying amount at the commencement date and are discounted using the Company's incremental borrowing rate at the date of initial application. Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Leases may include options to extend or terminate the lease which is included in the right-of-use Assets and Lease Liability when they are reasonably certain of exercise.

The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change in the inflation rate,
- the Company's estimate of the amount expected to be payable under a residual value guarantee, or
- the Company's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company presents right-of-use assets and lease liabilities on the face of the Balance sheet.

##### Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

##### As a lessor:

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognized representing the lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The company holds the leased assets on-balance sheet within property, plant and equipment.





## 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 2020

#### Under Ind AS 17 (Upto 31 March 2019)

The determination of whether an arrangement is ( or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of specific asset or assets and the arrangement conveys a right to use the asset 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 recognised 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.

#### Company as a lessor

Rental income from operating lease is recognised on a straight line basis over the lease term unless the same is in line with general inflation to compensate for the expected inflationary cost. Initial direct costs incurred in negotiating and arranging an operating lease is recognised over the lease term on the same basis as rental income.

#### 5 Borrowing costs

Borrowing cost is calculated using the Effective Interest Rate (EIR) on the amortised cost of the instrument. EIR includes interest and amortization of ancillary cost incurred in connection with the borrowing of funds. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### 6 Foreign currency

The Company's financial statements are presented in Indian Rupees (INR) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

#### 7 Trade and other payables

These amounts represent liabilities for goods and services provided to the company before the end of the financial year which are unpaid. Trade and other payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

#### 8 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 recognised in the Statement of profit and loss, except when they relate to business combinations or to an item that is recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity respectively.

#### 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 does not include 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 recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



## 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 2020

#### Deferred income taxes

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

Deferred tax is not recognised 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 recognised 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 measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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.

#### Upto 31 March 2019

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 recognised 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 recognised in the books of account in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utlising the credits.

Expenses and assets are recognised 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 recognised 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

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.

## 9 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 amortisation and accumulated impairment losses, if any.

#### 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.



## 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 2020

#### Depreciation/Amortisation

Depreciation on Property, plant and equipment is provided on a 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, history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation/Amortization method, useful life and residual value are reviewed at each financial year end and adjusted if required. 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.

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

**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.

#### Derecognition

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

#### 10 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.

The Company reviews at each reporting date, whether there is any indication that the loss has decreased or no longer exists. A previously recognised 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 / amortisation if there were no impairment.

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 is written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

#### 11 Employee Benefits

##### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

##### 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 recognised as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees.



## 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 2020

#### 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 recognised 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 recognised 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 recognised 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 recognised 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. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

##### Phantom Plan ( Stock Appreciation Rights)

For cash-settled share based payments, the fair value of the amount payable to employees is recognised 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 recognised in employee benefits expenses. Refer Note 38 for details.

## 12 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.

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.

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.

The Company operates in a regulatory and legal environment that, by nature, has inherent litigation risk 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.



**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 2020**

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.

**13 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 are 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.

**14 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.

**15 Dividend on equity shares**

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

**16 Trade receivables**

These amounts represent receivable for goods and services provided by the company. Trade receivables are presented as financial asset. They are measured at amortised cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade receivable is established if the collection of the receivable becomes doubtful.

**(D) Recent accounting developments**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.



## 2 Cash and cash equivalents

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Cash on hand	0	0
Balances with banks		
- in current accounts	10,089	9,461
- in fixed deposit with original maturity less than 3 months	1,801	-
<b>Total</b>	<b>11,890</b>	<b>9,461</b>

## 3 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
In Deposits accounts - with original maturity of more than 3 months	250	5,006
<b>Total</b>	<b>250</b>	<b>5,006</b>

## 4 Investments

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>Measured at fair value through profit and loss</b>		
<b>Unquoted: Mutual funds</b>		
Nil (31 March 2019: 93,604,460) units of Rs. 1,000 each in DSP Liquidity Fund Option - Direct Plan - Growth	-	2,503
Nil (31 March 2019: 66,116,578) units of Rs. 1,000 each in Kotak Liquidity- Direct Plan - Growth	-	2,502
<b>Unquoted: Certificate of deposits</b>		
10,000 (31 March 2019: 5,000) units of Rs. 100,000 each of Axis Bank Limited	9,708	4,869
10,000 (31 March 2019: Nil) units of Rs. 100,000 each of SIDBI	9,526	-
10,000 (31 March 2019: Nil) units of Rs. 100,000 each of NABARD	9,622	-
5,000 (31 March 2019: 5,000) units of Rs. 100,000 each of ICICI Bank Limited	4,812	4,813
5,000 (31 March 2019: 10,000) units of Rs. 100,000 each of INDUSIND BANK	4,844	9,409
Nil (31 March 2019: 7,500) units of Rs. 100,000 each of IDFC Bank Limited	-	7,142
<b>Total</b>	<b>38,512</b>	<b>31,238</b>
<b>Investments within India</b>	<b>38,512</b>	<b>31,238</b>
<b>Investments Outside India</b>	<b>-</b>	<b>-</b>

## 5 Trade receivables

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Receivables considered good - Unsecured	25	62
Less: Provision for impairment	-	-
<b>Total</b>	<b>25</b>	<b>62</b>

There is no due by directors or other officers of the Company or any firm or private company in which any director is a partner, a director or a member.

## 6 Other financial assets

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Security Deposits	120	108
Less- Impairment allowance	-	-
Interest Accrued on Investment	831	210
Others	125	203
<b>Total</b>	<b>1,076</b>	<b>521</b>

## 7 Loans and advances

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>Loans carried at amortised cost</b>		
(i) Loans repayable on Demand	-	-
(ii) Portfolio Loan*	400,098	301,309
<b>Total Gross</b>	<b>400,098</b>	<b>301,309</b>
Less- Impairment allowance	(10,255)	(4,578)
<b>Total Net</b>	<b>389,843</b>	<b>296,731</b>
(i) Secured by tangible assets	400,098	301,309
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government Guarantees	-	-
(iv) Unsecured	-	-
<b>Total Gross</b>	<b>400,098</b>	<b>301,309</b>
Less: Impairment loss allowance	(10,255)	(4,578)
<b>Total Net</b>	<b>389,843</b>	<b>296,731</b>

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



## 8 Current tax assets

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Advance tax (net of provision)	374	329
<b>Total</b>	<b>374</b>	<b>329</b>

Provision for tax amounts to ₹ 2,186 lakhs in the current year and ₹ 458 lakhs in the previous year.

## 9 Deferred tax assets (net)

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>Deferred tax asset arising on account of :</b>		
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	50	27
Timing difference between book depreciation and Income Tax Act, 1961	24	-
Rent equalisation reserve	-	6
Provision for expected credit loss on financial assets	2,472	1,284
Provision for security deposits	-	1
Processing fees and LOC adjustment related to financial assets at amortized cost	523	479
Provision for expenses disallowed as per Income-tax Act, 1961	126	109
Re-measurement of gain/loss on defined benefit plans	2	-
On account of lease liabilities	546	-
Preliminary expenses	-	14
<b>Total deferred tax assets (A)</b>	<b>3,743</b>	<b>1,920</b>
<b>Deferred tax liability arising on account of :</b>		
Timing difference between book depreciation and Income Tax Act, 1961	-	8
Fair valuation of loans assigned	-	184
MTM on Investments	29	-
On account of right to use asset	513	-
Borrowing cost adjustment related to financial liabilities at amortized cost	136	164
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	128	67
<b>Total deferred tax liabilities (B)</b>	<b>806</b>	<b>423</b>
<b>Deferred tax assets (net) [A-B]</b>	<b>2,937</b>	<b>1,497</b>

## 10 Other non-financial assets

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Advances recoverable in cash or in kind or for value to be received	42	84
Prepayments	300	187
Capital advances	3	1
Advances to employees	1	2
Others	473	549
<b>Total</b>	<b>819</b>	<b>823</b>

## 11 Property, plant and equipment

(Amount in ₹ lakhs)

Particulars	Office Equipment's	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land & Building*	Leased assets	Total
<b>Gross block</b>								
Balance as at 31 March 2018	1	37	83	6	45	6	-	178
Additions	125	407	265	287	8	-	-	1,092
Deletions	-	(2)	-	-	-	-	-	(2)
<b>Balance as at 31 March 2019</b>	<b>126</b>	<b>442</b>	<b>348</b>	<b>293</b>	<b>53</b>	<b>6</b>	<b>-</b>	<b>1,268</b>
Additions	15	45	12	58	6	-	-	136
Deletions	(0)	-	-	-	-	-	-	(0)
Transfer to right to use of asset	-	-	-	(31)	-	-	-	(31)
<b>Balance as at 31 March 2020</b>	<b>141</b>	<b>487</b>	<b>360</b>	<b>320</b>	<b>59</b>	<b>6</b>	<b>-</b>	<b>1,373</b>
<b>Accumulated depreciation</b>								
Balance as at 31 March 2018	1	9	23	1	5	-	-	39
Depreciation charge	16	55	89	49	11	-	-	220
Deletions	-	(1)	-	-	-	-	-	(1)
<b>Balance as at 31 March 2019</b>	<b>17</b>	<b>63</b>	<b>112</b>	<b>50</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>258</b>
Depreciation charge	28	95	101	61	14	-	-	299
Deletions	(0)	-	-	-	-	-	-	(0)
Transfer to right to use of asset	-	-	-	(4)	-	-	-	(4)
<b>Balance as at 31 March 2020</b>	<b>45</b>	<b>158</b>	<b>213</b>	<b>107</b>	<b>30</b>	<b>-</b>	<b>-</b>	<b>553</b>
<b>Net block</b>								
Balance as at 31 March 2019	109	379	236	243	37	6	-	1,010
Balance as at 31 March 2020	96	329	147	213	29	6	-	820
<b>Capital Work In Progress</b>								
Balance as at 31 March 2019	-	-	-	-	-	-	-	-
Balance as at 31 March 2020	-	-	-	-	-	-	-	-

\*Pledged as security against secured non-convertible debenture

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



## 12 Right to use of asset

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Balance as at 1 April 2019	2,186	-
Addition during the year	261	-
Lease expired or cancelled during the year	(35)	-
Depreciation charge for the year	(392)	-
<b>Total</b>	<b>2,020</b>	<b>-</b>

## 13 Intangibles assets (Amount in ₹ lakhs)

Particulars	Computer Software	Total
<b>Gross block</b>		
Balance as at 31 March 2018	13	13
Additions	88	88
Deletions	-	-
Balance as at 31 March 2019	101	101
Additions	124	124
Deletions	-	-
Balance as at 31 March 2020	225	225
<b>Amortisation</b>		
Balance as at 31 March 2018	3	3
Amortisation	14	14
Deletions	-	-
Balance as at 31 March 2019	17	17
Amortisation	36	36
Deletions	-	-
Balance as at 31 March 2020	53	53
<b>Net block</b>		
Balance as at 31 March 2019	84	84
Balance as at 31 March 2020	172	172
<b>Intangibles under development</b>		
Balance as at 31 March 2019	-	-
Balance as at 31 March 2020	28	28

## 14 Trade payables

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Dues of micro and small enterprises (refer note 43 for dues to Micro, Small and Medium enterprise)	0	-
Dues of creditors other than micro and small enterprises	198	782
<b>Total</b>	<b>198</b>	<b>782</b>

## 15 Debt securities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>At amortised cost</b>		
Non-convertible debentures (secured)*	89,401	74,988
<b>Total</b>	<b>89,401</b>	<b>74,988</b>
<b>Borrowings within India</b>	<b>89,401</b>	<b>74,988</b>
<b>Borrowings Outside India</b>	<b>-</b>	<b>-</b>

\*Non-Convertible Debentures are secured by first pari passu charge over all loan receivables and hypothecated against immovable property.

The funds raised by the Company during the year by the issue of Secured Non-Convertible Debentures were utilised 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.

## 16 Borrowings

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>At amortised cost</b>		
Term loans from bank (secured)*	280,342	193,358
<b>Other Loans</b>		
Commercial papers (unsecured)#	-	7,753
<b>Total</b>	<b>280,342</b>	<b>201,111</b>
<b>Borrowings within India</b>	<b>280,342</b>	<b>201,111</b>
<b>Borrowings Outside India</b>	<b>-</b>	<b>-</b>

## (a) Nature of securities and terms of repayment for non-current borrowings

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

# Commercial paper carries interest in the range of 7.02% to 9.75% p.a. and tenure of 90 to 365 days fully payable at maturity. The interest rate is on XIRR basis.





## (b) Net debt reconciliation

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Borrowings	280,342	201,111
Debt securities	89,401	74,988
Less: Cash and cash equivalents	(11,890)	(9,461)
<b>Net Debt</b>	<b>357,853</b>	<b>266,638</b>

Particulars	(Amount in ₹ lakhs)	
	Borrowings	Debt securities
Balance as at 31 March 2019	201,111	74,988
Cash flows (net)	78,780	12,100
Others*	451	2,313
<b>Balance as at 31 March 2020</b>	<b>280,342</b>	<b>89,401</b>

\*Others includes the effect of accrued but not due interest on borrowing, other unamortised incidental cost related to borrowings etc.

## Details of terms of contractual principal redemption/repayment in respect of debt securities and borrowing

## (A) Debt securities as on 31 March 2020

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
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Issued at par and redeemable at par</b>						
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%	-	-	4,000	18,900	22,900
	09% - 11%	-	-	-	2,500	2,500
<b>Total</b>		<b>35,500</b>	<b>22,500</b>	<b>4,000</b>	<b>21,400</b>	<b>83,400</b>

## Debt securities 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
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
<b>Issued at par and redeemable at par</b>						
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
<b>Total</b>		<b>-</b>	<b>35,500</b>	<b>22,500</b>	<b>13,300</b>	<b>71,300</b>

## (B) Borrowings as on 31 March 2020

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 Instalments	₹ lakhs	No. of Instalments	₹ lakhs	No. of Instalments	₹ lakhs	No. of Instalments	₹ lakhs	₹ lakhs
<b>Quarterly repayment schedule</b>										
More than 1460	08% - 09%	8	7,857	8	7,857	8	7,857	4	3,929	27,500
	09% - 11%	40	16,802	40	16,802	40	16,801	42	20,325	70,730
<b>Half yearly repayment schedule</b>										
366-730	09% - 11%	-	-	-	-	-	-	-	-	-
731-1095	08% - 09%	1	1,250	2	2,500	2	2,500	1	1,250	7,500
1096-1460	08% - 09%	1	833	2	1,667	2	1,667	1	833	5,000
	09% - 11%	4	1,667	-	-	-	-	-	-	1,667
More than 1460	07% - 08%	4	1,250	4	1,250	4	1,250	2	625	4,375
	08% - 09%	27	14,640	43	28,805	45	30,680	54	40,958	115,083
	09% - 11%	16	7,319	16	7,321	11	5,694	15	5,208	25,542
<b>Yearly repayment schedule</b>										
731-1095	06% - 07%	1	5,000	-	-	-	-	-	-	5,000
	08% - 09%	1	1,667	1	1,667	1	1,666	-	-	5,000
More than 1460	08% - 09%	1	6,667	1	6,665	-	-	-	-	13,333
<b>Total</b>		<b>104</b>	<b>64,952</b>	<b>117</b>	<b>74,535</b>	<b>113</b>	<b>68,115</b>	<b>119</b>	<b>73,128</b>	<b>280,730</b>



## Borrowings 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 ₹ lakhs
		No. of Instalments	₹ lakhs	No. of Instalments	₹ lakhs	No. of Instalments	₹ lakhs	No. of Instalments	₹ lakhs	
<b>Quarterly repayment schedule</b>										
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
<b>Half yearly repayment schedule</b>										
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
<b>Yearly repayment schedule</b>										
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
<b>Total</b>		<b>57</b>	<b>34,083</b>	<b>68</b>	<b>40,667</b>	<b>75</b>	<b>46,375</b>	<b>140</b>	<b>72,625</b>	<b>193,750</b>

## Particulars of Secured Redeemable Non-convertible Debentures:

Particulars	Face Value (₹ lakhs)	Quantity	Date of Redemption	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
8.25% Series-1	10	500	May 27, 2020	5,000	5,000
7.95% Series-3	10	1,000	August 28, 2020	10,000	10,000
7.95% Series-4	10	300	November 27, 2020	3,000	3,000
9.67% Series-11	10	500	March 22, 2021	5,000	5,000
9.68% Series-10	10	1,250	March 24, 2021	12,500	12,500
8.05% Series-5	10	500	April 20, 2021	5,000	5,000
8.48% Series-7	10	1,000	April 20, 2021	10,000	10,000
9.2% Series-8	10	750	July 28, 2021	7,500	7,500
8.05% Series-2	10	400	March 24, 2023	4,000	4,000
8.75% Series-6	10	680	May 28, 2023	6,800	6,800
8.65% Series-12	10	1,210	February 9, 2025	12,100	-
9.25% Series-9	10	250	August 8, 2025	2,500	2,500
<b>Total</b>				<b>83,400</b>	<b>71,300</b>

## 17 Lease rental liabilities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
As at 1 April 2019	2,180	-
Interest expense	210	-
New leases entered during the year	261	-
Leases expired / cancelled during the year	(16)	-
Lease payments	(464)	-
<b>Total</b>	<b>2,171</b>	<b>-</b>
<b>Current</b>	<b>267</b>	<b>-</b>
<b>Non-current</b>	<b>1,904</b>	<b>-</b>

## 18 Other financial liabilities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Employee benefits and other payables	1,258	1,109
Bank balances	434	16,050
Payable towards asset assignment / securitization	627	203
Others	2,216	1,890
<b>Total</b>	<b>4,535</b>	<b>19,252</b>

## 19 Current tax liabilities (net)

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Provision for income tax	148	7
<b>Total</b>	<b>148</b>	<b>7</b>

## 20 Provisions

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>Provision for employee benefits</b>		
Provision for compensated absences	12	9
Provision for defined benefit plans	163	85
<b>Total</b>	<b>175</b>	<b>94</b>



## 21 Other non-financial liabilities

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Statutory dues	171	182
Others	536	641
<b>Total</b>	<b>707</b>	<b>823</b>

## 22 Equity share capital

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>Authorised capital</b> 1,500,000,000 (31 March 2019: 1,500,000,000) equity shares of Rs.10 each	150,000	150,000
<b>Issued, subscribed and fully paid up</b> 308,033,193 (31 March 2019: 245,356,916) Equity shares of Rs.10 each fully paid	30,803	24,536

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Balance at the beginning of the year	245,356,916	24,536	195,273,443	19,527
Add :Shares issued during the year	62,676,277	6,267	50,083,473	5,009
<b>Balance at the end of the year</b>	<b>308,033,193</b>	<b>30,803</b>	<b>245,356,916</b>	<b>24,536</b>

## (b) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of Rs 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:

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Fullerton India Credit Company Limited, the holding company and its nominees 308,033,193 (31 March 2019: 245,356,916) equity shares of Rs.10 each fully paid)	308,033,193	30,803	245,356,916	24,536

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Number of shares	% of holding	Number of shares	% of holding
Fullerton India Credit Company Limited, the holding company and its nominees	308,033,193	100.0%	245,356,916	100.0%

## (e) 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 2020.

## 23 Other equity

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
General Reserve	-	-
Capital Reserve	10	10
Securities premium	40,186	26,454
Reserve Fund under Section 29C(i) of the NHB Act, 1987	509	231
Items of other comprehensive income	(16)	(10)
Surplus in the statement of profit and loss	(403)	(1,516)
<b>Total</b>	<b>40,286</b>	<b>25,169</b>

(Refer Statement of Change In Equity for the year ended 31st March 2020 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.

## (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 utilised 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 Earning &amp; 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 utilisation as permitted under applicable law.



## 24 Interest Income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
On Portfolio Loans	48,136	30,068
On Deposits with banks	517	203
On Investments	1,670	491
<b>Total</b>	<b>50,323</b>	<b>30,762</b>

## 25 Fees and commission income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Fees and commission income	839	359
<b>Total</b>	<b>839</b>	<b>359</b>

## 26 Net gain on financial asset at FVTPL

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Realised Gain	1,346	1,023
Unrealised Gain	114	49
<b>Total</b>	<b>1,460</b>	<b>1,072</b>

## 27 Ancillary income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Service charges and other fees on loan transactions	812	545
<b>Total</b>	<b>812</b>	<b>545</b>

## 28 Other income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Profit on derecognition of property plant and equipment (net)	0	-
Interest on Security Deposits	9	7
Miscellaneous income	702	235
<b>Total</b>	<b>711</b>	<b>242</b>

## 29 Finance costs

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
<b>On financial liabilities measured at amortised cost</b>		
Borrowings	23,413	13,842
Debt securities	6,603	4,506
Interest expense on lease rental liabilities	210	-
Bank charges and others	431	40
<b>Total</b>	<b>30,657</b>	<b>18,388</b>

## 30 Impairment on financial assets

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Bad debts and Write off (net of recovery)*	2,831	3,099
Expected credit loss on portfolio loans	5,677	1,252
<b>Total</b>	<b>8,508</b>	<b>4,351</b>

\*Bad debts and write offs offset by the recovery of ₹ 1,590 lakhs (FY 2019: ₹ 2,445 lakhs)



## 31 Employee benefits expense

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Salaries, bonus and allowances	7,174	5,010
Share-based payment to employee and director	88	321
Contribution to provident and other funds	333	184
Gratuity expense (refer note 37)	10	37
Staff welfare and training expenses	206	110
<b>Total</b>	<b>7,811</b>	<b>5,662</b>

## 32 Other expenses

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Printing and stationery	85	63
Rent	44	413
Rates and taxes	4	2
Insurance	0	-
Business promotion expenses	95	154
Legal charges	179	68
Professional charges	1,948	1,618
Collection expenses	82	112
Courier charges	42	22
<b>Repairs and maintenance</b>		
Office premises	78	55
Others	1	3
Directors' sitting fees	19	19
Travelling expenses	269	160
Telecommunication expenses	121	74
Payment to auditor (refer details below)	29	31
Electricity charges	71	31
Security charges	77	62
Recruitment expenses	42	55
Training expenses	85	9
Fees and subscription	13	3
Miscellaneous expenses (Includes Support service cost refer note 46)	1,019	1,094
Write off of Property, plant & equipment and intangible assets	-	1
<b>Total</b>	<b>4,303</b>	<b>4,049</b>
<b>Professional fees payable to auditors</b>		
Statutory Audit fee	14	13
Tax Audit fee	3	2
Other services	2	3
<b>In other capacity</b>		
- Certification matter	9	12
- Reimbursement of expenses	1	1
	<b>29</b>	<b>31</b>

## 33 Tax expense

## (a) Amount recognised in the statement of profit and loss

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Current tax for the year	2,186	458
<b>Current tax expense (A)</b>	<b>2,186</b>	<b>458</b>
Deferred taxes for the year		
(Increase)/decrease in deferred tax assets	(1,821)	(511)
Increase/(decrease) in deferred tax liabilities	383	301
<b>Net deferred tax expense (B)</b>	<b>(1,438)</b>	<b>(210)</b>
<b>Total income tax expense (A+B)</b>	<b>748</b>	<b>248</b>



## (b) Amount recognised in Other comprehensive income

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
<b>Items that will not be reclassified to profit or loss</b>		
Actuarial loss on defined benefit obligations (net of tax)	(8)	(19)
Deferred tax relating to above	2	-
<b>Total</b>	<b>(6)</b>	<b>(19)</b>

## (c) Tax reconciliation (for profit and loss)

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
<b>Net profit / (loss) before OCI as per PL</b>	<b>2,139</b>	<b>296</b>
Income tax @ Statutory Tax Rate of 25.168% / 29.12%	538	86
<b>Tax effects of:</b>		
Items due to reversal of deferred tax	203	156
Net expenses that are not deductible in determining taxable profit	7	9
Tax deductible expenses debited to OCI	-	-
Recognition of previously unrecognised temporary differences	0	(3)
<b>Income tax expenses reported in PL</b>	<b>748</b>	<b>248</b>
Tax Rate Effective*	34.98%	83.85%

The Company elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognized provision for income tax for the half-year ended September 30, 2019, and re-measured its deferred tax assets as on March 31, 2019 basis the rate provided in the said section and continued to apply the aforesaid option as on March 31 2020. The impact of remeasurement of deferred tax asset as on March 31; 2019 of ₹ 203 lakhs has been recognised in the results for the half-year ended September 30, 2019.

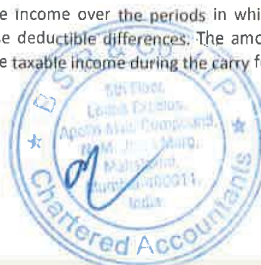
## Significant components and movement in deferred tax assets and liabilities

Particulars	As at 31 March 2019	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2020
<b>Deferred tax liabilities on account of:</b>					
Timing difference between book depreciation and Income Tax Act, 1961	8	(8)	-	-	-
Fair valuation of loans assigned	184	(184)	-	-	-
MTM on Investments	-	29	-	-	29
On account of right to use asset	-	513	-	-	513
Borrowing cost adjustment related to financial liabilities at amortized cost	164	(28)	-	-	136
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	61	-	-	128
<b>Deferred Tax liability (A)</b>	<b>423</b>	<b>383</b>	<b>-</b>	<b>-</b>	<b>806</b>
<b>Deferred tax assets on account of:</b>					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	27	23	-	-	50
Timing difference between book depreciation and Income Tax Act, 1961	-	24	-	-	24
Rent equalisation reserve	6	(6)	-	-	-
Provision for expected credit loss on financial assets	1,284	1,188	-	-	2,472
Provision for security deposits	1	(1)	-	-	-
Processing fees and LOC adjustment related to financial assets at amortized cost	479	44	-	-	523
Provision for expenses disallowed as per Income-tax Act, 1961	109	17	-	-	126
Re-measurement of gain/loss on defined benefit plans	-	-	2	-	2
On account of lease liabilities	-	546	-	-	546
Preliminary expenses	14	(14)	-	-	-
<b>Deferred tax asset (B)</b>	<b>1,920</b>	<b>1,821</b>	<b>2</b>	<b>-</b>	<b>3,743</b>
<b>Net Deferred tax assets (B-A)</b>	<b>1,497</b>	<b>1,438</b>	<b>2</b>	<b>-</b>	<b>2,937</b>

## Note :

1. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

2. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.



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 2020

3. Effective April 01, 2019, the Company has adopted Ind AS 116 - Leases. On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of ₹ 2,186 lakhs (net of lease equalisation reserve) and a lease liability of ₹ 2,180 lakhs. As a result, on April 01, 2019, a deferred tax liability of Nil lakhs (including Nil lakhs transferred from Other deferred tax assets) and a deferred tax asset of Nil lakhs was created on ROU and lease liabilities respectively. Consequently, the cumulative deferred tax benefit of nil lakhs has been taken to retained earnings on the date of initial application i.e. April 01, 2019.

Particulars	As at 31 March 2018	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2019
<b>Deferred tax liabilities on account of:</b>					
Timing difference between book depreciation and Income Tax Act, 1961	6	2	-	-	8
Fair valuation of loans assigned	-	184	-	-	184
Borrowing cost adjustment related to financial liabilities at amortized cost	40	124	-	-	164
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
<b>Deferred Tax liability (A)</b>	<b>122</b>	<b>301</b>	<b>-</b>	<b>-</b>	<b>423</b>
<b>Deferred tax assets on account of:</b>					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	11	16	-	-	27
Timing difference between book depreciation and Income Tax Act, 1961	-	-	-	-	-
Rent equalisation reserve	-	6	-	-	6
Provision for expected credit loss on financial assets	1,052	232	-	-	1,284
Provision for security deposits	-	1	-	-	1
Processing fees and LOC adjustment related to financial assets at amortized cost	305	174	-	-	479
Provision for expenses disallowed as per Income-tax Act, 1961	-	109	-	-	109
Rent equalisation reserve	6	(6)	-	-	-
MTM on investments	2	(2)	-	-	-
Preliminary expenses	33	(19)	-	-	14
<b>Deferred tax asset (B)</b>	<b>1,409</b>	<b>511</b>	<b>-</b>	<b>-</b>	<b>1,920</b>
<b>Net Deferred tax assets (B-A)</b>	<b>1,287</b>	<b>210</b>	<b>-</b>	<b>-</b>	<b>1,497</b>

34 Earnings per share

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
Net Profit after tax attributable to Equity Holders (₹ lakhs)	1,391	48
Weighted Average number of Equity Shares for basic earnings per share	290,394,787	220,383,787
Weighted Average number of Equity Shares for diluted earnings per share	290,394,787	220,383,787
<b>Earnings per Share</b>		
Basic earning per share ₹	0.48	0.02
Diluted earning per share ₹	0.48	0.02
Nominal value of shares ₹	10	10

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



**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.

Nature of Relationship	Name of Related Party
Ultimate Holding Company	Temasek Holdings (Private) Limited
Holding Company	Angelica Investments Pte Ltd, Singapore (Holding Company of FICCL) Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica) Fullerton India Credit Company Limited
Key Management Personnel	Dr. Milan Shuster -Independent Director Ms. Renu Challu - Independent Director till (upto 04 August 2019) Mr. Anindo Mukherjee - Non-Executive Director Ms. Rajashree Nambiar - Non-Executive Director Ms. Sudha Pillai - Independent Director Mr. Rakesh Makkar, Chief Executive Officer and Whole time Director

**35.1 Transactions during the period with related parties**

Nature of Transaction	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>Expense incurred by related party on behalf of the Company</b> Fullerton India Credit Company Limited	40	-
<b>Income earned by related party on behalf of the Company</b> Fullerton India Credit Company Limited	-	4
<b>Issue of Share capital (including securities premium) to</b> Fullerton India Credit Company Limited	20,000	15,000
<b>Expense as per Resource sharing agreement</b> Fullerton India Credit Company Limited	1,063	1,033
<b>Commitment Charges on Committed lines provided by parent Company</b> Fullerton India Credit Company Ltd	8	15

Remuneration to Company's Key Management Personnel	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Salary, bonus and allowances (including short term benefits)	256	259
Share-based payments (on accrual basis recognised in P/L)	68	93
Post -employment benefits	12	10
Director's sitting fees	19	19
<b>Total</b>	<b>355</b>	<b>381</b>

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 04 January 2019.

**35.2 Amount due to/from related parties:**

Balance outstanding as at the end of the period	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Investment in equity shares of Fullerton India Credit Company Ltd	71,000	51,000
Other Payables (Net) Fullerton India Credit Company Ltd	189	106

**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 Note no 53"

**37 Retirement Benefit Plans****(A) Defined Contribution Plan**

The total expense charged to income statement of ₹ 333 lakhs (2019: ₹ 184 lakhs) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.





## (B) Defined Benefit Obligation

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
<b>Actuarial assumptions</b>		
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	5.45% p.a.	6.76% p.a.
Rate of increase in compensation	9.00% p.a.	10.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	67.35%	46.70%
5 years and above	1.00%	2.00%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	54.97%	50.90%
5 years and above	1%	2.00%
<b>Assets Information:</b>		
Insured Managed funds	-	-
<b>Changes in the present value of defined benefit obligation</b>		
Present value of obligation at the beginning of the year	107	50
Interest expense	8	3
Current service cost	24	12
Past service cost	-	-
Liability Transferred In	22	22
Liability Transferred Out	(6)	-
Benefit Paid From the Fund	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(3)	(4)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	8	3
Actuarial (Gains)/Losses on Obligations - Due to Experience adjustments	2	21
<b>Present Value of obligation at the end of the year</b>	<b>162</b>	<b>107</b>
<b>Changes in the Fair value of Plan Assets</b>		
Fair value of plan assets at beginning of the year	-	-
Interest income	-	-
Contributions by the Employer	-	-
Mortality charges and taxes	-	-
Benefit Paid from the Fund	-	-
Return on Plan Assets, Excluding Interest Income	-	-
<b>Fair Value of Plan Assets at the end of the year</b>	<b>-</b>	<b>-</b>
<b>Assets and liabilities recognised in the balance sheet</b>		
Present value of the defined benefit obligation at the end of the year	(162)	(107)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	(162)	(107)
<b>Net (Liability)/Asset Recognized in the Balance Sheet</b>	<b>(162)</b>	<b>(107)</b>

Expenses recognised in the Statement of Profit and Loss	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Current Service Cost	24	12
Past service cost	-	-
Net interest (income)/ expense	8	3
<b>Net gratuity expense recognised</b>	<b>32</b>	<b>16</b>
Included in note 31 'Employee benefits expense'		
<b>Expenses recognised in the Statement of Other comprehensive Income (OCI)</b>		
Actuarial gain/ loss on post-employment benefit obligation	8	19
<b>Total remeasurement cost / (credit) for the year recognised in OCI</b>	<b>8</b>	<b>19</b>

Reconciliation of Net asset / (liability) recognised:	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Opening Net Liability	106	50
Expenses recognised at the end of the period	32	16
Amount recognised in other comprehensive income	8	19
Net Liability/(Asset) Transfer in	22	22
Net (Liability)/Asset Transfer Out	(6)	-
Employer's Contribution	-	-
<b>Net Liability/(Asset) Recognized in the Balance Sheet</b>	<b>162.28</b>	<b>106</b>

## Sensitivity Analysis:

Particulars	As at 31 March 2020 (₹ lakhs)		As at 31 March 2019 (₹ lakhs)	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	28	(23)	18	(15)
Future Salary Growth (1% movement)	(22)	27	(14)	17
Rate of Employee Turnover (1% movement)	9	(8)	6	(5)



"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

Position as at Year end	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
1	1	1
2	1	1
3	1	2
4	2	2
5	2	2
Sum of Years 6 to 10	52	44

#### 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 Risk

The Company has invested its funds in group employee benefit plan of Bajaj Allianz where the investment comprises of government securities, corporate bonds/debentures, money market instruments and equity securities. Accordingly, the Company is exposed to related risks based on its exposure to such financial instruments as at reporting date.

##### (iv) Asset Liability Matching (ALM) Risk

The plan faces the ALM risk as to the matching cash flow. Since the gratuity plan is invested in lines with Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

##### (v) Mortality Risk

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

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

#### (C) Compensated absences

Particulars	As at 31 March 2020 (₹ lakhs)
<b>Actuarial assumptions</b>	
Mortality table	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	5.45% p.a.
Rate of increase in compensation	9.00% p.a.
Employee turnover :	
Category 1 – For basic upto ₹ 1.2 lakhs	
Up to 4 years	67.35%
5 years and above	1.00%
Category 2 – For basic more than ₹ 1.2 lakhs	
Up to 4 years	54.97%
5 years and above	1%
<b>Funding status</b>	<b>Unfunded</b>
<b>Projected Benefit Obligation</b>	<b>12</b>

#### Sensitivity Analysis:

Particulars	As at 31 March 2020 (₹ lakhs)	
	Decrease	Increase
Discount Rate (1% movement)	1	(0)
Future Salary Growth (1% movement)	(0)	1
Rate of Employee Turnover (1% movement)	0	(0)



## 38 Employee stock appreciation rights

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

Date of Grant	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 6A
	01-Apr-14	01-Apr-15	01-Apr-16	01-Apr-17	01-Apr-18	01-Apr-19	01-Apr-19	01-Apr-17
Value of the Grant	₹ 115 Lakhs	₹ 115 Lakhs	₹ 145 Lakhs	₹ 155 Lakhs	₹ 126 Lakhs	₹ 179 Lakhs	₹ 38Lakhs	₹ 251 Lakhs
Performance Condition	Achievement of Profit before tax (PBT) and Return on Equity (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: 33% vesting on 1st December 2022	Tranche I: 33% vesting on 1st December 2022	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: 33% vesting on 1st December 2023	Tranche II: 33% vesting on 1st December 2023	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	Tranche III: 34% vesting on 1st December 2024	Tranche III: 34% vesting on 1st December 2024	-
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 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 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	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	-
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of the last vesting except for Grant 1 & 6A where the 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 9	Grant 9A	Grant 6A
As at 31 March 2020	30.00	25.32	19.47	17.25	15.14	11.91	11.91	17.25
As at 31 March 2019	25.84	20.88	16.18	14.47	12.70	NA	NA	14.47
As at 31 March 2018	19.76	15.96	12.54	11.39	NA	NA	NA	11.39
As at 31 March 2017	17.01	13.74	10.89	NA	NA	NA	NA	NA
As at 31 March 2016	15.52	12.54	NA	NA	NA	NA	NA	NA
As at 31 March 2015	12.38	NA	NA	NA	NA	NA	NA	NA
As at 31 March 2014	NA	NA	NA	NA	NA	NA	NA	NA
As at 31 March 2013	NA	NA	NA	NA	NA	NA	NA	NA
As at 31 March 2012	NA	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 1	17.01	15.96	NA	NA	NA	NA	NA	NA
Exercise price vest 2	19.76	NA	NA	NA	NA	NA	NA	NA
Exercise price vest 3	NA	NA	NA	NA	NA	NA	NA	NA

Fair value is computed using the method provided in the scheme for estimating the valuation of the grant which is linked to the Net Book Value of the business and board approved business plan.

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

Particulars (No. of Options)	As at 31 March 2020	As at 31 March 2019
Options outstanding as at the beginning of the year	5,371,125	4,298,625
Options granted during the year	2,165,000	1,260,000
Options forfeited on resignation of employees	(852,500)	-
Options exercised during the year	(844,875)	-
Options lapsed during the year	-	(187,500)
Grants of employee transferred during the year from holding company	150,000	-
Options Outstanding as at the end of the year	5,939,250	5,074,125
Options vested and exercisable	49,500	297,000
Expense recognised (₹ in Lakhs)	88	321

## 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

The Company operates in a single business segment i.e. financing, which has similar risks and returns taking into account the organisational structure and the internal reporting systems. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company's total revenue in the year ended 31 March 2020 or 31 March 2019. 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

The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

a) The Company has contingent liability pending for litigation of ₹ 1.21 Lakhs (31 March 2019: ₹ 0.20 lakhs)

b) Capital and other commitments

The Company is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

- (i) The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2020 is ₹ 38 Lakhs (31 March 2019: ₹ 76 Lakhs).
- (ii) Loans sanctioned not yet disbursed as at 31 March 2020 were ₹ 13,661 Lakhs (31 March 2019: ₹ 30,858 Lakhs).

c) Litigation

Litigations constitutes the number of pending litigations filed by customers/vendors/ex-employees/others against the Company for service deficiency/title claims/monetary claims/back wages/reinstatement issues respectively which is in the course of business as usual.

Asides the above the Company in its rightful entitlement initiates Civil or Criminal litigations for recovery of loan and enforcing security interest.

A provision is noted/created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels including loss contingency on account of such litigation and claims, and classification of such contingency as 'low', 'medium' or 'high' with due provisioning thereof. The management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, its operations and cash flows.

d) Tax contingencies

Various tax-related legal proceedings are pending against the Company at various levels of appeal with the tax authorities. Management to best of its judgement and estimates where a reasonable range of potential outcomes is estimated basis available information accrues liability. Based on judicial precedents in the Company's and other cases and upon consultation with tax counsels, the management believes that it is more likely than not that the Company's tax position will be sustained. Accordingly, provision has been made in the accounts wherever required. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by the Company.

41 EMI Moratorium as per RBI Regulatory package

In accordance with Moratorium policy, framed as per guidelines issued by Reserve Bank of India (RBI) dated March 27, 2020 and April 17, 2020 relating to 'COVID-19 - Regulatory Package' and approved by the Board of Directors of the Company, the Company has granted moratorium to its eligible customers up to three months for the equated monthly instalments (EMIs) falling due between March 1, 2020 to May 31, 2020 except to the extent of EMI collected from the customer. As on March, 31 2020, in respect of accounts overdue but standard, the day past due remains status quo as of February 29, 2020 for the eligible customer where moratorium granted by the Company.

Salient features of moratorium policy

- EMI moratorium policy approved by Board of Directors of the Company
- Implementation process note approved by CEO, CRO and CFO of the Company
- Approval for moratorium proposal based on credit approval delegation matrix of the Company
- Criteria established for eligibility of customers for availing moratorium benefits in line with RBI circular and guidelines
- Changes in repayment schedules of customers based on capitalization of interest and collection of the same from customer in any one of the following manner :
  - 1) Immediately after the moratorium ends (i.e. along with June month's EMI)
  - 2) By adding tenor at the end of loans and keeping EMI intact
  - 3) By increasing EMI over the balance tenor including extended tenor
- The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies
- For regulatory reporting and reporting to credit information companies, the accounts will continue to be in same classification as at 1st March' 20 for up to 3 months i.e., there will not be any change in asset classification. There will be no "days past due" (dpd) movement for these accounts for the moratorium/deferment period
- Asset classification criteria and provision criteria related to portfolio loans as per RBI prudential norms

The Company have assessed that effect of the EMI moratorium does not result into the modification of contracts with customers considering the period of three months involved, other terms of the contracts like interest rate have not changed and that proportion of customers availing the EMI moratorium as at 31 March 2020.

RBI vide its statement dated 22 May 2020 stated that moratorium has been extended further for a period of 3 months covering 1 June 2020 to 31 August 2020 and will be implemented by the Company after taking necessary approval from Board of Directors of the Company.

42 Leases

Implementation of Ind AS 116

This note explains the impact of the adoption of Ind AS 116 Leases on the financial statements.

Under the erstwhile standard, IND AS 17 - Leases, the leases in which a substantial portion of the risk and rewards of the ownership were retained by the lessor were classified as operating leases. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for leases i.e. these leases are on the balance sheet. Lease liabilities as at April 01, 2019 were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate. The weighted average of lessee's incremental borrowing rate applied to the lease liabilities as at April 01, 2019 was 9.12%. This change is in accordance with the transitional provisions of IND AS 116.

Effective April 01, 2019, the Company has adopted Ind AS 116 - Leases and applied it to all lease contracts existing on April 01, 2019 using the modified retrospective method. Based on the same and as permitted under the specific transitional provisions of the standard, the Company is not required to restate the comparative figures. Consequently, the cumulative adjustment has been taken to retained earnings on the date of initial application i.e. April 01, 2019.



On transition, the adoption of the new standard resulted in recognition of Right-of-Use asset (ROU) of 2,186 lakhs (net of lease equalisation reserve) and a lease liability of 2,180 lakhs. The cumulative effect of applying the standard resulted in Nil (net of taxes) being debited to retained earnings.

The effect of this adoption is not material to the profit for the year and earnings per share. The new accounting policy is disclosed in Note 4 Leases.

**(i) Practical expedients applied**

The Company has elected not to reassess the previously identified leases applying Ind AS 17 - Leases as to whether a contract is, or contains a lease at the date of initial application. Further, In applying Ind AS 116 for the first time, the Company has also used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- relying on its previous assessment of whether leases are onerous under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review there were no onerous contracts as at April 01, 2019.
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease,
- to calculate the right of use asset equal to the lease liability, adjusted for prepaid or accrued payments, if any

**(ii) Measurement of lease liabilities**

Particulars	As at 31 March 2020
Lease commitments as at 31 March 2019 as disclosed in the company's financial statements	2,593
Add/(less): contracts reassessed as lease contracts	-
Add/(less): adjustments on account of extension/termination	-
Total	2,593
Discounted using the incremental borrowing rate at April 01, 2019	(413)
Lease liabilities as on 1 April 2019	2,180

**(iii) Amounts recognised In Balance Sheet**

(a) Right of use assets: Refer note no 12

(b) Lease liabilities: Refer note no 17

**(iv) Amount Recognised In profit & loss**

Particulars	As at 31 March 2020
Depreciation charge for right-of-use assets	392
Interest expenses (included in finance cost)	211
Variable lease payments not included in the measurement of lease liabilities	-
Income from sub-leasing right-of-use assets	-
Expenses relating to short-term leases and leases of low-value assets	-

**(v) Maturity analysis of undiscounted lease liability**

Particulars	As at 31 March 2020
Less than one year	454
One to five years	1,688
More than five years	769
Total payments	2,911
Less: Imputed interest	740
Present value of Liability	2,171

**(vi) Cash flows**

Particulars	As at 31 March 2020
The total cash outflow of leases	464

**(vii) Future Commitments**

Particulars	As at 31 March 2020
Future undiscounted lease payments to which leases are not yet commenced	-

(viii) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities and are as follow :

- (a) Variable lease payments - This variability will typically arise from either inflation or market-based pricing adjustments. Currently, the Company do not have any lease which has variable lease payment terms based on inflation or market based pricing.
- (b) Extension options and termination options - The table above represents the company's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options.
- (c) Residual value guarantees - The Company does not have significant asset retrieval obligations and accordingly have not recognised them as part of ROU. Such expenses are expensed off as and when incurred and charged to Statement of Profit and Loss.
- (d) The Company does not have any lease arrangements as at reporting date which is not yet commenced to which the Company is committed.
- (ix) The Company currently does not have any sale and lease back transactions. The Company does not have any restrictions or covenants imposed by the lessor on its operating leases which restrict its businesses.



## Under Ind AS 17 (Upto 31 March 2019)

## a) Where the Company is the lessee:

Premises are obtained on an operating lease. The lease term ranges from 11 months to 180 months and is renewable/cancellable at the option of the Company. Certain lease agreements contain a clause for escalation of lease payments. There are no restrictions imposed by lease arrangements. 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	As at 31 March 2019 (₹ lakhs)
Operating lease payments recognized during the year	400
<b>Minimum lease obligations</b>	
Not later than one year	336
Later than one year and not later than five years	1,340
Later than five years	917

## 43 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 2020 (₹ lakhs)	As at 31 March 2019 (₹ 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	0	-
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 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.	-	-

## 44 Corporate Social Responsibilities Expenses

Gross amount required to be spent by the Company during the year: Nil (31 March 2019 : Nil)

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

## 45 Events after reporting date

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

## 46 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 a 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 the number of employees, the area occupied, time spent by employees for other companies, actual identification, etc.

During the year the Company has paid ₹ 1,063 lakhs (31 March 2019; ₹ 1,033 lakhs) on account of above mentioned arrangement.

## 47 IRDA

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

Particulars	Year ended 31 March 2020 (₹ lakhs)	Year ended 31 March 2019 (₹ lakhs)
ICICI Lombard General Insurance Company Ltd	396	307
TATA AIG General Insurance Company	65	-
ICICI Prudential Life Insurance Company Ltd	2	-

48 There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2020 (31 March 2019: Nil).

## 49 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 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, tenors and customer profile; - 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 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 Exchange	Recognised 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.
Market Risk - Interest Rate / Dividend Coupon	Investments in equity securities, units of mutual funds, bonds, government securities, certificate of deposits and commercial paper	

#### Credit Risk

Credit risk is the risk of financial 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 aspects 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, the 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

#### 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 the product, customer scorecards wherever applicable, historical experience, type of collateral provided and demographic parameters. Any deviations need to be approved at the designated levels. The company offers to add on funding to existing borrowers basis credit performance governed through credit approvals and approved policy.

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 & valour agencies for property evaluation.

#### Analysis of risk concentration

Since the Company provides only retail 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 2020 was ₹ 1,442 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 the vulnerability of the extreme business scenarios to possible extreme scenarios and the effectiveness of management actions. The assessed impact is incorporated into the risk appetite of the Company to ensure regulatory compliance.



**Exposure to credit risk**

The carrying amount of financial assets represents the 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 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Maximum exposure to credit risk	403,084	311,781

**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 measured at amortised cost, collectively named as 'financial assets at amortised cost'.

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. Products are further segregated on geography level and sectors. This 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 condition, 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 is possible within the 12 months after the reporting date.

**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 defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of qualitative assessment, of whether the customer is in default, the company also considers a variety of instances that may indicate unlikelihood to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as stage 3 for ECL calculations, following are such instances:

- If the customer has requested restructuring in repayment terms, such restructured, rescheduled or renegotiated accounts
- A stage 3 customer having other loans which are in stage 1 or stage 2
- cases where company suspects fraud and legal proceedings are initiated.

The Company continues to recognize interest income during the moratorium period. As per assessment done by the Company and in the absence of other customer related credit risk indicators, the granting of moratorium period does not result in automatically triggering of significant increase in credit risk criteria of Ind AS 109.

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments are 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 heightened 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 derecognised and is still in the portfolio.

The Company collects performance and default information about its credit risk exposures analysed by Product and geography. The Company employs statistical models of flow analysis and marginal default rate technique 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.

**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.

The Company collects a 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.

EL Adjustment Factor is factor used to adjust the ECL computation to eliminate the biasness in different ticket size and number of loan accounts considering the nature of business/products.

#### Forward-Looking Information

While estimating the expected credit losses, the Company arrives at forward-looking PD estimates through the incorporation of forward-looking macro-economic factors. The various macro-economic factors considered are Gross Domestic Product (% change), Real Disposable Personal Income (%), Credit Growth (%), Consumer Price Index, Consumer Price Index Change (%), Gross National Savings Rate (%), Lending Interest Rate (%), Real Wage. Product-wise selection of macro-economic factors is done basis the best fitting of the macro indicators with the historical loss trends also taking into account management views, if any, on the drivers of the portfolio. Apart from considering the base case of the macro outlook, two more scenarios an optimistic and pessimistic views of the outlook are also evaluated taking into account the external market conditions. Appropriate weightage is assigned to each of the scenarios to arrive at the final estimates. Presently, a higher deterioration of the base macro outlook is done to arrive at the pessimistic view and also its weightage has been increased in view of external conditions. 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.

#### Reconciliation of ECL balances In given below :

Particulars	As at March 2020 (₹ In lakhs)			As at March 2019 (₹ In lakhs)		
	12 Month ECL	Life time ECL	Total	12 Month ECL	Life time ECL	Total
ECL allowance - opening balance	2,039	2,539	4,578	1,636	1,690	3,326
New assets originated or purchased	859	945	1,804	901	341	1,242
Assets derecognised or repaid	(343)	(1,132)	(1,475)	(89)	(1,381)	(1,470)
Net transfers to/from Stage 1	7	(7)	-	212	(212)	-
Net transfers to/from Stage 2	(683)	683	-	(36)	36	-
Net transfers to/from Stage 3	(4,363)	4,363	-	(41)	41	-
Remeasurement of ECL	5,023	910	5,933	(453)	2,543	2,090
Amounts written off	(1)	(584)	(585)	(91)	(519)	(610)
ECL allowance - closing balance	2,538	7,717	10,255	2,039	2,539	4,578

#### 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 Particulars 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 Particulars 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 based on vintage experience across its products. The Company categorizes its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Particulars	As at March 2020 (₹ in lakhs)				As at March 2019 (₹ In lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	288,730	4,810	5,900	299,440	184,021	3,445	2,750	190,216
New assets originated or purchased	163,349	411	131	163,891	137,495	269	745	138,509
Assets derecognised/repaid/ recovery	(64,544)	(666)	(2,768)	(67,977)	(25,345)	(1,275)	(1,179)	(27,799)
Net transfers to/from Stage 1	420	(299)	(121)	-	1,161	(945)	(216)	-
Net transfers to/from Stage 2	(7,437)	7,501	(64)	-	(3,940)	3,949	(9)	-
Net transfers to/from Stage 3	(9,605)	(3,071)	12,676	-	(4,422)	(393)	4,815	-
Amounts written off	(111)	(12)	(1,249)	(1,372)	(240)	(240)	(1,006)	(1,486)
Closing balance	370,803	8,674	14,505	393,982	288,730	4,810	5,900	299,440
Interest accrued and other amortised cost	4,957	225	934	6,116	1,432	153	284	1,869
Gross value	375,760	8,899	15,439	400,098	290,162	4,963	6,184	301,309

#### 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 reflects low level of credit risk. Company creates ECL on trade receivable balances in line with board's 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 the security deposit and advance is 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 the customer's inability to repay the loan beyond a timeline wherein loan against property and home loan is written-off at 720 Days Past Due.



**Collateral management and associated risks**

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

The Company has a collateral management system to address the risks associated with 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 of assets 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 the 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.

As at 31 March 2020 (₹ In lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
<b>Financial Assets</b>				
Cash & cash equivalents	12,140	-	12,140	-
Loans & Advances (gross)	400,098	1,034,742	(634,644)	(10,255)
Trade receivables	25	-	25	-
Financial Assets at FVTPL	38,512	-	38,512	-
Other financial asset	1,076	-	1,076	-
<b>Total Financial Asset</b>	<b>451,851</b>	<b>1,034,742</b>	<b>(582,891)</b>	<b>(10,255)</b>

As at 31 March 2019 (₹ In lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
<b>Financial Assets</b>				
Cash & cash equivalents	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	-
<b>Total Financial Asset</b>	<b>347,597</b>	<b>884,268</b>	<b>(536,671)</b>	<b>(4,578)</b>

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.

The 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 2020 (₹ in lakhs)	14,505	45,091	(30,586)	6,944
As at 31 March 2019 (₹ in lakhs)	6,197	10,786	(4,589)	2,540

**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.

As at 31 March 2020 (₹ in lakhs)	Within 1 year	1 to 5 years	After 5 years	Total
<b>Financial liabilities</b>				
Trade payables	198	-	-	198
Borrowings other than debt securities	86,701	247,249	1,514	335,464
Debt Securities	42,430	58,304	2,730	103,464
Lease rental liabilities	454	1,688	769	2,911
Other financial liabilities	4,277	258	-	4,535

As at 31 March 2019 (₹ In lakhs)	Within 1 year	1 to 5 years	After 5 years	Total
<b>Financial liabilities</b>				
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	18,476	776	-	19,252

\* 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.

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks to maintain the liquidity requirements.

#### Financing arrangement

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

Particulars	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Expiring within one year	9,000	72,000
Expiring beyond one year (term loan)	82,500	-

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 (2019 : 1 year).

#### 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.

#### Foreign 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 unlisted equity securities (other than investment in subsidiary company), 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 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Exposure to price risk	38,512	31,238

#### 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 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Impact on profit before tax for 5% increase in prices	(481)	(260)
Impact on profit before tax for 5% decrease in prices	481	260



**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 Particulars 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.

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

Particulars	As at	As at
	31 March 2020 (₹ lakhs)	31 March 2019 (₹ lakhs)
<b>Fixed rate borrowings</b>		
Debt Securities	83,400	71,300
Borrowings	-	8,200
<b>Variable rate borrowings</b>	280,730	193,750
<b>Total borrowings</b>	<b>364,130</b>	<b>273,250</b>

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

- Repricing 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**

Effect on profit or loss (₹ lakhs)	As at	As at
	31 March 2020 (₹ lakhs)	31 March 2019 (₹ lakhs)
Impact on profit before tax of 100 bps increase in interest rate	(2,807)	(1,938)
Impact on profit before tax of 100 bps decrease in interest rate	2,807	1,938

**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 :

Particulars	As at 31 March 2020 (₹ lakhs)		As at 31 March 2019 (₹ lakhs)	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
<b>Financial assets:</b>				
Cash and cash equivalent	-	11,890	-	9,461
Bank balances other than cash and cash equivalent	-	250	-	5,006
Trade Receivables	-	25	-	62
Loans and advances to customers	-	389,843	-	296,731
Investments	38,512	-	31,238	-
Other financial assets	-	1,076	-	521
<b>Total financial assets</b>	<b>38,512</b>	<b>403,084</b>	<b>31,238</b>	<b>311,781</b>
<b>Financial liabilities:</b>				
Trade payables	-	198	-	782
Debt securities	-	89,401	-	74,988
Borrowing other than debt securities	-	280,342	-	201,111
Lease rental liabilities	-	2,171	-	-
Other financial liabilities	-	4,535	-	19,252
<b>Total financial liabilities</b>	<b>-</b>	<b>376,647</b>	<b>-</b>	<b>296,133</b>

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.

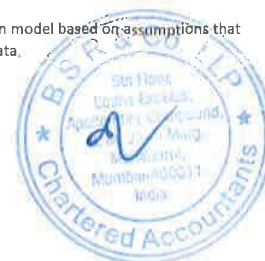
This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about 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.

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.



## a) Financial assets measured at FVTPL at each reporting date

Particulars	Level 2	
	As at 31 March 2020 (₹ lakhs)	As at 31 March 2019 (₹ lakhs)
Investment	38,512	31,238
<b>Total</b>	<b>38,512</b>	<b>31,238</b>

## b) Financial assets and liabilities measured at amortized cost at each reporting date

Particulars	As at 31 March 2020 (₹ lakhs)		
	Carrying Value	Fair Value	
		level 2	level 3
<b>Financial assets measured at amortised cost</b>			
Loans and advances to customers*	400,098	-	400,098
Other financial assets	1,076	-	1,075
<b>Total</b>	<b>401,174</b>	<b>-</b>	<b>401,173</b>
<b>Financial liabilities measured at amortised cost</b>			
Debt securities	89,401	-	89,345
Borrowing other than debt securities	280,342	-	280,342
Lease rental liabilities	2,171	-	2,210
<b>Total</b>	<b>371,914</b>	<b>-</b>	<b>371,897</b>

Particulars	As at 31 March 2019 (₹ lakhs)		
	Carrying Value	Fair Value	
		level 2	level 3
<b>Financial assets measured at amortised cost</b>			
Loans and advances to customers*	301,309	-	301,309
Other financial assets	521	-	517
<b>Total</b>	<b>301,830</b>	<b>-</b>	<b>301,826</b>
<b>Financial liabilities measured at amortised cost</b>			
Debt securities	74,988	-	74,402
Borrowing other than debt securities	201,111	-	201,111
<b>Total</b>	<b>276,099</b>	<b>-</b>	<b>275,513</b>

\*Gross value of portfolio loans

Fair value of financial assets and financial liabilities at amortized cost (i.e., Loans and advances to customers, Other financial assets, Debt securities, Borrowing other than debt securities) is calculated on pool basis at present values of future cash flows over expected tenure of financial instruments.

Following discounting factor are used for calculation of fair values:

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

## Valuation techniques used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). After initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries), derivative financial instruments, etc. at fair value.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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 the 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.



## 50 Maturity Analysis of Assets and Liabilities

Particulars	As at 31 March 2020 (₹ lakhs)			As at 31 March 2019 (₹ lakhs)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
<b>Financial Assets</b>						
Cash and cash equivalents	11,890	-	11,890	9,461	-	9,461
Bank balances other than cash and cash equivalents	250	-	250	5,006	-	5,006
Investments	38,512	-	38,512	31,238	-	31,238
Trade receivables	25	-	25	62	-	62
Other financial assets	956	120	1,076	210	311	521
Loans and advances	10,154	379,689	389,843	8,583	288,148	296,731
<b>Non Financial assets</b>						
Current tax assets	-	374	374	-	329	329
Deferred tax asset (net)	-	2,937	2,937	-	1,497	1,497
Other non financial assets	667	152	819	-	823	823
Property, plant and equipment	-	820	820	-	1,010	1,010
Right to use of asset	-	2,020	2,020	-	-	-
Intangible assets	-	172	172	-	84	84
Intangible assets under development	-	28	28	-	-	-
<b>Total Assets</b>	<b>62,454</b>	<b>386,312</b>	<b>448,766</b>	<b>54,560</b>	<b>292,202</b>	<b>346,761</b>
<b>Financial Liabilities</b>						
Trade payables	198	-	198	782	-	782
Debt securities	39,433	49,968	89,401	-	74,988	74,988
Borrowings	64,883	215,459	280,342	41,780	159,331	201,111
Lease rental liabilities	267	1,904	2,171	-	-	-
Other financial liabilities	4,277	258	4,535	18,476	776	19,252
<b>Non-Financial Liabilities</b>						
Current tax liabilities	148	-	148	7	-	7
Provisions	-	175	175	-	94	94
Other non financial liabilities	240	467	707	823	-	823
<b>Equity</b>						
Equity share capital	-	30,803	30,803	-	24,536	24,536
Other equity	-	40,286	40,286	-	25,169	25,169
<b>Total Liabilities</b>	<b>109,446</b>	<b>339,320</b>	<b>448,766</b>	<b>61,868</b>	<b>284,894</b>	<b>346,762</b>

## 51 Estimation uncertainty due to COVID 19

In early 2020, COVID-19 was declared a global pandemic by World Health Organisation (WHO) as it is widespread across the globe and caused disruption to businesses and economic activities. The Government of India announced a countrywide lockdown to curtail the effect of COVID 19 which is continued at present. COVID 19 lockdown impacted future revenues and future cash flows on account of the inability of our customers to continue their businesses due to financial resource constraints or their services no-longer being availed by their customers. The ongoing COVID-19 Pandemic has increased the uncertainty due to economic downturn, disruption due to business, capital market, deteriorating credit, liquidity concern in estimation while preparation of financial statements.

The response of industry including government stimulus is uncertain for COVID-19 at the current reporting period. In assessing the impact of COVID 19 on carrying value of assets and liabilities the Company has considered internal and external information (including credit reports and economic forecasts) up to the date of these financial results for calculation of sensitivity analysis on the assumptions used. Outcome of expected credit loss is primarily based on management's judgements and assumptions sourced from industry report and published impacted industry sector and classification of zones (Green, Orange and Red), governments stimulus etc. The impact of COVID 19 impairment loss allowance recognized in the year ended is INR 757 lakhs. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates.

With the uplift of lockdown, the Company has gradually recommenced its operations through its branch network. The Company carries adequate liquidity as on the date of financial statements to meet its committed obligations for the foreseeable future. Further, there have been no significant changes in the internal control framework due to COVID 19. Since the situation is rapidly evolving, effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic condition from time to time.

## 52 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 Registration No.: 101248W/W-100022

  
Millind 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

  
Rajkesh Makkar  
CEO & Whole Time Director  
DIN : 01225230

  
Pankaj Malik  
Chief Financial Officer

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



Place: Mumbai

Date: 08 June 2020

Place: Mumbai

Date: 08 June 2020