

INDEPENDENT AUDITORS' REPORT

To the Members of PNB Housing Finance Limited

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of PNB Housing Finance Limited ("the Holding Company"), and its Subsidiary (the Holding Company and its Subsidiary together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), Consolidated Statement of changes in equity and the Consolidated statement of Cash Flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2021, and its Consolidated profit, Consolidated changes in equity and its Consolidated cash flows for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the

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

EMPHASIS OF MATTER

We draw your attention to Note 49 to the consolidated financial statements which explains the uncertainties and the management's assessment of the financial impact due to the lock-downs and other restrictions and conditions related to the Covid-19 pandemic situation, for which a definitive assessment of the impact in the subsequent period is highly dependent upon circumstances as they evolve.

Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

Key Audit Matter	Our response to the Key Audit Matter
<p>Impairment of loans to customers</p> <p>The Company reported total gross loans of ₹63,188.83 crores and ₹2,544.11 crores of expected credit loss provisions as on March 31, 2021 (Refer Note 6).</p> <p>Key judgements and estimates (Refer Note 2.20) in respect of the timing and measurement of expected credit losses (ECL) include:</p> <ul style="list-style-type: none"> • Allocation of assets to stage 1, 2, or 3 using criteria in accordance with the Indian Accounting Standard 109; • Accounting interpretations and modelling assumptions used to build the models that calculate the ECL; • Completeness and accuracy of data used to calculate the ECL; • Inputs and assumptions used to estimate the impact of multiple economic scenarios; • Completeness and valuation of post model adjustments; • Measurements of individually assessed provisions including the assessment of multiple scenarios; and • Accuracy and adequacy of the financial statement disclosures. 	<p>Our audit procedures included testing the design and operating effectiveness of key controls across the processes relevant to the ascertainment and measurement of ECL. These controls/ processes included the allocation of assets into stages, model governance, data accuracy and completeness, credit monitoring, multiple economic scenarios, post model adjustments, individual provisions and disclosures and accounting thereof.</p> <p>The criteria used to allocate an asset to stage 1, 2 or 3 in accordance with Ind AS 109 was evaluated. Assets in stage 1, 2 and 3 were reviewed to verify that they were allocated to the appropriate stage.</p> <p>With the support of the team of modelling specialists employed by the Company to make the models, we tested the assumptions, inputs and formulas used in a sample of ECL models. This included assessing the appropriateness of model design and formulas used, the 'Probability of Default', 'Loss Given Default', 'Exposure at Default', historical loss rates used, and the valuation of collateral.</p> <p>To verify data quality, calculation of the data used in the ECL was tested by reconciling to source systems. To test credit monitoring, risk ratings were checked for a sample of performing loans.</p> <p>Appropriateness of forecasted macroeconomic variables, such as GDP, Money supply and House Price Index were evaluated.</p> <p>The completeness and appropriateness of post model adjustments was assessed.</p> <p>The adequacy and appropriateness of disclosures for compliance with the Ind AS including disclosure of Ind AS 107 was ascertainment.</p>

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

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

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

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

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

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance, Consolidated changes in equity and Consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the Companies include in a Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept so far as it appears from our examination of those books.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Consolidated Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure 'I'.
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- (h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated financial statements disclose the impact of pending litigations on its financial position in its consolidated financial statements – Refer Note 40(i) to the consolidated financial statements;
 - ii. The Group has recognised provision, as required under the applicable law or accounting standards, for material foreseeable losses, if

any, on long term contracts including derivative contracts - Refer Note 15 and Note 43 to the consolidated financial statements;

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

For **B R Maheswari & Co LLP**
Chartered Accountants
Firm's Registration No. 001035N/N500050

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 21504704AAA4EF4947

Place: New Delhi
Date: April 27, 2021

ANNEXURE 'I' TO THE INDEPENDENT AUDITORS' REPORT

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

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

We have audited the internal financial controls over financial reporting of PNB Housing Finance Limited ("the Holding Company") and its Subsidiary as of March 31, 2021 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Group are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, the Holding Company and its Subsidiary, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **B R Maheswari & Co LLP**
Chartered Accountants
Firm's Registration No. 001035N/N500050

Akshay Maheshwari
Partner
Membership No.504704

UDIN: 21504704AAAAEF4947

Place: New Delhi
Date: April 27, 2021

CONSOLIDATED BALANCE SHEET

as at March 31, 2021

Particulars	Notes	(₹ in crores)	
		As at March 31, 2021	As at March 31, 2020
ASSETS			
Financial assets			
Cash and cash equivalents	3	6,968.56	8,514.32
Bank balance other than cash and cash equivalents	4	0.07	0.07
Derivative financial instruments	15	-	125.66
Receivables			
Trade receivables	5	44.94	44.90
Other receivables		-	-
Loans	6	60,644.72	66,628.02
Investments	7	2,044.82	2,075.74
Other financial assets	8	906.58	701.70
		70,609.69	78,090.41
Non- financial assets			
Current tax assets (net)	9.1	-	61.01
Deferred tax assets (net)	10	429.63	285.94
Investment property	11	0.54	0.55
Property, plant and equipment	12	81.75	105.31
Right of use assets	12	78.09	119.80
Capital work-in-progress		0.01	1.23
Other Intangible assets	13	20.89	25.42
Intangible assets under development		2.37	2.83
Other non- financial assets	14	32.75	30.67
Assets held for sale		136.48	206.56
		782.51	839.32
Total		71,392.20	78,929.73
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Derivative financial instruments	15	51.44	-
Payables			
Trade payables	16		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		111.88	86.92
Other payable			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro and small enterprises		-	-
Debt securities	17	11,461.48	17,836.46
Borrowings (other than debt securities)	18	29,746.34	32,328.12
Deposits	19	16,746.04	16,131.94
Subordinated liabilities	20	1,438.58	1,438.58
Other financial liabilities	21	1,652.18	1,689.95
		61,207.94	69,511.97
Non financial liabilities			
Current tax liabilities (net)	9.2	62.93	-
Provisions	22	18.39	18.94
Other non-financial liabilities	23	1,179.91	1,401.05
		1,261.23	1,419.99
Equity			
Equity share capital	24	168.27	168.19
Other equity	25	8,754.76	7,829.58
Total equity		8,923.03	7,997.77
Total		71,392.20	78,929.73
Overview, principles of consolidation and significant accounting policies The accompanying notes are an integral part of the consolidated financial statements.	1 & 2		

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**

Chartered Accountants

FR No : 001035N/N500050

Akshay Maheshwari

Partner

M. No.: 504704

Place: New Delhi

Date: April 27, 2021

For and on behalf of the Board of Directors

Hardayal Prasad

Managing Director & CEO

DIN: 08024303

Kapish Jain

Chief Financial Officer

ACA: 057737

Rajneesh Karnatak

Non Executive Director

DIN: 08912491

Sanjay Jain

Company Secretary

FCS: 002642



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Note No.	Current Year	Previous Year
Revenue from operations			
Interest income	26	7,189.83	7,688.21
Fees and commission income	27	181.23	298.84
Net gain on fair value changes	28	162.33	158.64
Income on derecognised (assigned) loans		70.53	336.15
Total revenue from operations		7,603.92	8,481.84
Other income		20.16	7.71
Total income		7,624.08	8,489.55
Expenses			
Finance costs	29	5,099.78	5,874.95
Impairment on financial instruments	30	861.90	1,251.37
Employee benefits expense	31	211.29	233.06
Fees and commission expense		11.61	8.92
Depreciation, amortisation and impairment		59.01	65.85
Other expenses	32	173.46	244.39
Total expenses		6,417.05	7,678.54
Profit before exceptional items & tax		1,207.03	811.01
Exceptional items		-	-
Profit before tax		1,207.03	811.01
Tax expense/(credit)			
Current tax	33	413.25	389.24
Deferred tax ((credit)/ charge)	33	(136.12)	(224.47)
Profit for the year		929.90	646.24
Other comprehensive (loss) / income			
A (i) Items that will not be reclassified to profit or loss			
Remeasurement gain / (loss) on defined benefit plan		2.43	0.79
(ii) Income tax relating to items that will not be reclassified to profit or loss		(0.61)	(0.20)
Subtotal (A)		1.82	0.59
B (i) Items that will be reclassified to profit or loss			
Cash flow hedge		(30.08)	(46.91)
(ii) Income tax relating to items that will be reclassified to profit or loss		7.57	(8.98)
Subtotal (B)		(22.51)	(55.89)
Other comprehensive (loss) / income (A + B)		(20.69)	(55.30)
Total comprehensive income for the year		909.21	590.94
Profit for the year, net of tax attributable to			
Owners of the parent		929.90	646.24
Non-controlling interest		-	-
Other comprehensive loss for the year, net of tax attributable to			
Owners of the parent		(20.69)	(55.30)
Non-controlling interest		-	-
Total comprehensive income for the year, net of tax attributable to			
Owners of the parent		909.21	590.94
Non-controlling interest		-	-
Earnings per equity share (Face value of ₹10/- each fully paid up)			
Basic (₹)	34	55.29	38.45
Diluted (₹)	34	55.26	38.41
Overview, principles of consolidation and significant accounting policies	1 & 2		
The accompanying notes are an integral part of the consolidated financial statements.			

In terms of our report of even date

For **B.R. Maheswari and Co. LLP**

Chartered Accountants

FR No : 001035N/N500050

Akshay Maheshwari

Partner

M. No.: 504704

Place: New Delhi

Date: April 27, 2021

For and on behalf of the Board of Directors

Hardayal Prasad

Managing Director & CEO

DIN: 08024303

Kapish Jain

Chief Financial Officer

ACA: 057737

Rajneesh Karnatak

Non Executive Director

DIN: 08912491

Sanjay Jain

Company Secretary

FCS: 002642

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2021

(₹ in crores)

Particulars	Equity share	Other equity*						Total other equity	Total equity
		Reserves and surplus					Other comprehensive income		
		Share premium reserve	Special reserve	Statutory reserve	Share option outstanding account	Retained earnings	Effective portion of cash flow hedges		
Balances as at March 31, 2019	167.47	4,012.75	631.76	126.97	56.11	2,687.15	(138.31)	7,376.43	7,543.90
Equity shares issued during the year	0.72	23.55	-	-	-	-	-	23.55	24.27
Employee stock option excised during the year (Refer note 24.7)	-	8.03	-	-	(8.03)	-	-	-	-
Transfer to special reserve [#]	-	-	182.00	-	-	(182.00)	-	-	-
Transfer to statutory reserve ^{##}	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer note 24.7(iv))	-	-	-	-	21.06	-	-	21.06	21.06
Transfer on account of stock option lapsed/ expired	-	-	-	-	(1.82)	1.82	-	-	-
Dividend (including dividend distribution tax) (Refer note 24.8)	-	-	-	-	-	(182.37)	-	(182.37)	(182.37)
Profit for the year	-	-	-	-	-	646.24	-	646.24	646.24
Fair value changes on derivatives	-	-	-	-	-	-	(55.89)	(55.89)	(55.89)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	0.59	-	0.59	0.59
Others	-	-	-	-	-	(0.03)	-	(0.03)	(0.03)
Balances as at March 31, 2020	168.19	4,044.33	813.76	126.97	67.32	2,971.40	(194.20)	7,829.58	7,997.77
Equity shares issued during the year	0.08	2.66	-	-	-	-	-	2.66	2.74
Employee stock option exercised during the year (Refer note 24.7)	-	0.91	-	-	(0.91)	-	-	-	-
Transfer to special reserve [#]	-	-	197.00	-	-	(197.00)	-	-	-
Transfer to statutory reserve ^{##}	-	-	-	-	-	-	-	-	-
Share based payment to employees (Refer note 24.7(iv))	-	-	-	-	13.30	-	-	13.30	13.30
Transfer on account of stock option lapsed/ expired	-	-	-	-	(6.42)	6.24	-	-	-
Dividend (Refer note 24.8)	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	929.90	-	929.90	929.90
Fair value changes on derivatives	-	-	-	-	-	-	(22.51)	(22.51)	(22.51)
Remeasurement of net defined benefit liabilities/assets	-	-	-	-	-	1.82	-	1.82	1.82
Others	-	-	-	-	-	0.01	-	0.01	0.01
Balances as at March 31, 2021	168.27	4,047.90	1,010.76	126.97	73.29	3,712.55	(216.71)	8,754.76	8,923.03

*Refer notes 25.1 for nature and the purpose of reserves.

[#]As per Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1) (viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. The Company has transferred an amount of ₹197.00 crores (Previous year ₹182.00 crores) to Special Reserve in terms of Section 36(1) (viii) of the Income Tax Act, 1961.

^{##}The Company has transferred an amount of ₹ Nil (Previous year ₹ Nil) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987.

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

In terms of our report of even date

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

Akshay Maheswari
Partner
M. No.: 504704

Place: New Delhi
Date: April 27, 2021

For and on behalf of the Board of Directors

Hardayal Prasad
Managing Director & CEO
DIN: 08024303

Kapish Jain
Chief Financial Officer
ACA: 057737

Rajneesh Karnatak
Non Executive Director
DIN: 08912491

Sanjay Jain
Company Secretary
FCS: 002642

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2021
(Indirect Method)

(₹ in crores)

Particulars	Current Year	Previous Year
Cash flow from operating activities		
Profit before tax	1,207.03	811.01
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	59.01	65.85
Loss on sale of property, plant and equipment	3.71	0.61
Impairment on financial instruments	778.75	1,173.15
Impairment/ (reversal of impairment) on assets held for sale	26.64	55.80
Net loss on financial asset at fair value through profit and loss	4.71	0.47
Share based payment expense	13.30	21.06
Effective interest rate on financial assets	33.18	(21.83)
Effective interest rate on financial liabilities	(40.96)	68.75
Income on derecognised (assigned) loans	(172.21)	(181.48)
Restructure gain on financial assets	(62.11)	-
Interest on leases including modification gain/(loss)	6.96	11.03
Re-measurement on defined benefit plan	2.43	0.79
Bad debts written-off	83.07	78.22
	736.48	1,272.42
Operating profits before changes in working capital	1,943.51	2,083.43
Working Capital changes		
Trade payables	24.96	(40.24)
Provision	1.45	(7.98)
Financial liabilities	2.52	(539.78)
Non financial liabilities	(221.13)	(599.03)
Loans at amortised cost	5,150.67	6,430.92
Trade receivable	(0.04)	(6.02)
Other financial asset	(34.93)	(6.46)
Derivative impact of external commercial borrowings	154.21	(383.37)
Other non financial asset	(3.43)	(12.99)
Investments (net)	26.21	2,485.53
Asset held for sale	43.44	(131.25)
Other bank balances	0.00	0.04
	5,143.93	7,189.37
Cash generated / (used) in operations	7,087.44	9,272.80
Taxes paid (net of refunds)	(295.74)	(344.30)
Net cash generated / (used) in operating activities	6,791.70	8,928.50
Cash flow from investing activities		
Purchase of property, plant and equipment and other intangible assets	(7.72)	(63.75)
Capital work-in-progress and intangible assets under development (net)	1.69	1.11
Sale of property, plant and equipment and other intangible assets	0.37	0.11
	(5.66)	(62.53)
Net cash used in investing activities	(5.66)	(62.53)

CONSOLIDATED STATEMENT OF CASH FLOW

for the year ended March 31, 2021
(Indirect Method)

Particulars	(₹ in crores)	
	Current Year	Previous Year
Cash flow from financing activities*		
Proceeds from borrowings		
Debt securities & subordinated liabilities	1,690.00	3,000.00
Borrowings from bank	18,027.27	15,989.83
Deposits (net)	630.68	2,107.97
Commercial paper	2,125.00	-
Repayment of borrowings		
Debt securities & subordinated liabilities	(8,746.00)	(7,308.00)
Borrowings from bank	(20,612.66)	(10,448.29)
Commercial paper	(1,416.00)	(7,534.00)
Lease Liability	(32.83)	(35.02)
Proceeds from issue of share capital	0.08	0.72
Share premium received	2.66	23.55
Dividend paid (including dividend distribution tax)	-	(182.37)
Net cash (used) / generated from financing activities	(8,331.80)	(4,385.61)
Net changes in cash & cash equivalents	(1,545.76)	4,480.36
Cash or cash equivalents at the beginning of the year	8,514.32	4,033.96
Cash or cash equivalents at the end the of the year	6,968.56	8,514.32
Net (decrease) / increase of cash & cash equivalents during the year	(1,545.76)	4,480.36
Components of cash and cash equivalents		
Balances with banks in current accounts	933.77	4,803.65
Bank deposit with maturity of less than 3 months	6,033.92	3,710.49
Cash on hand	0.87	0.17
Stamps on hand	0.00	0.01
	6,968.56	8,514.32
*Refer Note no 45 for change in liabilities arising from financing activities.		
Note : Figures in bracket denotes application of cash		
The accompanying notes are an integral part of the consolidated financial statements.		

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

Akshay Maheshwari
 Partner
 M. No.: 504704

Place: New Delhi
 Date: April 27, 2021

For and on behalf of the Board of Directors

Hardayal Prasad
 Managing Director & CEO
 DIN: 08024303

Kapish Jain
 Chief Financial Officer
 ACA: 057737

Rajneesh Karnatak
 Non Executive Director
 DIN: 08912491

Sanjay Jain
 Company Secretary
 FCS: 002642

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

1. OVERVIEW AND PRINCIPLES OF CONSOLIDATION

1.1. Overview

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

These consolidated financial statements are approved and adopted by the Board of Directors of the Company in their meeting held on April 27, 2021.

1.2. Basis of preparation and presentation/ Statement of Compliance

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

The consolidated financial statements comply in all material aspects with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under section 133 of the Companies Act 2013 and the relevant provisions of the National Housing Bank Act, 1987 and the Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Directions') as amended from time to time.

The consolidated financial statements are prepared in accordance with provision contained in section 129 of the Companies Act 2013, read with Division III of Schedule III. The Statement of Cash Flows has been prepared and presented as per Ind AS 7 "Statement of Cash Flows".

The Finance (No.2) Act, 2019 has amended the National Housing Bank Act, 1987 conferring certain powers for regulation of Housing Finance Companies (HFCs) with Reserve Bank of India (RBI). The Central Government has since issued notification appointing August 09, 2019 as the date on which the relevant part of that Act shall come into effect. RBI vide its press release dated August 13, 2019 notified that HFCs will henceforth be treated as one of the categories of Non-Banking Financial Companies (NBFCs) for regulatory purposes. Subsequently, RBI vide its notification dated February 17th 2021 issued master directions for HFCs called the "Non-Banking Financial

Company-Housing Finance Company (Reserve Bank) Directions, 2021 repealing erstwhile Housing Finance Companies Directions 2010.

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

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

Balance sheet analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in note no. 46.

Accounting policies have been consistently applied except where a newly-issued Ind AS is initially adopted or a revision to an existing Ind AS requires a change in the accounting policy hitherto in use.

1.3. Principles of consolidation

The Company consolidates an entity only when it has a control over the entity and has a right to receive variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Company uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Company financial statements in preparing the consolidated financial statements to ensure conformity with the Company's accounting policies.

The financial statement of the Company and its subsidiary are consolidated on line-by-line basis, by combining the like items of assets, liabilities, income, expense, cash flow and after eliminating the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary, the intra company balances and transactions resulting in unrealised profits or losses.

Profit or loss and each component of OCI are attributed to the equity holders of the parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

The subsidiary considered in consolidated financial statement is as under:

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

The subsidiary not considered in consolidated financial statement is as under:

Name of the entity	Proportion of ownership*	Country of incorporation	Date of incorporation	Principal activities
Pehel Foundation	100%	India	October 14, 2019	Charitable activities

Pehel foundation is registered as a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Pehel Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

*Including nominee shareholders

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Use of estimates, judgements and assumptions

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

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

a) Business model assessment

Classification and measurement of financial assets depends on the results of the solely payments of principal and interest (SPPI) and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and measured, the risks that affect the performance of the assets and how these are being managed. The Company monitors financial assets on a continuous basis to assess whether the business model for which the financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of the assets.

b) Fair value of financial instruments

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

c) Effective Interest Rate (EIR) method

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

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

d) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. (refer note 2.20).

e) Provisions and other contingent liabilities

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

2.2 Cash and cash equivalents

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

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

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

2.3 Revenue Recognition

a) Interest and related income

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

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the EIR on net amount i.e. (gross carrying amount less allowance for expected credit loss). If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

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

b) Dividend income

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

c) Profit on derecognition of financial assets

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

d) Fees and commission income

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

e) Other income

Income from operating leases are recognised in the statement of profit and loss as per the contractual rentals.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

a) PPE

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

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

Capital work in progress includes assets which are not ready for the intended use at the end of the reporting year and is carried at cost including incidental expenses.

b) Intangible assets

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

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

Intangible assets which are not ready for the intended use at the end of the reporting year are disclosed as Intangible assets under development.

2.5 Depreciation and amortisation

a) Depreciation

Depreciation on tangible fixed assets is provided on straight-line method as per the useful life prescribed

in Schedule II to the Companies Act, 2013, except for networking equipment and mobile phone instruments that are depreciated over a period of five years and three years respectively. Leasehold improvements are amortised over the period of five years.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and changes (if any) are then treated as changes in accounting estimates.

b) Amortisation

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

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

2.6 Investment Property

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

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

2.7 Foreign Currency

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

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

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

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

2.8 Leases

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

Company as a Lessee - The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Right-of-use assets - The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

Lease Liability - At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets - The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Subleases - The Company as an intermediate lessor, accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

2.9 Impairment of non-financial assets

The carrying amount of assets is reviewed at each reporting date. If there is any indication of impairment based on internal/external factors, an impairment loss is

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount.

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

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

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.11 Contingent liabilities, Contingent assets and Commitments

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

- a) Contingent liability is disclosed in case of –
- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - A present obligation arising from past events, when no reliable estimate is possible.
 - A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are reviewed at each balance sheet date.

- b) Contingent assets are not recognised in the financial statements.
- c) Commitments are future liabilities for contractual expenditure and is disclosed in case of –
- Estimated amount of contracts remaining to be executed on capital account and not provided for;
 - Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

2.12 Employee Benefits

a) Retirement and other employee benefits

Defined Contribution Plan

Retirement benefit in the form of provident fund and Employee State Insurance Scheme is a defined

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

Defined Benefit Plan

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

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

Past service, costs are recognised in the statement of profit and loss on the earlier of:

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

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

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

b) Short term employee benefits

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

The cost of short-term compensated absences is accounted as under:

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

c) Share based payments

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

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

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

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

2.13 Taxes

Taxes on income

Tax expense comprises current and deferred tax.

a) Current tax

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

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

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

b) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

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

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Goods and Services Input Tax Credit

Goods and Services tax input credit is recognised in the period in which the supply of goods or service received is recognised and the conditions to avail the credit are fulfilled as per the underlying law.

2.14 Earnings per Share

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

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

2.15 Financial Instruments

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

a) Financial Assets

✓ Initial recognition and measurement

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

✓ Classification and Subsequent measurement

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

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

Financial asset at amortised costs

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

- i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- ii) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Financial assets (debt instruments) at FVOCI

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

- i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- ii) The asset's contractual cash flows represent SPPI.

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

Financial Asset at FVTPL

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

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for the year ended March 31, 2021

b) Financial Liabilities

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

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

c) Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at the face value and proceeds received in excess of the face value are recognised as share premium.

2.16 Derivative financial instruments

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

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

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

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

2.17 Hedge accounting

The Company makes use of derivative instruments to manage exposures to interest rate and foreign currency. In order to manage particular risks, the Company applies

hedge accounting for transactions that meet specified criteria.

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

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

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

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

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

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

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for the year ended March 31, 2021

OCI is immediately transferred to the statement of profit and loss.

2.18 Reclassification of financial assets and liabilities

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

2.19 Derecognition of financial assets and liabilities

a) Financial Assets

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

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

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

Or

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

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

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

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

A transfer only qualifies for derecognition if either:

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

Or

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

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

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

b) Financial Liabilities

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

2.20 Measurement of Expected Credit Loss (ECL)

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

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

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for the year ended March 31, 2021

Default

Classification of default is based on the regulatory definition of Non-Performing Assets (NPA). Our regulator i.e. Reserve Bank of India defines NPA in Paragraph 8.3.5 in its Master Directions – Non Banking Financial Company – Housing Finance (Reserve Bank) Directions, 2021 as exposures where interest or principal is in arrears for a period of more than ninety days.

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

Staging

The Company while assessing whether there has been a SICR of an exposure since origination, it compares the risk of a default occurring over the expected life of the financial instrument as at the reporting date with the risk of default as at the date of initial recognition. The Company classifies the accounts into three stages based on comparisons made between an account's credit risk at origination and its credit risk on the reporting date.

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

Stage Definition	Details	Classification
Stage 1	Low credit risk Days Past Due (DPD) 0-30	Financial instruments are treated as Stage 1 which are not credit impaired and for which the credit risk has not increased significantly since initial recognition. The Company calculates the 12 month ECL allowance based on the probability of default.
Stage 2	DPD 31-90 Qualitative indicators of SICR	Financial instruments having SICR since initial recognition (origination of facilities) are classified under (if not impaired) stage 2. The Company calculates the lifetime ECL allowance.
Stage 3	DPD 90+	Remaining financial instruments which are credit impaired are treated as Stage 3. The Company uses 90+ DPD as a consistent measure for default across all product classes. The Company records an allowance for the LTECLs.

Key components for computation of Expected Credit Loss are:

- Probability of Default (PD)**
 Probability of Default (PD) is one of the three risk components needed to estimate ECL under INDAS 109. PD is defined as the probability that a borrower will be unable to meet his/her debt obligations over a stipulated time. The PD estimate incorporates information relevant for assessing the borrower's ability and willingness to repay its debts, as well as information about the economic environment in which the borrower operates.
- Loss Given Default (LGD)**
 The Loss given default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the expected cash flows, including from the realisation of any collateral. It is expressed as a percentage of EAD.
- Exposure at default (EAD)**
 Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and future interests.

The Company has adopted the following methodology for ECL computation:

Particulars	PD	LGD
Retail Loans	Multinomial logistic regression	Workout Method
Corporate Loans	Pluto-Tasche	Asset coverage based / Expected Collateral Realisation (ECR)

Broadly, the Company has grouped the portfolio into retail and corporate category. ECL computation is based on collective approach except for a few large exposure of corporate finance portfolio where loss estimation is based on ECR. Further, given the characteristics and inherent risks of the various sub categories of the portfolio the Company has used appropriate PD / LGD computation techniques which are detailed below:

Retail Loans

Probability of Default

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

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

Previous year(s) portfolio behaviour of homogenous pools is considered for PD estimation. The Company

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for the year ended March 31, 2021

has further stressed the PDs for such selective group of customers who are falling in early warning signal pool like customers who have had experienced delinquency with other financial institutions during post moratorium period but remained good with us, customers showing very early signs of stress in emerging delinquencies.

Loss Given Default

The LGD for the retail portfolio is modelled through a workout approach. Historical NPA data of last few years has been used to arrive at LGD. Loss estimation have been done either basis distressed value or actual/expected recoveries, depending on resolution strategies already materialised or in the process of materialisation. Multiple factors has been considered for determining the LGD including time taken for resolutions, expected delay in regulatory and legal procedures, geographies etc.

Further, LGD pools have been aligned with the PD pools.

Exposure at Default

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

Corporate Loans

Probability of Default:

Historically, the Company has observed low instance of default for the corporate portfolio. PDs for the corporate portfolio are determined by using external ratings as cohorts along with ever default behavior of an account in last 12 months (basis external ratings based statistical technique of Pluto-Tasche). For life time PDs computation, the Company has used survival analysis using Kaplan-Meier technique.

Loss Given Default

For LGD estimates, the Company has used ECR approach and have applied business logic based on security coverage ratio of existing portfolio. Sensitivity analysis, resolution feedbacks are applied on probability weighted scenarios to compute loss given default.

Exposure at Default

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

Significant increase in credit risk (SICR)

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

Retail Loans

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

Corporate Loans

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

Incorporation of forward looking information

Ind AS 109 requires entities to model their ECL and apply forward-looking macroeconomic scenarios taking into consideration possibility of favorable, neutral, adverse and stressed economic conditions. Multiple scenarios are required to be applied to the ECL and a probability weighted ECL is then computed. In order to compute probability weighted ECL considering the impact of COVID-19 several macroeconomic variables such as GDP at constant prices, Housing Price Index (HPI) inflation, Gross national savings, unemployment rate etc. were considered from the International Monetary Fund (IMF), NHB and RBI websites and the Company's historical data were analysed.

A model was then built, and forecasts were generated, and scenario creation carried out to finally arrive at the final macroeconomic overlay. Identification of relevant macroeconomic variables was done combining statistical analysis (correlation) and business intuition (sign of correlation). The selected model incorporates the variables like Inflation, end of period consumer prices quarter on quarter change, general government revenue etc.

The macroeconomic variables (MEVs) of the final model were used to generate multiple simulations for forecasting 20 quarters ahead of macroeconomic variable data under different probabilistic scenarios, i.e., favorable, neutral, adverse and stress scenarios. Under each scenario, based on the independent variable forecasts, the forecasted default rates are obtained using the final model relationship between the default rates and macroeconomic variables. The scenarios are identified based on the probability of occurrence, i.e. expected probability of the future economic state. An anchor variable (GDP) analysis was performed in order to select a particular scenario for future quarters. Accordingly, the probability weighted ECL is computed using the likelihood as weights.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

2.21 ECL on financial guarantee contracts

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

2.22 Write offs

The Company undertakes write off on a loan, in full or in part, when the amount is construed as irrecoverable after enforcement of available means of resolution. The authority of write off is vested with committee of senior officials of the Company. In case the Company writes off an asset, the recoveries resulting from the write off activity may result in impairment gains. For LGD computation, the Company considers contractual amount written off i.e. principal as well as interest overdue.

2.23 Collateral

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

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

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

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

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

2.24 Dividend

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

2.25 Unclaimed Deposits

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

2.26 Share Premium

Share premium is credited:

- ✓ when shares are issued at premium;
- ✓ with the fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme

Share premium can be utilised only for limited purposes such as issuance of bonus shares or adjustment of share issue expenses, net of tax, as permissible under section 52(2) of the Companies Act, 2013, to the extent of balance available and thereafter, the balance portion is charged to the statement of profit and loss, as incurred.

2.27 Assets held for sale

The Company repossess properties or other assets to settle outstanding recoverable and the surplus (if any) post auction is refunded to the obligors. These assets acquired by the Company under SARFASI Act, 2002 has been classified as assets held for sale, as their carrying amounts will be recovered principally through a sale of asset. In accordance with Ind AS 105, the Company is committed to sell these asset and they are measured at the lower of their carrying amount and the fair value less costs to sell.

2.28 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). CODM is responsible for allocating the resources, assess the financial performance and position of the Company and makes strategic decision. Company's main business is to provide loans against/for purchase, construction, repairs & renovations of Houses/ Flats/Commercial Properties etc. All other activities of the Company revolve around the main business. As such, there are no separate reportable segment, as per the Operating Segments (Ind AS-108), notified by the Companies (Accounting Standard) Rules, 2015.

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NOTE 3: CASH AND CASH EQUIVALENTS

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Balances with banks in current accounts	933.77	4,803.65
Bank deposit with maturity of less than 3 months (Refer Note 3.1)	6,033.92	3,710.49
Cash on hand	0.87	0.17
Stamps on hand	0.00	0.01
Total	6,968.56	8,514.32

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

NOTE 4: BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Earmarked balances with bank (Refer Note 4.1)	0.07	0.07
Total	0.07	0.07

Note : 4.1 Earmarked balances with bank include unclaimed dividend on equity shares.

NOTE 5: RECEIVABLES

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Trade receivables		
Unsecured considered good (Refer note 5.1)	40.41	44.90
Receivables from related parties	4.53	-
Receivables which have significant increase in credit risk	0.07	-
Receivables – credit impaired	-	-
	45.01	44.90
Less : Provision for impairment	0.07	-
Total	44.94	44.90

Note 5.1 : No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, director or member.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 6: LOANS (AT AMORTISED COST)

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
Term Loans	63,188.83	68,393.64
Total Gross	63,188.83	68,393.64
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net	60,644.72	66,628.02
Secured by tangible assets	63,188.83	68,393.64
Total Gross	63,188.83	68,393.64
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net	60,644.72	66,628.02
Loans in India		
Public Sector	-	-
Others	63,188.83	68,393.64
Total Gross	63,188.83	68,393.64
Less: Impairment loss allowance	2,544.11	1,765.62
Total Net (a)	60,644.72	66,628.02
Loans outside India		
Less: Impairment loss allowance	-	-
Total Net (b)	-	-
Total Net (a+b)	60,644.72	66,628.02

Note 6.1: Loans - Staging analysis[#]

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 [^]	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	47,162.28	2,644.27	1,381.95	51,188.50	51,283.40	1,596.68	714.77	53,594.85
Total	47,162.28	2,644.27	1,381.95	51,188.50	51,283.40	1,596.68	714.77	53,594.85

As on March 31, 2020, the Company had loan assets of ₹53,594.85 crores of which 95.69% were in stage 1, 2.98% were in stage 2 and 1.33% were in stage 3.

Movement of loan assets is as follows:

- a) Movement of Stage 1:
 - i) 18.92% of loan assets moved out of books by year end
 - ii) Residual portfolio either remained in stage 1 or had forward flows
- b) Movement of Stage 2:
 - i) 5.94% of loan assets moved out of books by year end
 - ii) Residual portfolio either remained in stage 2 or had forward or backward flows
- c) Movement of Stage 3:
 - i) 19.01% of loan assets moved out of books by year end
 - ii) Residual portfolio either remained in stage 3 or had backward flows

As on March 31, 2019, the Company had loan assets of ₹56,137.08^{^^} crores of which 97.10% were in stage 1, 2.32% were in stage 2 and 0.58% were in stage 3.

Movement of loan assets is as follows:

- a) Movement of Stage 1:
 - i) 16.05% of loan assets moved out of books by year end
 - ii) Residual portfolio either remained in stage 1 or had forward flows
- b) Movement of Stage 2:
 - i) 16.09% of loan assets moved out of books by year end
 - ii) Residual portfolio either remained in stage 2 or had forward or backward flows
- c) Movement of Stage 3:
 - i) 33.09% of loan assets moved out of books by year end
 - ii) Residual portfolio either remained in stage 3 or had backward flows

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 [^]	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	9,197.09	1,187.70	1,615.54	12,000.33	12,567.48	934.04	1,297.27	14,798.79
Total	9,197.09	1,187.70	1,615.54	12,000.33	12,567.48	934.04	1,297.27	14,798.79

(₹ in crores)

As on March 31, 2020, the Company had loan assets of ₹14,798.79 crores of which 84.92% were in stage 1, 6.31% were in stage 2 and 8.77% were in stage 3.

- a) Movement of Stage 1:
- 17.47% of loan assets moved out of books by year end
 - Residual portfolio either remained in stage 1 or had forward flows
- b) Movement of Stage 2:
- Nil loan assets moved out of books by year end
 - Residual portfolio either remained in stage 2 or had forward or backward flows
- c) Movement of Stage 3:
- 10.24% of loan assets moved out of books by year end
 - Residual portfolio either remained in stage 3 or backward flows

As on March 31, 2019, the Company had loan assets of ₹18,053.39^{^^} crores of which 93.63% were in stage 1, 6.20% were in stage 2 and 0.17% were in stage 3.

- a) Movement of Stage 1:
- 16.03% of loan assets moved out of books by year end
 - Residual portfolio either remained in stage 1 or had forward flows
- b) Movement of Stage 2:
- 2.03% of loan assets moved out of books by year end
 - Residual portfolio either remained in stage 2 or had forward or backward flows
- c) Movement of Stage 3:
- 0% of loan assets moved out of books by year end

Analysis of change in gross carrying amount of loans is as follows:

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening gross carrying amount	63,850.88	2,530.72	2,012.04	68,393.64	72,025.59	2,478.08	378.34	74,882.01
Increase in EAD - new asset originated or purchased / further increase in existing asset (net)	10,327.42	110.89	6.22	10,444.53	18,490.78	94.44	40.31	18,625.53
Asset paid in part or full (excluding write off) (net)	(14,565.53)	(44.84)	(165.54)	(14,775.91)	(15,201.58)	(421.36)	(109.08)	(15,732.02)
Asset derecognised (loan assigned)	(788.60)	-	-	(788.60)	(9,310.63)	-	-	(9,310.63)
Asset written off	(18.22)	(0.57)	(66.04)	(84.83)	(10.10)	(20.58)	(40.57)	(71.25)
Transfer to stage 1	291.06	(267.99)	(23.07)	-	403.91	(397.39)	(6.52)	-
Transfer to stage 2	(2,278.93)	2,284.92	(5.99)	-	(1,900.97)	1,912.81	(11.84)	-
Transfer to stage 3	(458.71)	(781.16)	1,239.87	-	(646.12)	(1,115.28)	1,761.40	-
Closing gross carrying amount	56,359.37	3,831.97	2,997.49	63,188.83	63,850.88	2,530.72	2,012.04	68,393.64

(₹ in crores)

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

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 [^]	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Retail Loans	251.31	288.24	358.95	898.50	233.57	173.10	167.94	574.61
Total	251.31	288.24	358.95	898.50	233.57	173.10	167.94	574.61

(₹ in crores)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

ECL movement as on March 31, 2020 and March 31, 2021^{^^^}

- The loan assets in stage 2 were 5.17% as on March 31, 2021 as against 2.98% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹613.62 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 3.46% and last year 1.62%.
- Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of restructure cases.
- Overall ECL % POS have increased by 68 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of provision required as per regulatory guidelines and comparing it with existing level.

ECL movement as on March 31, 2019 and March 31, 2020^{^^^}

- The loan assets in stage 2 were 2.96% as on March 31, 2020 as against 2.32% as on March 31, 2019. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹720 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.59%.
- Increase in stage 2 ECL % POS is attributed to incorporation of pre-emptive measures in PD models, higher LGD's on account of COVID scenario.
- Overall ECL % POS have increased by 83 bps on accounts of conservatism build upon by the above mentioned reasons as well as incorporation of PD markup's & macro economic shocks.

Particulars	As at March 31, 2021				As at March 31, 2020			
	Stage 1 [^]	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Corporate Loans	396.25	359.05	890.31	1,645.61	432.13	254.37	504.51	1,191.01
Total	396.25	359.05	890.31	1,645.61	432.13	254.37	504.51	1,191.01

(₹ in crores)

ECL movement as on March 31, 2020 and March 31, 2021^{^^^}

- Stage 1 ECL % of POS increased from 3.44% to 4.31% this is due to backward flow of accounts from stage 2 carrying higher provisions.
- The loan assets in stage 2 were 9.90% as on March 31, 2021 as against 6.31% as on March 31, 2020. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹877.31 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 27.23% to 30.23%.
- Pre SICR, the stage 2 loan assets as on March 31, 2021 would be 2.38% as against 3.65% as on March 31, 2020.
- The Company's stage 3 asset ratio has increased from 8.77% as on March 31, 2020 to 13.46% as on March 31, 2021 owing to this ECL has also increased.

to which stage 1 assets of ₹389 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 15.22% to 27.84%.

- Pre SICR, the stage 2 loan assets as on March 31, 2020 would be 3.59% as against 1.52% as on March 31, 2019.
- The Company's stage 3 asset ratio has increased from 0.17% as on March 31, 2019 to 8.18% as on March 31, 2020 owing to this ECL has also increased.

[^]The restructuring was done for Stage 1 accounts, total restructured assets were ₹1,378 crores, against which provision of ₹206 crores is held.

^{^^} Loans represents principal outstanding (Including principal overdue) as on the date of reporting.

^{^^^} For ECL movement between March 2019 and March 2020, POS represents loans principal outstanding (Including principal overdue) as on the date of reporting. However, for ECL movement between March 2020 and March 2021 POS represents loan assets as per Ind AS as on the date of reporting, hence comparative percentages reported for March 2020 vis a vis March 2019 and March 2021 would differ marginally.

#Refer note no. 2.20, 47.1 and 49.

ECL movement as on March 31, 2019 and March 31, 2021^{^^^}

- Stage 1 ECL % of POS increased from 0.67% to 3.46% on account of conservatism build upon the incorporation of PD markup's, application of stressed LGD's of the NPA ECR accounts and macro economic shocks.
- The loan assets in stage 2 were 6.25% as on March 31, 2020 as against 6.20% as on March 31, 2019. The Company has applied qualitative SICR criteria owing

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

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

- | | |
|--|--|
| <ul style="list-style-type: none"> i) Equitable / Simple / English Mortgage of immovable property; ii) Mortgage of Development Rights / FSI / any other benefit flowing from the immovable property; iii) Demand Promissory Note; | <ul style="list-style-type: none"> iv) Post dated cheques towards the repayment of the debt; v) Personal / Corporate Guarantees; vi) Hypothecation of rent receivables, cash flow of the project, debt service reserve account, fixed deposit, current and escrow accounts; vii) Undertaking to create a security; viii) Letter of comfort. |
|--|--|

NOTE 7: INVESTMENTS

(₹ in crores)

Particulars	As at March 31, 2021			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	12.15	-	12.15
Government securities [^]	1,941.79	-	-	1,941.79
Debt securities	-	90.83	-	90.83
Subsidiaries	-	-	0.05	0.05
Total gross	1,941.79	102.98	0.05	2,044.82
Investments outside India (b)	-	-	-	-
Total gross (a+b)	1,941.79	102.98	0.05	2,044.82
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	1,941.79	102.98	0.05	2,044.82

(₹ in crores)

Particulars	As at March 31, 2020			
	Amortised cost	At fair value through profit or loss	Others*	Total
Investments in India (a)				
Mutual funds	-	27.67	-	27.67
Government securities [^]	1,952.74	-	-	1,952.74
Debt securities	-	95.28	-	95.28
Subsidiaries	-	-	0.05	0.05
Total gross	1,952.74	122.95	0.05	2,075.74
Investments outside India (b)	-	-	-	-
Total gross (a+b)	1,952.74	122.95	0.05	2,075.74
Less: Allowance for impairment loss (c)	-	-	-	-
Total net (a+b-c)	1,952.74	122.95	0.05	2,075.74

*Others include investment in subsidiaries which have been carried at cost.

[^]Expected credit loss provision has not been recognised on investments made in government securities.

NOTE 8: OTHER FINANCIAL ASSETS

(₹ in crores)

Particulars	As at March 31, 2021	As at March 31, 2020
	Receivables on assignment of loans (Refer note 8.1 and 8.2)	886.12
Security deposits	16.47	18.74
Other Receivables	6.25	6.43
Total gross (a)	908.84	701.70
Less: Impairment loss allowance (b)	2.26	-
Total net (a-b)	906.58	701.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 8.1: During the year ended March 31 2021, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, the de-recognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer is met and the assets have been derecognised.

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

	As at March 31, 2021	As at March 31, 2020
(₹ in crores)		
Loans and advances measured at amortised cost		
Carrying amount of derecognised financial assets	12,213.95	15,775.38

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

Note 8.2: Includes receivable from related party ₹0.13 crores (previous year ₹2.55 crores).

NOTE 9 : CURRENT TAX (NET)

Note 9.1 : Current tax assets (net)

Particulars	As at March 31, 2021	As at March 31, 2020
(₹ in crores)		
Advance tax (net of provision)	-	61.01
Total	-	61.01

Note 9.2 : Current tax liability (net)

Particulars	As at March 31, 2021	As at March 31, 2020
(₹ in crores)		
Provision for tax (net of advance tax)	62.93	-
Total	62.93	-

NOTE 10 : DEFERRED TAX ASSETS (NET)

As at March 31, 2021

Particulars	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
(₹ in crores)				
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	10.56	-	3.25	-
Provision for employee benefits	4.52	-	0.25	-
Impairment allowance for financial assets	584.74	-	160.50	-
Derivative instruments in cash flow hedge	72.88	-	-	7.57
Expenses paid in advance (net of income received in advance)	-	59.20	(1.47)	-
Interest spread on assigned loans	-	212.03	(43.34)	-
Fair valuation of financial instruments held for trading	1.11	-	1.24	-
Remeasurement gain/(loss) on defined benefit plan	-	-	(0.12)	-
Others temporary differences	27.05	-	15.81	-
Total	700.86	271.23	136.12	7.57

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

As at March 31, 2020

Particulars	(₹ in crores)			
	Deferred Tax Asset	Deferred Tax Liabilities	(Charged)/ credit during the year	Other comprehensive income
Depreciation on property, plant and equipment and amortisation of Other Intangible assets	7.31	-	1.10	-
Provision for employee benefits	4.27	-	(17.77)	-
Impairment allowance for financial assets	424.24	-	217.72	-
Derivative instruments in cash flow hedge	65.31	-	-	(8.98)
Expenses paid in advance (net of income received in advance)	-	57.73	17.58	-
Interest spread on assigned loans	-	168.69	1.67	-
Fair valuation of financial instruments held for trading	-	0.13	0.17	-
Remeasurement gain/(loss) on defined benefit plan	0.12	-	-	(0.20)
Others temporary differences	11.24	-	4.00	-
Total	512.49	226.55	224.47	(9.18)

Note 10.1 Pursuant to Taxation Laws (Amendment) Ordinance 2019, dated September 20, 2019, the Company has exercised the option permitted u/s 115BAA of the Income Tax Act, 1961 to compute income tax at the revised rate (i.e. 25.168%) from last financial year. The impact of revised tax rates on the opening net deferred tax asset has been adjusted in last year tax expense.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 11: INVESTMENT PROPERTY

Particulars	Gross carrying value		Depreciation		Net carrying value	
	As at April 01, 2020	Addition during the year	Adjustments/ Deductions during the year	As at April 01, 2020	For the year	As at March 31, 2021
Buildings*	0.58	-	-	0.03	0.01	0.54
Total	0.58	-	-	0.03	0.01	0.55

Particulars	Gross carrying value		Depreciation		Net carrying value	
	As at April 01, 2019	Addition during the year	Adjustments/ Deductions during the year	As at April 01, 2019	For the year	As at March 31, 2019
Buildings*	0.58	-	-	0.02	0.01	0.55
Total	0.58	-	-	0.02	0.01	0.56

*Refer note 17.1 (a)

Note 11.1: The Company has leased out its investments properties and same has been classified as operating leases on account that there was no transfer of substantial risk and rewards incidental to the ownership of the assets. Recognition of income and related expenses in profit or loss for investment properties are tabulated below:

Particulars	Current Year	Previous Year
Rental Income	0.09	0.09
Profit from investment properties before depreciation	0.09	0.09
Depreciation	(0.01)	(0.01)
Profit from investment properties	0.08	0.08

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

Particulars	As at March 31, 2021	As at March 31, 2020
Within one year	0.05	0.05
Later than one year but not later than five year	0.01	-
Later than five years	-	-

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

Particulars	As at March 31, 2021	As at March 31, 2020
Investment properties	5.55	5.55

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 12: PROPERTY PLANT AND EQUIPMENT

Particulars	Gross carrying value		Depreciation		Net carrying value	
	As at April 01, 2020	As at March 31, 2021	As at April 01, 2020	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Buildings*	37.72	37.72	0.42	1.61	36.11	37.30
Furniture & Fixtures	23.35	22.12	7.80	9.22	12.90	15.55
Vehicles	0.10	0.10	0.03	0.04	0.06	0.07
Computers	24.35	24.44	14.89	19.15	5.29	9.46
Office Equipment & Others	30.92	29.93	14.16	18.06	11.87	16.76
Leasehold Improvements	51.44	42.50	25.27	26.98	15.52	26.17
Total	167.88	156.81	62.57	75.06	81.75	105.31

Particulars	Gross carrying value		Depreciation		Net carrying value	
	As at April 01, 2019	As at March 31, 2020	As at April 01, 2019	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Buildings*	0.27	37.72	0.02	0.42	37.30	0.25
Furniture & Fixtures	22.72	23.35	5.89	7.80	15.55	16.83
Vehicles	0.10	0.10	0.02	0.03	0.07	0.08
Computers	23.47	24.35	9.77	14.89	9.46	13.70
Office Equipment & Others	27.67	30.92	8.63	14.16	16.76	19.04
Leasehold Improvements	45.42	51.44	16.98	25.27	26.17	28.44
Total	119.65	167.88	41.31	62.57	105.31	78.34

*Refer note 17.1 (a)

Right of use

Particulars	Gross carrying value		Depreciation		Net carrying value	
	As at April 01, 2020	As at March 31, 2021	As at April 01, 2020	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
Building	150.25	132.26	30.45	54.17	78.09	119.80
Total	150.25	132.26	30.45	54.17	78.09	119.80

Particulars	Gross carrying value		Depreciation		Net carrying value	
	As at April 01, 2019*	As at March 31, 2020	As at April 01, 2019	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Building	143.51	150.25	-	30.45	119.80	-
Total	143.51	150.25	-	30.45	119.80	-

*On adoption of Ind AS 116.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 13: OTHER INTANGIBLE ASSETS

Particulars	Gross carrying value		Amortisation		Net carrying value	
	As at April 01, 2020	As at April 01, 2020	For the year	Adjustments/ Deductions during the year	As at March 31, 2021	As at March 31, 2020
Software	47.17	5.10	9.63	-	31.38	25.42
Total	47.17	5.10	9.63	-	31.38	25.42

(₹ in crores)

Particulars	Gross carrying value		Amortisation		Net carrying value	
	As at April 01, 2019	As at April 01, 2019	For the year	Adjustments/ Deductions during the year	As at March 31, 2020	As at March 31, 2019
Software	36.15	11.02	9.81	-	21.75	24.21
Total	36.15	11.02	9.81	-	21.75	24.21

(₹ in crores)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 14: OTHER NON FINANCIAL ASSETS

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Unsecured considered good		
Prepaid expenses	5.49	5.68
Statutory receivables (net)	21.77	21.77
Others	5.49	3.22
Total	32.75	30.67

NOTE 15: DERIVATIVE FINANCIAL INSTRUMENTS*

Particulars	As at March 31, 2021			As at March 31, 2020		
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
Currency derivatives:						
Spot forwards	691.03	-	24.99	306.88	12.45	-
Currency swaps	5,972.26	199.57	2.85	5,658.66	421.17	-
(i)	6,663.29	199.57	27.84	5,965.54	433.62	-
Interest rate derivatives:						
Forward rate agreements and interest rate swaps	3,417.97	-	230.36	3,505.44	-	307.96
Margin money paid to counter party bank	-	-	(7.19)	-	-	-
(ii)	3,417.97	-	223.17	3,505.44	-	307.96
Total derivative financial instruments (i)+(ii)	10,081.26	199.57	251.01	9,470.98	433.62	307.96
Included in above are derivatives held for hedging and risk management purposes as follows:						
Cash flow hedging:						
Currency derivatives	6,663.29	199.57	27.84	5,965.54	433.62	-
Interest rate derivatives	3,417.97	-	223.17	3,505.44	-	307.96
Total derivative financial instruments	10,081.26	199.57	251.01	9,470.98	433.62	307.96

*Refer note no. 18.3, 43 and 47.2.

NOTE 16: TRADE PAYABLES

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	111.88	86.92
Due to related parties	-	-
Total	111.88	86.92

Note 16.1: The details of amounts outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) has been determined to the extent such parties have been identified on the basis of Information available with the Company. The amount of principal and interest outstanding during the year is as follows:

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
1. Principal amount due and remaining unpaid	-	-
2. Interest due on (1) above and the unpaid interest	-	-
3. Interest paid on all delayed payment under the MSMED Act	-	-
4. Payment made beyond the appointed day during the year	-	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	-	-
7. Amount of further interest remaining due and payable in succeeding years	-	-
Total	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 17: DEBT SECURITIES

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Redeemable non convertible debentures	10,356.51	-	-	10,356.51	17,430.40	-	-	17,430.40
Unsecured								
Commercial papers	1,104.98	-	-	1,104.98	406.06	-	-	406.06
Total	11,461.48	-	-	11,461.48	17,836.46	-	-	17,836.46
Debt securities in India	11,461.48	-	-	11,461.48	17,836.46	-	-	17,836.46
Debt securities outside India	-	-	-	-	-	-	-	-
Total	11,461.48	-	-	11,461.48	17,836.46	-	-	17,836.46

Note 17.1: Nature of security and terms of repayment:

a) Nature of security

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

b) Terms of repayment

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
Rate of interest								
7.01% - 8.00%	1,685.00	1,275.00	-	-	5,500.00	1,270.00	-	-
8.01% - 9.00%	2,558.00	1,155.00	500.00	2,000.00	3,216.00	3,113.00	600.00	2,500.00
9.01% - 10.00%	430.00	830.00	-	-	30.00	960.00	300.00	-
Total	4,673.00	3,260.00	500.00	2,000.00	8,746.00	5,343.00	900.00	2,500.00

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

NOTE 18: BORROWINGS (OTHER THAN DEBT SECURITIES)

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	At amortised cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Secured								
Term loans								
National housing bank	7,847.86	-	-	7,847.86	6,235.28	-	-	6,235.28
Banks	13,188.95	-	-	13,188.95	18,270.29	-	-	18,270.29
External commercial borrowing	3,961.36	-	-	3,961.36	3,595.62	-	-	3,595.62
Bank overdraft	99.74	-	-	99.74	695.90	-	-	695.90
Loans from related party	4,648.43	-	-	4,648.43	3,531.03	-	-	3,531.03
Total	29,746.34	-	-	29,746.34	32,328.12	-	-	32,328.12
Borrowings in India	23,837.11	-	-	23,837.11	26,734.77	-	-	26,734.77
Borrowings outside India	5,909.23	-	-	5,909.23	5,593.35	-	-	5,593.35
Total	29,746.34	-	-	29,746.34	32,328.12	-	-	32,328.12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 18.1: Refinance from National Housing Bank (NHB):

a) Nature of security

During FY 21, the Company has been availed refinance facility from NHB aggregating to ₹1500 crores under Liberalised Refinance Scheme and ₹2,000 crores under Special Refinance Facility and Additional Special Refinance Facility Schemes of NHB to provide refinance assistance in respect of eligible individual housing loans. All the present and outstanding refinancing from NHB are secured by hypothecation of specific loans/ book debts to the extent of 1.0 to 1.20 times of outstanding amount.

b) Terms of repayment

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
4.00% - 6.00%	2,307.41	819.76	677.25	827.39	176.60	353.20	353.20	134.55
6.01% - 8.00%	351.80	839.41	705.71	887.03	488.84	970.10	920.26	2,030.53
8.01% - 10.00%	78.00	208.00	146.10	-	162.01	313.19	216.80	116.00
	2,737.21	1,867.17	1,529.06	1,714.42	827.45	1,636.49	1,490.26	2,281.08

(₹ in crores)

Note 18.2: Term loan from Banks:

a) Nature of security

- Term loan from Punjab National Bank (related party) are secured by hypothecation by way of exclusive charge on specific standard book debts of the Company with minimum asset cover of 1.10 times to be maintained at all times.
- Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) Terms of repayment

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
5.90% - 7.00%	830.00	400.00	400.00	-	-	-	-	-
7.01% - 9.00%	620.80	449.76	-	-	866.67	541.63	125.00	-
from others:								
4.00% - 7.00%	2,399.99	823.93	300.00	-	-	-	-	-
7.01% - 9.00%	3,004.57	5,897.44	770.71	-	6,701.81	7,230.93	1,513.22	-
9.01% - 11.00%	-	-	-	-	1,441.79	1,266.88	124.58	-
	6,855.36	7,571.13	1,470.71	-	9,010.27	9,039.44	1,762.80	-

(₹ in crores)

Note 18.3: External commercial borrowing:

a) Nature of security

- During FY 21, the Company has raised ECB of USD 75 million from a Japanese multilateral institution under the automatic route for financing eligible housing units under "approval route" in terms of the RBI guidelines on ECB. The ECB borrowings are secured against eligible housing loans/book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.
- The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance (if any) on the derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

- iii) As at March 31, 2021, the Company has outstanding ECB of USD 812.50 million (March 31, 2020 USD 750.63 million). The Company has undertaken cross currency swaps and principal only swaps to hedge the foreign currency risk of the ECB principals. Whereas the Company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments respectively. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

b) Terms of repayment

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
from related party:								
USD LIBOR + 110 - 200 bps	-	1,947.87	-	-	-	-	1,997.73	-
from others:								
USD LIBOR + 110 - 200 bps	121.28	2,616.77	1,286.34	-	98.94	1,074.24	2,487.74	-
	121.28	4,564.64	1,286.34	-	98.94	1,074.24	4,485.47	-

Note 18.4: Bank overdraft:

a) Nature of security

Overdraft facilities are secured by hypothecation of specific book debts to the extent of 1.0 to 1.12 times of outstanding amount.

b) Terms of Repayment

(₹ in crores)

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
7.00% - 9.95%	99.74	-	-	-	695.90	-	-	-

Note 18.5:

The rate of interest and amount of repayment appearing in note 18.1(b), 18.2(b) and 18.3(b) are as per the term of the respective instruments.(i.e. excluding impact of effective interest rate)

NOTE 19: DEPOSITS

(₹ in crores)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured Deposits								
(i) From public*	14,074.69	-	-	14,074.69	13,572.28	-	-	13,572.28
(ii) From banks	511.76	-	-	511.76	539.58	-	-	539.58
(iii) From others	2,159.59	-	-	2,159.59	2,020.08	-	-	2,020.08
Total	16,746.04	-	-	16,746.04	16,131.94	-	-	16,131.94

* Refer note 36.31

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 20: SUBORDINATED LIABILITIES

Particulars	As at March 31, 2021				As at March 31, 2020			
	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total	Amortised Cost	At fair value through profit or loss	Designated at fair value through profit or loss	Total
Unsecured								
Redeemable non convertible debentures	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Total	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Subordinated liabilities in India	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58
Subordinated liabilities outside India	-	-	-	-	-	-	-	-
Total	1,438.58	-	-	1,438.58	1,438.58	-	-	1,438.58

Note 20.1: Nature of security and terms of repayment:

a) Nature of security

Redeemable non-convertible subordinated debentures are subordinated debt to present and future senior indebtedness of the Company and based on the balance term to maturity as at March 31, 2021, ₹916.30 crores (March 31, 2020 ₹1,079.10 crores) qualify as Tier II Capital under regulatory guidelines for assessing capital adequacy.

b) Terms of repayment

Maturities	As at March 31, 2021				As at March 31, 2020			
	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years	≤ 1 year	1 - 3 years	3 - 5 years	> 5 years
	(₹ in crores)							
Rate of interest								
8.01% - 9.00%	-	499.00	410.00	290.00	-	-	699.00	500.00
9.01% - 10.00%	-	200.00	-	39.70	-	200.00	-	39.70
	-	699.00	410.00	329.70	-	200.00	699.00	539.70

Note 20.2: The rate of interest and amount of repayment appearing in note 20.1(b) are as per the term of the debt instruments. (i.e. excluding impact of effective interest rate)

NOTE 21: OTHER FINANCIAL LIABILITIES

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on deposits	257.32	224.51
Interest accrued but not due on borrowings (Refer Note 21.1)	442.51	585.94
Amount payable under assignments (Refer Note 21.2)	535.64	516.27
Other liabilities (Refer Note 21.3 and Note 37)	416.71	363.23
Total	1,652.18	1,689.95

Note 21.1: Includes amount payable to related party ₹14.42 crores (previous year ₹10.88 crores).

Note 21.2: Includes amount payable to related party ₹238.29 crores (previous year ₹182.49 crores).

Note 21.3: Includes lease liabilities as per Ind AS 116.

NOTE 22: PROVISIONS

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Retirement benefits	18.39	16.94
Letter of comforts	-	2.00
Total	18.39	18.94

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for the year ended March 31, 2021

NOTE 23: OTHER NON-FINANCIAL LIABILITIES

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Book overdraft	929.41	882.36
Advance received from customers (Refer Note 26.1)	175.71	436.55
Statutory dues Payable	50.39	55.38
Other liabilities	24.40	26.76
Total	1,179.91	1,401.05

NOTE 24: EQUITY SHARE CAPITAL

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Authorised		
50,00,00,000 equity shares of ₹10/- each	500.00	500.00
	500.00	500.00
Issued, subscribed and paid-up		
16,82,68,123 equity shares of ₹10/- each fully paid up (March 31, 2020: 16,81,86,908)	168.27	168.19
Total	168.27	168.19

Note 24.1: Reconciliation of number of shares outstanding and the amount of share capital at the beginning and end of the year:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	₹ in crores	No. of shares	₹ in crores
At the beginning of the year	16,81,86,908	168.19	16,74,69,016	167.47
Add: Share allotted pursuant to exercise of stock option	81,215	0.08	7,17,892	0.72
Outstanding at the end of the year	16,82,68,123	168.27	16,81,86,908	168.19

Note 24.2: Details of shareholders holding more than 5% of equity shares in the Company:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of Holding	No. of shares	% of Holding
Punjab National Bank	5,49,14,840	32.64	5,49,14,840	32.65
Quality Investments Holdings	5,41,92,300	32.21	5,41,92,300	32.22
General Atlantic Singapore FII Pte. Limited	1,65,93,240	9.86	1,65,93,240	9.87
Investment Opportunities V Pte. Limited	1,66,87,956	9.92	-	-

Note 24.3: Terms / Rights attached to equity shares

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

Note 24.4: The Company has not allotted any share pursuant to contracts without payment being received in cash nor it has issued any bonus shares or bought back any shares, during the period of five years immediately preceding the reporting date.

Note 24.5: The Company has not:

- i. Issued any securities convertible into equity / preference shares.
- ii. Issued any shares where calls are unpaid.
- iii. Forfeited any shares.

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for the year ended March 31, 2021

Note 24.6: Capital Management:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements as per the directives of the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB & RBI from time to time.

Company has complied in full with all its externally imposed capital requirements.

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

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

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

Regulatory capital consists of Tier I capital, which includes owned funds comprising share capital, share premium, retained earnings including current year profit and free reserves less cash flow hedge reserve, deferred revenue expenditure and intangible assets. The book value of investment in shares of other non-banking financial companies including housing finance companies and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate 10% of owned funds will be reduced while arriving at the Tier I capital.

The other component of regulatory capital is Tier II Capital Instruments, which includes non convertible preference shares, revaluation reserve, general provision and loss reserves to the extent of one and one fourth percent of risk weighted asset, hybrid capital instruments and subordinated debts. (Refer note no. 36.1)

Note 24.7: Shares reserved for issue under ESOS

(i) Employee Stock Option Scheme and related scheme wise details are as follows:

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

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Date of Grant	July 27, 2018	July 27, 2018	March 19, 2019	August 19, 2020
Number of options granted	18,15,000	2,35,000	1,81,200	5,50,000
Exercise price per option	₹1,333.35	₹1,333.35	₹847.40	₹261.15
	The vesting will be as under:			
Date of vesting	15% on July 27, 2020	25% on July 27, 2019	25% on March 19, 2020	10% on August 19, 2021
	28% on July 27, 2021	25% on July 27, 2020	25% on March 19, 2021	20% on August 19, 2022
	28% on July 27, 2022	25% on July 27, 2021	25% on March 19, 2022	30% on August 19, 2023
	29% on July 27, 2023	25% on July 27, 2022	25% on March 19, 2023	40% on August 19, 2024
Exercise period	Within 3 years from the date of respective vesting			
Method of settlement	Through allotment of one equity share for each option granted			
Vesting conditions	Employee to remain in service on the date of vesting			

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for the year ended March 31, 2021

Particulars	ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Date of Grant	August 19, 2020	February 15, 2021
Number of options granted	45,000	2,75,676
Exercise price per option	₹261.15	₹10.00
	The vesting will be as under:	The vesting will be as under:
	10% on August 19, 2021	10% on February 15, 2022
Date of vesting	20% on August 19, 2022	20% on February 15, 2023
	30% on August 19, 2023	30% on February 15, 2023
	40% on August 19, 2024	40% on February 15, 2024
Exercise period	Within 3 years from the date of respective vesting	Within 1 years from the date of respective vesting
Method of settlement	Through allotment of one equity share for each option granted	Through allotment of one equity share for each option granted
Vesting conditions	Employee to remain in service on the date of vesting	Employee to remain in service on the date of vesting

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

Particulars	As at March 31, 2021			
	ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year (a)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the beginning of the year (b)	1,19,258	1,26,350	40,000	18,671
Options granted during the year (c)	-	-	-	-
Options lapsed / expired during the year (d)	1,98,520	27,025	-	7,225
Options vested during the year (e)	6,68,004	61,550	20,000	17,046
Options exercised during the year* (f)	81,215	-	-	-
Options forfeited during the year (g)	-	11,925	-	11,725
Options outstanding at end of the year (h) = (a+c-e-g)	-	52,875	40,000	27,243
Options exercisable at the end of the year (i) = (b+e-d-f)	5,06,527	1,60,875	60,000	28,492
Weighted Average Exercise Price per option (₹)	338.00	1,600.60	1,206.35	1,333.35

Particulars	As at March 31, 2021			
	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Options Outstanding at the beginning of the year (a)	13,92,000	1,22,625	1,12,050	-
Options exercisable at the beginning of the year (b)	-	40,875	37,350	-
Options granted during the year (c)	-	-	-	5,50,000
Options lapsed / expired during the year (d)	20,520	16,250	9,475	-
Options vested during the year (e)	1,80,975	40,875	27,875	-
Options exercised during the year* (f)	-	-	-	-
Options forfeited during the year (g)	308,155	16,250	30,925	-
Options outstanding at end of the year (h) = (a+c-e-g)	9,02,870	65,500	53,250	5,50,000
Options exercisable at the end of the year (i) = (b+e-d-f)	1,60,455	65,500	55,750	-
Weighted Average Exercise Price per option (₹)	1,333.35	1,333.35	847.40	261.15

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for the year ended March 31, 2021

Particulars		As at March 31, 2021	
		ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Options Outstanding at the beginning of the year	(a)	-	-
Options exercisable at the beginning of the year	(b)	-	-
Options granted during the year	(c)	45,000	2,75,676
Options lapsed / expired during the year	(d)	-	-
Options vested during the year	(e)	-	-
Options exercised during the year*	(f)	-	-
Options forfeited during the year	(g)	-	12,090
Options outstanding at end of the year	(h) = (a+c-e-g)	45,000	2,63,586
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	-
Weighted Average Exercise Price per option	(₹)	261.15	10.00

Particulars		As at March 31, 2020			
		ESOS - 2016 Tranche I	ESOS - 2016 Tranche II	ESOS - 2016 Tranche III	ESOS - 2016 Tranche IV
Options Outstanding at the beginning of the year	(a)	16,76,800	2,27,025	80,000	1,07,185
Options exercisable at the beginning of the year	(b)	3,500	75,675	20,000	-
Options granted during the year	(c)	-	-	-	-
Options lapsed / expired during the year	(d)	-	24,500	-	3,875
Options vested during the year	(e)	8,34,650	75,175	20,000	22,546
Options exercised during the year**	(f)	7,18,892	-	-	-
Options forfeited during the year	(g)	174,146	25,500	-	28,625
Options outstanding at end of the year	(h) = (a+c-e-g)	6,68,004	1,26,350	60,000	56,014
Options exercisable at the end of the year	(i) = (b+e-d-f)	1,19,258	1,26,350	40,000	18,671
Weighted Average Exercise Price per option	(₹)	338.00	1,600.60	1206.35	1,333.35

Particulars		As at March 31, 2020		
		ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III
Options Outstanding at the beginning of the year	(a)	17,03,800	1,99,000	1,71,400
Options exercisable at the beginning of the year	(b)	-	-	-
Options granted during the year	(c)	-	-	-
Options lapsed / expired during the year	(d)	-	5,625	-
Options vested during the year	(e)	-	46,500	37,350
Options exercised during the year**	(f)	-	-	-
Options forfeited during the year	(g)	3,11,800	29,875	22,000
Options outstanding at end of the year	(h) = (a+c-e-g)	13,92,000	1,22,625	1,12,050
Options exercisable at the end of the year	(i) = (b+e-d-f)	-	40,875	37,350
Weighted Average Exercise Price per option	(₹)	1,333.35	1,333.35	847.40

* Weighted average share price at the date of the exercise of the stock option is ₹420.60

** Weighted average share price at the date of the exercise of the stock option is ₹420.79

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

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for the year ended March 31, 2021

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

Particulars	ESOS - 2018 Tranche I	ESOS - 2018 Tranche II	ESOS - 2018 Tranche III	ESOS - 2016 Tranche V
Estimated Value of Stock Option (₹)	593.17	511.64	321.87	120.56
Share Price at Grant Date (₹)	1,333.35	1,333.35	847.40	261.15
Exercise Price (₹)	1,333.35	1,333.35	847.40	261.15
Expected Volatility (%)*	0.3560	0.3560	0.4102	0.4834
Dividend Yield Rate (%)	0.53	0.55	1.06	-
Expected Life of Options** (year)	5.21	4.00	4.00	4.50
Risk Free Rate of Interest (%)	7.90	7.79	6.97	5.06

Particulars	ESOS - 2018 Tranche IV	ESOS - Restricted stock units 2020
Estimated Value of Stock Option (₹)	120.56	348.04
Share Price at Grant Date (₹)	261.15	356.40
Exercise Price (₹)	261.15	10.00
Expected Volatility (%)*	0.4834	0.4905
Dividend Yield Rate (%)	-	-
Expected Life of Options** (year)	4.50	3.50
Risk Free Rate of Interest (%)	5.06	5.10

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

**Expected life of the share option is based on the date of grant and is not necessarily indicative of exercise pattern that may occur.

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

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Expense arising from equity settled share based payment transaction	13.30	21.06
Expense arising from cash settled share based payment transaction	-	-
Total	13.30	21.06

Note 24.8: Dividend paid and proposed

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

Particulars	(₹ in crores)	
	Current Year	Previous Year
Declared and paid during the year		
Dividend on ordinary shares:		
Final dividend for 2020: ₹ Nil per share	-	-
Final dividend for 2019: ₹9/- per share*	-	182.37
Total dividend paid	-	182.37
Proposed for approval at Annual General Meeting (not recognised as a liability as at March 31)		
Dividend on ordinary shares:		
Final dividend for 2021: ₹ Nil per share	-	-
Final dividend for 2020: ₹ Nil per share	-	-

*Dividend includes dividend distribution taxes.

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NOTE 25: OTHER EQUITY

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Share premium reserve	4,047.90	4,044.33
Special reserve	1,010.76	813.76
Statutory reserve	126.97	126.97
Share option outstanding account	73.29	67.32
Retained earnings	3,712.55	2,971.40
Effective portion of cash flow hedges	(216.71)	(194.20)
Total	8,754.76	7,829.58

Note 25.1: Nature and purpose of reserves

Share premium reserve

Share premium reserve includes :

- amount of premium received on issue of equity shares and;
- fair value of the stock options which are treated as expense, if any, in respect of shares allotted pursuant to Employee Stock Options Scheme.

The reserve can be utilised only for limited purposes such as issuance of bonus shares, issue expenses of securities which qualify as equity instruments in accordance with the provisions of the Companies Act, 2013.

Special reserve and Statutory reserve

In accordance with Section 29C(i) of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profit every year to a reserve fund (statutory reserve) before any dividend is declared.

The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act,

1961 and the same is considered to be an eligible transfer for the purposes of section 29(c)(i).

Share option outstanding accounts

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

Effective portion of cash flow hedges

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

NOTE 26: INTEREST INCOME

Particulars	Current Year			Previous Year		
	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total	On financial assets measured at Amortised cost	Interest income on financial assets classified as fair value through profit or loss	Total
Loans	6,985.44	-	6,985.44	7,486.43	-	7,486.43
Investments						
Financial investments - Debt	154.25	-	154.25	135.03	-	135.03
Financial asset valued at fair value through profit and loss	-	11.09	11.09	-	9.53	9.53
Deposits with banks	36.13	-	36.13	55.00	-	55.00
Other Interest income						
Loan against deposits	2.92	-	2.92	2.22	-	2.22
Total	7,178.74	11.09	7,189.83	7,678.68	9.53	7,688.21

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 26.1: In accordance with RBI circular no RBI/2021-22/17 DOR.STR.REC.4/21.04.048/2021-22 dated April 07,2021, the Company shall refund / adjust 'interest on interest' to all borrowers during the moratorium period in conformity with the judgement pronounced by the Hon'ble Supreme Court of India in the matter of Small Scale Industrial Manufacturers Association vs UOI & Ors. and other connected matters on March 23, 2021. The methodology for calculation of the amount of such 'interest on interest' has been recently circulated by the Indian Banks Association (IBA) . The Company is in the process of suitably implementing this methodology and has created a liability of ₹28.00 crores towards estimated interest relief and reduced the same from the interest income for the year ended March 31, 2021.

NOTE 27: FEES AND COMMISSION INCOME

Particulars	(₹ in crores)	
	Current Year	Previous Year
Fees Income	118.36	246.85
Other charges recovered	62.87	51.99
Total	181.23	298.84

NOTE 28: NET GAIN ON FAIR VALUE CHANGES

Particulars	(₹ in crores)	
	Current Year	Previous Year
Net gain on financial instruments at fair value through profit or loss		
On trading portfolio		
- Investments	162.33	158.64
Total	162.33	158.64
Fair value changes:		
-Realised	167.04	159.11
-Unrealised	(4.71)	(0.47)
Total	162.33	158.64

NOTE 29: FINANCE COSTS

Particulars	Current Year			Previous Year		
	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total	On financial liabilities measured at fair value through Profit or loss	On financial liabilities measured at Amortised cost	Total
	Interest on debt securities	-	1,209.79	1,209.79	-	1,841.54
Interest on borrowings	-	2,409.77	2,409.77	-	2,568.54	2,568.54
Interest on deposits	-	1,332.25	1,332.25	-	1,303.68	1,303.68
Interest on subordinated liabilities	-	123.08	123.08	-	124.48	124.48
Fee and other charges (Refer Note 29.1 and Note 37)	-	24.89	24.89	-	36.71	36.71
Total	-	5,099.78	5,099.78	-	5,874.95	5,874.95

Note 29.1: Fee and other charges includes notional interest on lease liabilities in accordance with Ind AS 116.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 30: IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crores)

Particulars	Current Year			Previous Year		
	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total	On financial instruments measured at fair value through OCI	On financial instruments measured at Amortised cost	Total
Loans	-	778.49	778.49	-	1,171.49	1,171.49
Bad debts written off (net)	-	83.08	83.08	-	78.22	78.22
Letter of comforts and other receivables	-	0.33	0.33	-	1.66	1.66
Total	-	861.90	861.90	-	1,251.37	1,251.37

NOTE 31: EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Salaries, allowances and benefits	179.10	189.58
Contribution to provident and other funds	15.43	19.16
Share based payments to employees	13.30	21.06
Staff welfare expenses	3.46	3.26
Total	211.29	233.06

NOTE 32: OTHER EXPENSES

(₹ in crores)

Particulars	Current Year	Previous Year
Rent, taxes and energy costs	10.59	16.15
Repairs and maintenance	16.23	12.82
General office expenses	30.10	33.70
Legal and professional charges	34.22	44.10
Advertisement and publicity	8.08	27.04
Corporate social responsibility expenses (Refer note 32.1)	24.68	26.36
Communication costs	9.55	6.84
Travelling and conveyance	3.12	7.67
Printing and stationery	3.03	6.04
Training and recruitment expenses	0.90	4.69
Director's fees, allowances and expenses	1.44	1.13
Auditor's fees and expenses (Refer note 32.2)	0.65	0.63
Insurance	0.33	0.29
Bank charges	0.19	0.52
Net loss on derecognition of property, plant and equipment	3.71	0.61
Impairment on assets held for sale	26.64	55.80
Total	173.46	244.39

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 32.1: Corporate Social Responsibility expense (CSR)

As per section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules 2021 as amended, the Company is required to spend for CSR activities in accordance with its CSR policy. The details of the CSR expenses for the year are as under:

Particulars	(₹ in crores)	
	Current Year	Previous Year
a) Gross amount required to be spent by the Company during the year	24.68	26.36
b) Amount spent during the year		
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above*		
- Contribution to various Trust/NGOs/Societies/Agencies and utilisation thereon**	23.45	25.05
- Expenditure on administrative overheads for CSR***	1.23	1.31
Total	24.68	26.36

*During the previous year the Company on the basis of Circular no. 05/01/2019-CSR dated March 23, 2020, issued by Ministry of Corporate Affairs (MCA) had contributed ₹0.40 crores to Lieutenant Governor/Chief Minister Relief Fund to support the Government of Delhi in providing relief and assistance to migrant construction workers in Delhi during the pandemic (COVID 19).

The MCA has issued another circular no. F. No. CSR-01/4/2020-CSR-MCA on April 10, 2020 whereby while responding to the FAQ's they have clarified that contribution made to Chief Minister Relief Fund will not qualify as admissible CSR expenditure.

Since the contribution to Lieutenant Governor/Chief Minister Relief Fund was made by the Company prior to the date of issue of FAQ's and basis the earlier circular dated March 23, 2020, the Company on May 06, 2020 has filed a request to MCA to consider the same as admissible CSR expenditure. The Company has not received the reply from MCA till the date of signing of the financial statement.

** Includes contribution to related party (Pehel foundation) amounting to ₹16.04 crores (Previous year ₹ Nil crores).

*** Includes directors sitting fees for CSR committee meetings and amount provisioned ₹ Nil crores (Previous year ₹0.20 crores) to be paid subsequently.

Note: 32.2: Auditor's fees and expenses*

Particulars	(₹ in crores)	
	Current Year	Previous Year
Statutory audit fee	0.20	0.20
Tax audit fee	0.07	0.07
Limited review fee	0.17	0.16
Other certification fee	0.20	0.20
Out of pocket expenses	0.01	-
Total	0.65	0.63

* Including good and services tax for which tax credit is not available to the Company.

NOTE 33: INCOME TAXES

The components of income tax expense are:

Particulars	(₹ in crores)	
	Current Year	Previous Year
Current tax	429.15	402.19
Adjustments in respect of current income tax of prior years	(15.90)	(12.95)
Deferred tax relating to origination and reversal of temporary differences (including impact of change in tax rate)	(136.12)	(224.47)
Total	277.13	164.77
Current tax	413.25	389.24
Deferred tax (Refer note 10)	(136.12)	(224.47)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 33.1: Reconciliation of tax expense and the accounting profit multiplied by statutory income tax rate for the year ended March 31, 2021 and March 31, 2020 is as follows:

		(₹ in crores)	
Particulars		Current Year	Previous Year
Accounting profit before tax	(a)	1,207.03	811.01
Statutory income tax rate (%)	(b)	25.168	25.168
Tax at statutory income tax rate	(c) = (a*b)	303.79	204.11
Adjustments in respect of current income tax of prior years	(d)	(15.90)	(12.95)
Impact of:			
-Income not subject to tax	(e)	(79.42)	(1.78)
-Non deductible expenses	(f)	281.09	252.55
-Deduction under section 35 D	(g)	(3.77)	(3.77)
-Deduction under section 36 (1) (viii)	(h)	(49.53)	(45.71)
-Deduction under section 80G	(i)	-	(2.80)
-Other deductions	(j)	(23.01)	(0.41)
Total current tax expense	(c+d+e+f+g+h+i+j)	413.25	389.24
Other comprehensive income			
Tax expense on re-measurement gains/ (losses) on defined benefit plan		(0.61)	-
Total tax on other comprehensive income		(0.61)	-

NOTE 34: EARNING PER SHARE

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

Particulars	Unit	Year ended March 31, 2021	Year ended March 31, 2020
a) Amount used as the numerator for basic EPS profit after tax	(₹ in crores)	929.90	646.24
b) Weighted average number of equity shares for basic EPS	Number	16,81,92,754	16,80,63,445
c) Weighted average number of equity shares for diluted EPS	Number	16,82,69,266	16,82,55,680
d) Nominal value per share	(in ₹)	10/-	10/-
e) Earnings per share:			
-Basic (a/b)	(in ₹)	55.29	38.45
-Diluted (a/c)	(in ₹)	55.26	38.41

ii) The basic earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares outstanding during the year. The diluted earnings per share have been computed by dividing the net profit after tax attributable to equity share holders of the Company by the weighted average number of equity shares considered for deriving basic earning per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceed receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Diluted potential equity shares are deemed converted as of the beginning of the period unless issued at a later date. Diluted potential equity shares are determined independently for each period presented. Diluted earnings per share does not include conversion or exercise of potential ordinary shares that would have an antidilutive effect on earnings per share.

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

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Weighted average number of equity shares for computation of basic earnings per share	16,81,92,754	16,80,63,445
Effect of dilutive equity shares - share option outstanding	76,512	1,92,235
Weighted average number of equity shares for computation of dilutive earnings per share	16,82,69,266	16,82,55,680

NOTE 35: ASSETS HELD FOR SALE

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 36: DISCLOSURE AS PER NON-BANKING FINANCIAL COMPANY-HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

- (i) The following additional disclosures have been given in compliance with “Non-Banking Financial Company-Housing Finance Company (Reserve Bank) Directions, 2021” (“RBI directions”) issued by RBI vide notification number RBI/2020-21/73/DOR.FIN.HFC.CC.No.120/03.10.136/2020-21 dated February 17, 2021. Since, these directions are effective from February 17, 2021 hence the disclosures as at and for the year ended March 31, 2021 are as per these directions.

Prior to above directions the disclosures were to be given in terms of the circular no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 09, 2017 issued by the National Housing Bank. The figures appearing in the disclosures as at and for the year ended March 31, 2020 are not traceable to the Financial Statements as the disclosures are made as per the regulatory requirement (i.e. erstwhile accounting standard notified under section 133 of the Companies Act, 2013) whereas the financial statements are prepared as per Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

The figures appearing in the disclosures as at and for the year ended March 31, 2021 is not comparable to the figures for the corresponding previous year as the figures as at and for the year ended March 31, 2020 are as per the regulatory requirement (i.e. erstwhile accounting standard notified under section 133 of the Companies Act, 2013) whereas the figures as at and for the year ended March 31, 2021 are basis the above stated directions of RBI and financial statements which are prepared as per Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013.

The above stated RBI directions and NHB Directions are applicable to the Company on standalone basis (except related party disclosure given in note no. 36.10), hence these disclosures are basis the standalone financial statement of the Company.

Note 36.1: Capital to Risk Assets Ratio (CRAR)

Particulars	As at March 31, 2021	As at March 31, 2020
i) CRAR (%)	18.73	17.98
ii) CRAR – Tier I Capital (%)	15.53	15.18
iii) CRAR – Tier II Capital (%)	3.20	2.80
(iv) Amount of subordinated debt raised as Tier-II Capital	-	-
(v) Amount raised by issue of Perpetual Debt Instruments	-	-

Note 36.2: Reserve Fund u/s 29C of NHB Act, 1987

Particulars	(₹ in crores)	
	Current Year	Previous Year
Balance at the beginning of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of NHB Act, 1987	813.76	631.76
(c) Total	940.73	758.73
Addition / Appropriation / Withdrawal during the year		
Add:		
(a) Amount transferred u/s 29C of the NHB Act, 1987	-	-
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of NHB Act, 1987	197.00	182.00
Less:		
(a) Amount appropriated from Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
(b) Amount withdrawn from Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 which has been taken into account for the purpose of provision u/s 29C of NHB Act, 1987	-	-
Balance at the end of the year		
(a) Statutory Reserve u/s 29C of NHB Act, 1987	126.97	126.97
(b) Amount of Special Reserve u/s 36 (1)(viii) of Income Tax Act, 1961 taken into for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	1,010.76	813.76
(c) Total	1,137.73	940.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.3: Investments

Particulars	(₹ in crores)	
	Current Year	Previous Year
Value of Investments		
(i) Gross value of Investments		
(a) In India	2,032.92	1,946.95
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments		
(a) In India	2,032.92	1,946.95
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
(i) Opening balance	-	21.47
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-back of excess provisions during the year	-	21.47
(iv) Closing balance	-	-

Note 36.4: Derivatives

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

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
(i) The notional principal of swap agreements	10,081.26	9,470.98
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	199.57	433.62
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps [∅]	10,081.26	9,470.98
(v) The fair value of the swap book	(51.44)	125.66

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

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

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year	-	-
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31 st March	-	-
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	-	-
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

iii) Disclosure on Risk Exposure in Derivatives

A. Qualitative Disclosure

Particulars	Details
a) the structure and organization for management of risk in derivatives trading,	Company has a Risk Management Committee (RMC) constituted by the Board and has a Market Risk Management policy under its supervision. As a policy, the Company doesn't trade into derivative products. As per specific Board approval, the Company has entered into derivative product for its ECB borrowing for financing prospective buyers of eligible housing units under both "automatic route" and "approval route" in terms of RBI guidelines.
b) the scope and nature of risk measurement, risk reporting and risk monitoring systems,	The RMC has put in place or enhanced the control measures to contain these risks. The Company has a robust mechanism to ensure an ongoing review of systems, policies, processes and procedures to contain and mitigate risk that arise from time to time
c) policies for hedging and / or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges / mitigates, and	The Company has not entered into any speculative derivative transaction (without underlying exposure). The Company has entered in to derivative transaction only for hedging its foreign currency and interest rate exposure against foreign currency borrowing which has been availed for financing prospective buyers of eligible housing units. The derivative transactions entered into for hedging the ECB borrowings are as per the applicable guidelines of RBI. The hedging is guided by the Board resolution authorising the Company to borrow through ECB route and hedging of the underlying exposure.
d) accounting policy for recording hedge and non-hedge transactions; recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning, collateral and credit risk mitigation.	The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are revalued at their fair market value, on that date. Where Cash Flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the Cash Flow Hedge Reserve in the same period they are accrued. Any profit/loss arising on cancellation/unwinding of derivative contracts are recognised as income or expenses for the period. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

B. Quantitative Disclosure

Particulars	(₹ in crores)			
	Current Year		Previous Year	
	Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i) Derivatives (Notional Principal Amount)	6,663.29	3,417.97	5,965.54	3,505.44
(ii) Marked to Market Positions				
(a) Assets (+)	199.57	-	433.62	-
(b) Liability (-)*	(27.84)	(223.17)	-	(307.96)
(iii) Credit Exposure	-	-	-	-
(iv) Unhedged Exposures	231.42	2.32	229.39	16.32

* Net of margin money paid to counter party bank.

Note 36.5: Assignment / Securitisation

- i) There are no SPVs sponsored by PNB Housing Finance Limited.
- ii) During the year, the Company has not sold any financial assets to Securitisation / Reconstruction Company for Asset Reconstruction (Previous year ₹ Nil)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

iii) Details of assignment transactions undertaken:

Particulars	₹ in crores	
	Current Year	Previous Year
(i) No. of accounts	3,231	31,093
(ii) Aggregate value (net of provisions) of accounts assigned	788.60	9,310.63
(iii) Aggregate consideration	788.60	9,310.63
(iv) Additional consideration realised in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

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

Note 36.6: Asset Liability Management

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

As at March 31, 2021

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency liabilities	Net Advances*	Investments	Foreign currency assets
1 day to 7 days	73.47	99.73	189.00	-	220.68	-	-
8 days to 14 days	59.92	-	-	-	220.68	90.83	-
15 days to 30/31 days	122.88	380.00	-	-	535.92	-	-
Over 1 month to 2 months	524.13	1,288.58	320.00	-	961.12	10.13	-
Over 2 months to 3 months	326.02	1,407.91	975.00	27.56	945.23	-	-
Over 3 months to 6 months	1,304.85	3,411.85	2,769.00	27.56	2,742.99	0.10	-
Over 6 months to 1 year	2,206.96	3,104.23	1,545.00	66.15	5,091.33	0.12	-
Over 1 year to 3 years	4,238.84	9,438.30	3,959.00	4,564.64	15,964.83	618.71	-
Over 3 years to 5 years	4,015.91	2,999.77	910.00	1,223.32	11,731.68	650.00	-
Over 5 years	3,874.44	1,706.73	2,233.06	-	22,272.91	663.03	-
Total	16,747.42	23,837.10	12,900.06	5,909.23	60,687.37	2,032.92	-

As at March 31, 2020

Particulars	Liabilities				Assets		
	Deposits	Bank Borrowings	Market Borrowings	Foreign Currency liabilities	Net Advances*	Investments	Foreign currency assets
Upto 30/31 days (one month)	302.49	290.21	1,025.00	-	679.54	89.95	-
Over 1 month to 2 months	414.86	444.82	235.00	-	1,407.70	-	-
Over 2 months to 3 months	333.77	1,277.10	1,300.00	14.13	681.98	-	-
Over 3 months to 6 months	1,347.12	2,012.93	3,952.00	28.27	3,571.96	-	-
Over 6 months to 1 year	2,105.53	3,342.66	2,650.00	56.54	7,288.83	0.25	-
Over 1 year to 3 years	3,142.58	10,675.95	5,543.00	1,074.25	18,026.29	114.76	-
Over 3 years to 5 years	3,542.64	6,418.96	1,599.00	4,485.46	13,136.42	844.30	-
Over 5 years to 7 years	2,027.52	965.93	1,500.00	-	7,832.00	320.00	-
Over 7 years to 10 years	3,253.49	750.49	1,539.70	-	6,825.09	576.01	-
Over 10 years	-	564.66	-	-	7,938.81	1.68	-
Total	16,470.00	26,743.71	19,343.70	5,658.65	67,388.62	1,946.95	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.7: Exposure:

i) Exposure to Real Estate Sector

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
i) Direct Exposure		
A. Residential Mortgages (including loan against residential property): Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	43,063.35	44,451.40
B. Commercial Real Estate: Lending secured by mortgages on commercial real estates. Exposure would also include non-fund based (NFB) limits	20,168.13	23,557.69
C. Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
i) Residential	-	-
ii) Commercial Real Estate	-	-
ii) Indirect Exposure		
Fund based and non-fund based exposures on NHB and Housing Finance Companies (HFCs)	-	-
Total exposures to real estate sector	63,231.48	68,009.09

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

- ii) As on March 31, 2021, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).
- iii) As on March 31, 2021, the Company has not financed any product of the parent company (Previous year ₹ Nil).
- iv) As on March 31, 2021, the Company has not exceeded the prudential exposure limit for single borrower or group borrower (Previous year ₹ Nil).
- v) As on March 31, 2021, the Company has not given any unsecured advances (Previous year ₹ Nil).
- vi) As on March 31, 2021, all advances of the Company are secured against tangible assets and there are no advances against intangible assets (Previous year ₹ Nil).
- vii) As on March 31, 2021, the Company has no exposures to group companies engaged in the real estate business.

Note 36.8: Registration obtained from financial sector regulators

NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

Note 36.9: Disclosure of Penalties imposed by NHB/RBI and other regulators:

During the financial year ended March 31, 2021, NHB has carried out the inspection and has imposed a penalty of ₹1.90 crores (Previous year ₹0.01 crores) on account of the below mentioned observations:

- (i) For reduction in the rate of interest on request of the specific borrower (not a class of borrowers). Non-compliance of Para 2(1)(zc)(ii) of the HFC (NHB) Directions 2010 and Policy Circular 55.
- (ii) For asset classification on the basis of DPD calculated from payable date instead of due date. Non-compliance of para 2(1)(v) and 2(1)(x) of Housing Finance Companies (NHB) Directions, 2010.
- (iii) For wrong classification of one loan account as substandard as on 31.12.2018. Non-compliance of Para 27(1) of HFCs (NHB) Directions.
- (iv) For not putting in place adequate credit appraisal systems and controls commensurate with the scale of operations with particular reference to exposure on high value builder loans, construction finance etc. Non-compliance of NHB (ND)/DRS/ Misc. Circular No.5/2011.
- (v) For not framing Board approved Grievance Redressal Mechanism (GRM). Non-compliance of para 4.6(b) of Master Circular-Fair Practice Code.
- (vi) For not set the prudential limits on individual Gaps in various time buckets under interest rate sensitivity statement. Non-compliance of policy circular 35.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.10: Related Party Transactions

Name of the Related Party	Nature of Relationship
i) Pehel Foundation (Incorporated on October 14, 2019)	Wholly owned Subsidiary
ii) Punjab National Bank Limited	Enterprise having Significant Influence
iii) PNB Investment Services Limited	Enterprise having Significant Influence
iv) Quality Investment Holdings Limited	Enterprise having Significant Influence
v) Mr. CH. S. S. Mallikarjuna Rao (Chairman-Non Executive Director) (w.e.f. December 20, 2019)	Key Managerial Personnel
vi) Mr. Sunil Mehta (Chairman-Non Executive Director)*	Key Managerial Personnel
vii) Mr. L. V. Prabhakar (Non-Executive Director)**	Key Managerial Personnel
viii) Mr. Shital Kumar Jain (Independent Director)***	Key Managerial Personnel
ix) Mr. Sunil Kaul (Non-Executive Nominee Director)	Key Managerial Personnel
x) Mr. Chandrasekaran Ramakrishnan (Independent Director)	Key Managerial Personnel
xi) Dr Gourav Vallabh (Independent Director)****	Key Managerial Personnel
xii) Mr. Nilesh S Vikamsey (Independent Director)	Key Managerial Personnel
xiii) Mr. Ashwani Kumar Gupta (Independent Director)	Key Managerial Personnel
xiv) Mrs. Shubhalakshmi Panse (Independent Director)*****	Key Managerial Personnel
xv) Mr. Neeraj Vyas (Non-Executive Director)^	Key Managerial Personnel
xvi) Mr. Tejendra Mohan Bhasin (Independent Director) (w.e.f. April 02,2020)	Key Managerial Personnel
xvii) Mr. Sudarshan Sen (Independent Director) (w.e.f. October 01, 2020)	Key Managerial Personnel
xviii) Mr. Kapil Modi (Non-Executive Nominee Director) (w.e.f. October 01, 2020)	Key Managerial Personnel
xix) Mr. Rajneesh Karnatak (Non-Executive Nominee Director) (w.e.f. January 19, 2021)	Key Managerial Personnel
xx) Mr. Hardayal Prasad (Managing Director and CEO) (w.e.f. August 10, 2020)	Key Managerial Personnel
xxi) Mr. Sanjaya Gupta (Managing Director)^^	Key Managerial Personnel
xxii) Mr. Sanjay Jain (Company Secretary)	Key Managerial Personnel
xxiii) Mr. Kapish Jain (Chief Financial Officer)	Key Managerial Personnel

*Ceases to be the Chairman and Non Executive Director of the Company w.e.f. September 30, 2019

**Ceases to be the Non-Executive Director of the Company w.e.f. January 31, 2020.

*** Ceases to be the Independent Director of the Company w.e.f. August 09, 2020.

****Ceases to be the Independent Director w.e.f. April 21, 2021.

*****Ceases to be the Independent Director of the Company w.e.f. January 5, 2021

^Appointed as an Independent director w.e.f. April 15, 2019 and ceases to be Independent Director and appointed as an Executive Director and Interim Managing Director and CEO of the Company w.e.f. April 28, 2020. With effect from August 10, 2020 ceases to be Executive Director and Interim Managing Director and CEO of the Company and appointed as Non-executive and non-independent director of the Company with effect from September 01, 2020.

^^Ceases to be the Managing Director and CEO of the Company w.e.f. April 28, 2020 and Non Executive Director of the Company w.e.f. May 04, 2020.

Transactions with Related Parties

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

Particulars	(₹ in crores)					
	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Transaction during the year:						
Pehel Foundation						
- Investment in Equity Share	-	-	-	0.05	-	-
- Donation paid	-	-	16.04	-	-	-
Punjab National Bank Limited^						
- Purchase of property	-	35.00	-	-	-	-
- Assignment of loan	-	3,836.64	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

Particulars	Enterprises having significant influence		Wholly owned subsidiaries		Key Managerial Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
- Principal paid on assignment of loans	1,950.46	1,593.01	-	-	-	-
- Fixed deposit made/renewed	9,341.71	8,651.41	-	-	-	-
- Fixed deposit matured	9,863.05	6,961.68	-	-	-	-
- Term loan raised	2,260.00	500.00	-	-	-	-
- Term loan repaid	3,100.75	449.99	-	-	-	-
- Interest received on Fixed Deposits	14.59	49.12	-	-	-	-
- Servicing Fees received on assignment of Loan Portfolio	8.90	8.64	-	-	-	-
- Interest Paid on Term Loan Instalment / ECB / OD	252.34	188.64	-	-	-	-
- Rent & Maintenance Charges	0.33	1.05	-	-	-	-
- Bank Charges	0.05	0.25	-	-	-	-
- Interest & other charges paid on assignment of loans	607.83	490.24	-	-	-	-
- Dividend Paid	-	49.42	-	-	-	-
Quality Investments Holdings						
- Dividend Paid	-	48.77	-	-	-	-
PNB Investment Service Private Limited						
- Fees paid	0.02	0.05	-	-	-	-
Transactions with KMPs and relatives:						
Sitting Fee and Commission paid to Directors						
- Punjab National Bank Limited on behalf of nominated directors	0.05	0.07	-	-	-	-
- Mr. Shital Kumar Jain	-	-	-	-	0.14	0.09
- Mr. Chandrasekaran Ramakrishnan	-	-	-	-	0.19	0.08
- Dr Gourav Vallabh	-	-	-	-	0.18	0.08
- Mr. Nilesh S Vikamsey	-	-	-	-	0.18	0.08
- Mr. Ashwani Kumar Gupta	-	-	-	-	0.21	0.13
- Mrs. Shubhalakshmi Panse	-	-	-	-	0.14	0.09
- Mr. Neeraj Vyas	-	-	-	-	0.17	0.08
- Mr. Tejendra Mohan Bhasin	-	-	-	-	0.06	-
- Mr. Sudarshan Sen	-	-	-	-	0.02	-
Reimbursement of expense:						
- Dr Gourav Vallabh	-	-	-	-	0.02	-
Rental expense:						
- Mr. Tejendra Mohan Bhasin and Anjali Bhasin	-	-	-	-	0.24	-
Remuneration expense*#:						
- Mr. Hardayal Prasad	-	-	-	-	1.26	-
- Mr. Neeraj Vyas	-	-	-	-	0.65	-
- Mr. Sanjaya Gupta	-	-	-	-	0.72	2.92
- Mr. Sanjay Jain	-	-	-	-	0.67	0.66
- Mr. Kapish Jain	-	-	-	-	1.28	1.44
Dividend Paid						
- Mr. Sanjaya Gupta	-	-	-	-	-	0.12

^ Excluding running current / overdraft account transactions.

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

Excluding perquisites on exercise of stock options during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

(₹ in crores)

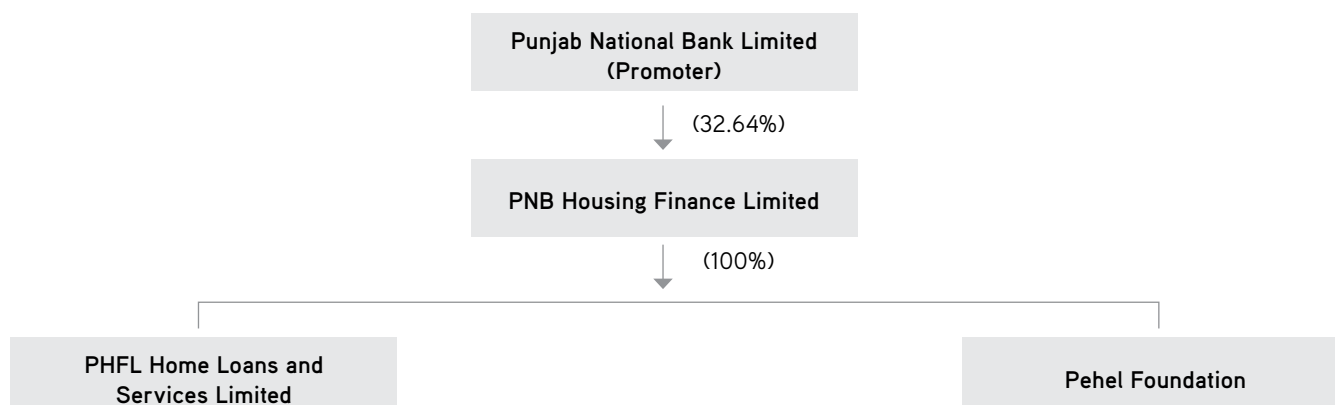
Particulars	Enterprises having significant influence		Wholly owned subsidiaries	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Outstanding balances[#]				
Punjab National Bank Limited				
Receivables				
- Bank Deposits	1,700.00	2,200.00	-	-
- Interest accrued on bank deposits	0.17	9.18	-	-
- Servicing fees receivable on assignment on loans	0.13	2.55	-	-
Payables				
- Term loans	2,700.56	1,533.31	-	-
- External Commercial Borrowings ^{##}	1,947.87	1,997.73	-	-
- Interest accrued on term loans and external commercial borrowings	14.42	10.88	-	-
- Payable on assignment on loans	238.29	182.49	-	-

[#]Excluding running current / overdraft account balances.

^{##}Including mark to market adjustment.

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

Note 36.11: Diagrammatic representation of group structure along with holding percentage is as follows:



Note 36.12: Rating assigned by Credit Rating Agencies and migration of rating during the year

Nature of Instrument	As at March 31, 2021	As at March 31, 2020
Deposits	CRISIL FAA+ (Outlook-Negative)	CRISIL FAA+ (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)
Long term bonds (Secured and Tier-II bonds)	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)
	IND AA (Outlook-Negative)	IND AA (Outlook-Stable)
Commercial Paper	ICRA AA (Outlook-Negative)	ICRA AA+ (Outlook-Negative)
	CRISIL A1+	CRISIL A1+
Bank Term Loan	CARE A1+	CARE A1+
	CRISIL AA (Outlook-Negative)	CRISIL AA (Outlook-Stable)
	CARE AA (Outlook - Stable)	CARE AA+ (Outlook-Stable)

Note 36.13: Remuneration of Directors: Details of Remuneration of Directors are disclosed in Form No. MGT - 9.

Note 36.14: Management: Management Discussion and Analysis report shall be referred for the relevant disclosures.

Note 36.15: During the year, no transaction was accounted which was related to prior period (Previous year ₹ Nil).

Note 36.16: During the year, no item of revenue recognition has been postponed except as disclosed in accounting policy for revenue recognition (Refer Note 2.3).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.17: Consolidated Financial Statements (CFS): Refer note no. 1.3 "Principal of consolidation".

Note 36.18: Provisions and Contingencies:

Break up of Provisions and Contingencies shown under the head expenditure in Profit and Loss Account is given as follows:

Particulars	(₹ in crores)	
	Current Year	Previous Year
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income tax	407.96	366.32
3. Provision towards NPA	576.81	245.05
4. Provision for Standard Assets		
i) Teaser Loans	-	-
ii) CRE	77.86	(31.47)
iii) CRE – RH	9.66	(13.82)
iv) Other Loans	114.16	(12.71)
Total (i+ii+iii+iv)	201.68	(58.00)
5. Other Provision and Contingencies (Refer Note 2.20)	0.26	(112.98)
6. Provision for Stock of Acquired Properties	26.64	55.80

Note 36.19: Break-up of Loan & Advances and Provisions thereon:

The Company has complied with the norms prescribed by the regulator for recognising Non-Performing Assets (NPA) in preparation of Accounts. As per the norms, NPAs are recognised on the basis of more than 90 days overdue. NPAs are to be treated as Bad & Doubtful, if they remain outstanding for more than 15 months. The Company has made adequate provisions on Non-Performing Assets and Standard Assets in respect of Housing and Non-Housing Loans as prescribed under directions issued by the regulator.

Particulars	(₹ in crores)			
	Housing		Non-Housing	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Standard Assets				
a) Total Outstanding Amount	41,802.90	45,950.53	18,430.17	20,202.33
b) Provision made	856.56	177.99	438.29	121.01
Sub-Standard Assets				
a) Total Outstanding Amount	904.50	1,211.15	341.53	419.26
b) Provision made	362.84	181.67	101.65	62.89
Doubtful Assets - Category-I				
a) Total Outstanding Amount	1,276.45	123.56	312.54	31.46
b) Provision made	632.14	33.96	80.91	8.21
Doubtful Assets - Category-II				
a) Total Outstanding Amount	124.43	51.43	32.25	13.47
b) Provision made	53.82	23.17	11.11	5.67
Doubtful Assets - Category-III				
a) Total Outstanding Amount	2.61	4.62	4.10	1.28
b) Provision made	2.49	4.62	4.30	1.28
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provision made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	44,110.89	47,341.29	19,120.59	20,667.80
b) Provision made	1,907.85	421.41	636.26	199.06

Note 36.20: Draw Down from Reserves During the year there were no draw down from Reserves.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.21: Concentration of Public Deposits

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Total Deposits of twenty largest depositors	2,066.67	2,487.29
Percentage of deposits of twenty largest depositors to total deposits	14.68%	17.90%

Note 34.22: Concentration of Loans & Advances

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Total loans & advances to twenty largest borrowers	8,332.74	9,366.02
Percentage of loans & advances to twenty largest borrowers to total advances	13.18%	13.77%

Note 36.23: Concentration of all Exposure (including off-balance sheet exposure)

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Total exposure to twenty largest borrowers /customers	10,159.19	11,585.01
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	16.07%	15.25%

Note 36.24: Concentration of NPAs

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Total Exposure to top ten NPA accounts	1,622.37	1,207.26

Note 36.25: Sector-wise NPAs

Particulars	Percentage of NPAs to Total Advances in that sector	
	As at March 31, 2021	As at March 31, 2020
A. Housing Loans:	5.23	2.94
1. Individuals	2.53	1.13
2. Builders/Project Loans	15.70	9.21
3. Corporates	10.36	3.88
4. Others (specify)	-	-
B. Non-Housing Loans:	3.61	2.25
1. Individuals	2.06	1.07
2. Builders/Project Loans	10.17	7.66
3. Corporates	3.50	1.53
4. Others (specify)	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 36.26: Movement of NPAs

Particulars	(₹ in crores)	
	Current Year	Previous Year
(I) Net NPAs to Net Advances (%)	2.82%	2.28%
(II) Movement of NPAs (Gross)		
a) Opening balance	2,012.38	354.87
b) Additions during the year	1,307.95	2,834.66
c) Reductions during the year	321.92	1,333.30
d) Closing balance	2,998.41	1,856.23
(III) Movement of Net NPAs		
a) Opening balance	1,339.93	278.44
b) Additions during the year	648.06	2,517.65
c) Reductions during the year	238.84	1,261.33
d) Closing balance	1,749.15	1,534.76
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	672.45	76.43
b) Provisions made during the year	659.89	317.01
c) Write-off/write-back of excess provisions	83.08	71.97
d) Closing balance	1,249.26	321.47

Note 36.26.1: Net NPA to loan asset (principal outstanding including principal overdue) as on March 31, 2021 is 2.43% (Previous year 1.75%).

Note 36.27: As on March 31, 2021, the Company does not have any assets outside the country (Previous year ₹ Nil).

Note 36.28: As on March 31, 2021, the Company does not have any Off-Balance Sheet SPVs sponsored which are required to be consolidated as per accounting norms (Previous year Nil).

Note 36.29: Disclosure of Complaints

Particulars		
	Current Year	Previous Year
a) No. of complaints pending at the beginning of the year	13	28
b) No. of complaints received during the year	2,793	2,267
c) No. of complaints redressed during the year	2,777	2,282
d) No. of complaints pending at the end of the year	29	13

Note 36.30: As on March 31, 2021, the Company has not granted any loans and has no outstanding loans against collateral gold jewellery (Previous year Nil).

Note 36.31: Deposit includes Public Deposits as defined in Paragraph 4.1.30 of RBI Directions, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31, 2021, the public deposits (including accrued interest) outstanding amounts to ₹14,429.04 crores (Previous year ₹13,894.90 crores).

The Company is carrying Statutory Liquid Assets amounting to ₹1,941.79 crores (Previous year ₹1,916.23 crores).

Note 36.32: As on March 31, 2021, the Company operates with in India and does not have any joint venture or overseas subsidiary.

Note 36.33: Liquidity Risk Management and Liquidity Coverage Ratio

- (a) Liquidity Risk Management disclosures as at March 31, 2021:
 - (i) Funding Concentration based on significant counterparty *(both deposits and borrowings)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Number of Significant Counterparties [^]	Amount (₹ in crores)	% of total deposits	% of total liabilities
14	33,405	NA*	53.48%

*Company does not have any depositor who would be eligible as significant counterparty

[^]Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies. Funding concentration based on significant counterparty has been computed using Latest Beneficiary Position instead of original subscribers.

(ii) Top 20 large deposits

Particulars	Amount (₹ in crores)	% of total deposits
Top 20 large deposits	3,221	19.23%

(iii) Top 10 borrowings

Particulars	Amount (₹ in crores)	% of total deposits
Top 10 borrowings	30,415	48.69%

(iv) Funding Concentration based on significant instrument/product

Name of the instrument/product ^{^^}	Amount (₹ in crores)	% of total liabilities
1) Secured Non-Convertible Debentures	10,356.50	16.58%
2) Commercial Papers	1,104.98	1.77%
3) Refinance Facility from NHB	7,847.86	12.56%
4) Bank Facilities (Long Term + Short Term)	15,989.25	25.60%
5) External Commercial Borrowings	5,909.23	9.46%
6) Deposits	16,747.42	26.81%
7) Subordinated Tier-II Non-Convertible Debentures	1,438.58	2.30%
Total Borrowings	59,393.82	95.08%
Total Liabilities	62,465.34	

^{^^}Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated November 4, 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

(v) Stock ratios

Particulars	as a % of total public funds	as a % of total liabilities	as a % of total assets
Commercial papers	1.86%	1.77%	1.55%
Non-Convertible Debentures (original maturity of less than 1 year)	NA	NA	NA
Other short term liabilities*	8.05%	7.65%	6.70%

* Includes short term funds with original maturity of less than 1 year and includes funds from Refinance from NHB, Short Term Lines / OD / WC DL.

(vi) Institutional set-up for liquidity risk management

The Board of Directors of the Company has constituted the Asset Liability Management Committee (ALCO) and the Risk Management Committee. The Board has the overall responsibility for management of liquidity risk. The Board decides the strategy, policies and procedures to manage liquidity risk in accordance with the liquidity risk tolerance/limits approved by it. The Risk Management Committee (RMC), which is a committee of the Board, is responsible for evaluating and monitoring the integrated risk management system of the Company including liquidity risk. The ALCO is responsible for ensuring adherence to the liquidity risk tolerance/limits set out in the board approved Asset Liability Management (ALM) policy. The role of the ALCO with respect to liquidity risk includes, inter alia, decision on desired maturity profile for assets & liabilities, responsibilities and controls for managing liquidity risk, and overseeing the liquidity position of the Company. The ALM Policy is reviewed periodically to realign the same pursuant to any regulatory changes/changes in the economic landscape or business needs and tabled to the Board for approval.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Management regularly reviews the position of cash and cash equivalents by aligning the same with the projected maturity of financial assets and financial liabilities, economic environment, liquidity position in the financial market, anticipated pipeline of future borrowing & future liabilities and threshold of minimum liquidity defined in the ALM policy with additional liquidity buffers as management overlay.

(b) Liquidity Coverage Ratio (LCR) guidelines are applicable on the Company with effect from December 01, 2021, hence there are no disclosures around LCR.

Note 36.34: Disclosure as per Annexure III of RBI directions:

		(₹ in crores)	
Particulars	Amount outstanding	Amount overdue	
S. No			
Liabilities side			
1	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
(a)	Debtures : Secured	10,574.72	-
	: Unsecured	1,439.67	-
	(other than falling within the meaning of public deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	29,969.54	-
(d)	Inter-corporate loans and borrowing	2,575.70	-
(e)	Commercial Paper	1,104.98	-
(f)	Public Deposits	14,429.04	-
(g)	Other Loans (specify nature)	-	-
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
(a)	In the form of Unsecured debtures	-	-
(b)	In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security	-	-
(c)	Other public deposits	14,429.04	-
Assets side			
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		Amount outstanding
(a)	Secured		63,231.48
(b)	Unsecured		-
4	Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities		
(i)	Lease assets including lease rentals under sundry debtors		
(a)	Financial lease		-
(b)	Operating lease		-
(ii)	Stock on hire including hire charges under sundry debtors		
(a)	Assets on hire		-
(b)	Repossessed Assets		-
(iii)	Other loans counting towards asset financing activities		
(a)	Loans where assets have been repossessed (net of provision)		136.48
(b)	Loans other than (a) above		-
5	Break-up of Investments		
Current Investments			
1. Quoted			
(i)	Shares		
(a)	Equity		-
(b)	Preference		-
(ii)	Debtures and Bonds		90.83
(iii)	Units of mutual funds		-
(iv)	Government Securities		-
(v)	Others (please specify)		-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Assets side	Amount outstanding
2. Unquoted	
Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-
Long Term Investments	
1. Quoted	
(i) Shares	
(a) Equity	-
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	1,941.79
(v) Others (please specify)	-
2. Unquoted	
Shares	
(a) Equity	0.30
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others (please specify)	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) Other related parties	-	-	-
2. Other than related parties	60,687.37	-	60,687.37
Total	60,687.37	-	60,687.37

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

Category	Market Value / Break up or fair value or NAV	Total Book Value (net of provisions)
1. Related Parties		
(a) Subsidiaries*	96.88	0.30
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	2,118.92	2,032.62
Total	2,215.80	2,032.92

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

8 Other information

Particulars	Amount
1. Gross Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	2,998.41
2. Net Non-Performing Assets	
(a) Related Parties	-
(b) Other than related parties	1,749.15
Assets acquired in satisfaction of debt	-

* Equity capital contributed by the Company has been considered as break up value for subsidiary formed under section 8 of the Company Act 2013 as the subsidiary is prohibited to give any right over its profits to any of its members.

Note 36.35: RBI vide its circular number RBI/2020-21/60/DOR.NBFC (HFC) CC.NO 118/03.10.136/2020-21 dated October 22, 2020 defined the principal business criteria for HFCs. Further, it also states that those HFCs which doesnot fulfill the defined criteria as on October 22, 2020 has an option to submit a board approved plan including a roadmap to fulfill the defined criteria and timeline for transition to RBI with in three months from the date of circular.

In compliance with the above circular, the Company has submitted board approved plan along with roadmap to fulfill the defined criteria and timeline for transition to RBI on January 21, 2021.

Details of principal business criteria as on March 31, 2021 is as follows:

As at	% of total assets towards housing finance	% of total assets towards housing finance for individuals
March 31, 2021	61.86%	48.95%

Note 36.36: In compliance with RBI notification number RBI/DNBS/2016-17/49/Master Direction DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016, during the year the Company has reported five fraud case in relation to loans advanced to the borrowers amounting to ₹1.92 crores to NHB (Previous year ₹4.22 crores).

Note 36.37: In compliance with RBI circular number RBI/2019-20/170/DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the comparison between provisions required under IRACP and impairment allowances made under Ind AS 109 is tabulated below:

Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	(₹ in crores) Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Performing Assets						
Standard	Stage 1	56,399.18	647.56	55,751.62	237.02	410.54
	Stage 2	3,833.89	647.29	3,186.60	19.98	627.31
Subtotal		60,233.07	1,294.85	58,938.22	257.00	1,037.85
Non-Performing Assets (NPA)						
Substandard	Stage 3	1,246.03	464.49	781.54	179.55	284.94
Doubtful - up to 1 year	Stage 3	1,588.99	713.05	875.94	366.97	346.08
1 to 3 years	Stage 3	156.68	64.93	91.75	54.08	10.85
More than 3 years	Stage 3	6.71	6.79	(0.08)	5.63	1.16
Subtotal for doubtful		1,752.38	784.77	967.61	426.68	358.09
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		2,998.41	1,249.26	1,749.15	606.23	643.03

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for the year ended March 31, 2021

(₹ in crores)						
Asset Classification as per RBI Norms (1)	Asset classification as per Ind AS 109 (2)	Gross Carrying Amount as per Ind AS (3)	Loss Allowances (Provisions) as required under Ind AS 109 (4)	Net Carrying Amount (5)=(3)-(4)	Provisions required as per IRACP norms (6)	Difference between Ind AS 109 provisions and IRACP norms (7) = (4)-(6)
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	902.59	2.26	900.33	-	2.26
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		902.59	2.26	900.33	-	2.26
Total	Stage 1	57,301.77	649.82	56,651.95	237.02	412.80
	Stage 2	3,833.89	647.29	3,186.60	19.98	627.31
	Stage 3	2,998.41	1,249.26	1,749.15	606.23	643.03
Total		64,134.07	2,546.37	61,587.70	863.23	1,683.14

Note 36.38: In compliance with RBI circular number RBI/2019-20/220/DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020, the disclosure in relation to COVID19 - Asset Classification and Provisioning is tabulated below:

(₹ in crores)		
Particulars	As at March 31, 2021	As at March 31, 2020
Advances outstanding in SMA/overdue categories, where the moratorium / deferment was extended, as per the COVID 19 regulatory package as at February 29, 2020 #	4,861.00	5,034.00
Advances outstanding where asset classification benefits is extended*	729.00	174.00
Provisions made in terms of paragraph 5 of the COVID 19 Regulatory Package	225.00	35.00
Provisions adjusted against slippages in terms of paragraph 6	Nil	Nil
Residual provisions in terms of paragraph 6 of the COVID 19 Regulatory Package	225.00	35.00

#Loan assets as on March 31, 2021 and March 31, 2020 respectively on account of all accounts which were in moratorium as on August 31, 2020.

*For FY 2021, ₹729 crores were proforma NPAs as on December 31, 2020. Post March 23, 2021 the movement of days past due is as at actuals.

Note 36.39: In compliance with RBI circular number RBI/2020-21/16/DOR.No.BP.BC/3/21.04.048/2020-21 dated August 06, 2020, the disclosure in relation to resolution plan implemented under the Resolution Framework for COVID-19-related stress is tabulated below:

(₹ in crores)					
Type of Borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) Exposure to accounts mentioned at (A) before implementation of the plan #	(C) of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution
Personal Loans*	2,444	1,359.41	Nil	Nil	119.76
Corporate persons					
of which, MSMEs	Nil	Nil	Nil	Nil	Nil
Others^	14	341.14	Nil	Nil	32.95
Total	2,458	1,700.55	Nil	Nil	152.71

*Covid restructured assets of retail portfolio.

^Covid restructured assets of corporate finance portfolio.

#Exposure to accounts before implementation of plan is of September 2020.

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for the year ended March 31, 2021

NOTE 37: LEASES

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply practical expedients of paragraph 46A of Ind AS 116.

The Company has elected to use the practical expedient of paragraph 46A to not to assess whether a rent concession that meets the conditions of paragraph 46B is a lease modification and account for any change in lease payments resulting from the rent concession as if the change were not a lease modification. The Company has applied the practical expedients to all rent concessions that meet the conditions specified in paragraph 46B of Ind AS 116.

The Company has recognised ₹0.43 crores as other income for the year ended March 31, 2021 on account of applicability of the above practical expedients.

Movement of lease liability

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Lease liability as at the beginning of the year*	126.79	143.51
Additions (b)	1.94	8.63
Accretion of interest (c)	8.00	11.06
Payments (d)	32.83	35.02
Modification (e)	17.40	1.39
Lease liability as at the end of the year (a+b+c-d-e)	86.50	126.79

*Lease liability as at April 01, 2019 is on account of adoption of Ind AS 116.

Maturity analysis of minimum undiscounted lease payments after the reporting period:

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Less than one year	31.30	35.12
Later than one year but not later than five years	69.56	98.05
Later than five years	8.50	22.02
Total	109.36	155.19

NOTE 38: DISCLOSURE ON TEMPORARY EXCEPTIONS FROM APPLYING SPECIFIC HEDGE ACCOUNTING REQUIREMENTS AS PER IND AS 109

The Ministry of Corporate affairs vide notification number G.S.R. 463(E) dated July 24, 2020 has issued Companies (Indian Accounting Standards) Amendment Rules, 2020. As per the amendment rules the Company has an option to apply the exceptions set out in paragraphs 6.8.4-6.8.12 of Ind AS 109.

The Company has elected to apply the exceptions as specified above. Disclosure with respect to paragraph 24H of Ind AS 107 in relation to uncertainty arising from interest rate benchmark reforms is as follows:

- The Company has foreign currency borrowings in USD only and the significant interest rate benchmarks where the Company's hedging relationship is related are 3month and 6month USD LIBOR.
- The Company has an outstanding principal of USD 812.50 million (equivalent to INR 5,972.26 crores) which is directly linked or affected by the abovementioned benchmarks (USD 562.50 million – 3month USD LIBOR and USD 250.00 million – 6 month USD LIBOR).
- USD 3 month & 6 Month LIBOR will cease to exist from 30th June 2023 and outstanding principal exposure as on that date will be USD 640 million for which Company will discuss and negotiate the alternative reference rate with the respective lenders to incorporate or align the same in the corresponding derivative deals. The Company will do bilateral negotiation or sign the ISDA fall back protocol as the case may be with each of the derivative counterparties.
- The outstanding borrowings are long term in nature and the Company hasn't yet received any communication from the lenders regarding the timelines to change to an alternate reference/benchmark rate. Further, so far there is no directive/guidelines by the regulator i.e. RBI in this matter. Whenever RBI issues directions in this matter or lenders approaches the Company, the Company will make the necessary assumptions or judgements for the transition.
- The nominal amount of hedging instruments as on March 31, 2021 is USD 812.50 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 39: SEGMENT REPORTING

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

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

NOTE 40: CONTINGENT LIABILITIES AND COMMITMENTS

- Contingent liabilities in respect of Income-tax of ₹12.12 crores (Previous year ₹11.94 crores) is disputed and are under appeals. These includes contingent liability of ₹4.87 crores (Previous year ₹4.87 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹4.31 crores (Previous year ₹6.86 crores).
- Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)
- Letter of comfort issued on behalf of the clients and bank guarantee amounting to ₹0.25 crores (Previous year ₹65.25 crores)

NOTE 41: DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS

In accordance with Indian Accounting Standards on "Employee Benefits" (Ind AS 19), the following disclosure have been made:

Note 41.1: The Company has made contribution to Provident Fund of ₹11.07 crores (Previous year ₹12.97 crores) which has been recognised in the Statement of Profit and Loss which are included under "Contribution to Provident Fund and Other Funds" in Note 31.

Note 41.2: Defined Benefit Plans

Gratuity Liability

Change in present value of obligation

Particulars	₹ in crores	
	Current Year	Previous Year
Present value of obligation as at the beginning of the year	13.69	10.95
Interest cost	0.90	0.84
Current service cost	2.95	3.37
Past service cost including curtailment gains / losses	-	-
Benefits paid	(0.48)	(0.69)
Actuarial (gain) / loss on obligation	(2.41)	(0.78)
Present value of obligation as at the end of year	14.65	13.69

Change in fair value of plan assets*

Particulars	₹ in crores	
	Current Year	Previous Year
Fair Value of plan assets as at the beginning of the year	14.10	9.73
Actual return on plan assets	0.95	0.86
Contributions	1.97	4.20
Benefits paid	(0.48)	(0.69)
Fair Value of plan assets as at the end of year	16.54	14.10
Funded status	1.89	0.40

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Expense recognised in the statement of Profit and Loss

Particulars	₹ in crores	
	Current Year	Previous Year
Current service cost	2.95	3.37
Interest cost	0.90	0.84
Actual return on plan assets	(0.95)	(0.86)
Net actuarial (gain) / loss recognised in the year	(2.41)	(0.78)
Expenses recognised in the statement of profit & loss	0.49	2.58
Remeasurement (gain) or losses in Other Comprehensive Income (OCI)	2.43	0.79

Expected contribution for the next financial year is ₹3.36 crores.

Assumptions

Particulars	₹ in crores	
	Current Year	Previous Year
a) Discounting rate	6.53%	7.65%
b) Future salary increase	7.00%	7.75%
c) Retirement age (Years)	60	60
d) Mortality table	IALM (2012-14)	IALM (2012-14)

Maturity profile of defined benefits obligation

Particulars	₹ in crores	
	Current Year	Previous Year
With in the next 12 months	1.14	0.91
Above 1 year and upto 5 years	3.44	4.20
Above 5 year	10.07	8.58

Sensitivity analysis of the defined benefit obligation**

Particulars	Current Year			
	Discount Rate		Future salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Sensitivity level				
Impact on defined benefit obligation	(0.59)	0.64	0.61	(0.58)

Particulars	Previous Year			
	Discount Rate		Future salary increase	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Sensitivity level				
Impact on defined benefit obligation	(0.58)	0.62	0.59	(0.57)

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

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

NOTE 42: EXPENDITURE IN FOREIGN CURRENCY

Particulars	₹ in crores	
	Current Year	Previous Year
Interest paid	109.20	195.31
Other expenses	6.42	15.21

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 43: DERIVATIVE FINANCIAL ASSETS / LIABILITIES SUBJECT TO OFFSETTING, NETTING ARRANGEMENTS

Derivative financial assets subject to offsetting, netting arrangements

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative assets not subject to netting arrangements		Total derivative assets		Maximum exposure to risk	
	Gross derivative assets before offset	Offset with gross derivative liabilities	Net derivative assets recognised on the balance sheet	Derivative liabilities	Collaterals received	Derivative assets after consideration of netting potential	Derivative Assets recognised on the balance sheet		Recognised in the balance sheet		After consideration of netting potential	
Derivative assets	A	B	C = (A + B)	D	E	F = (C + D + E)	G	H = (C + G)	I = (H + D + E)			
At 31 March, 2021	199.57	(199.57)	-	-	-	-	-	-	-	-	-	-
At 31 March, 2020	433.62	(307.96)	125.66	-	-	125.66	-	125.66	125.66	125.66		125.66

Derivative financial liabilities subject to offsetting, netting arrangements

Particulars	Offsetting recognised on the balance sheet			Netting potential not recognised on the balance sheet			Derivative liabilities not subject to netting arrangements		Total derivative liabilities		Maximum exposure to risk	
	Gross derivative liabilities before offset	Offset with gross derivative assets	Net derivative liabilities recognised on the balance sheet	Derivative Assets	Collaterals given	Derivative liabilities after consideration of netting potential	Derivative liabilities recognised on the balance sheet		Recognised in the balance sheet		After consideration of netting potential	
Derivative liabilities	A	B	C = (A + B)	D	E	F = (C + D + E)	G	H = (C + G)	I = (H + D + E)			
At 31 March, 2021*	(251.01)	199.57	(51.44)	-	-	(51.44)	-	(51.44)	(51.44)	(51.44)		(51.44)
At 31 March, 2020	(307.96)	307.96	-	-	-	-	-	-	-	-		-

* Net of margin money paid to counter party bank.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 44: ADDITIONAL INFORMATION, AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT 2013, OF ENTERPRISE CONSOLIDATED AS SUBSIDIARY/ ASSOCIATES/JOINT VENTURES:

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021	March 31, 2021
Parent								
PNB Housing Finance Limited	99.37	8,867.18	99.50	925.22	102.71	(21.25)	99.42	903.97
Indian subsidiary								
PHFL Home Loans and Services Limited	1.09	97.29	1.77	16.45	(2.71)	0.56	1.87	17.01
Inter-Company elimination and other consolidated adjustments	(0.46)	(41.44)	(1.27)	(11.77)	-	-	(1.29)	(11.77)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	100.00	8,923.03	100.00	929.90	100.00	(20.69)	100.00	909.21

Name of the entity	Net Asset (Total assets - Total liabilities)		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net asset	Amount (₹ in crores)	As % of consolidated profit or (loss)	Amount (₹ in crores)	As % of consolidated other comprehensive income	Amount (₹ in crores)	As % of consolidated total comprehensive income	Amount (₹ in crores)
	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Parent								
PNB Housing Finance Limited	99.37	7,947.16	105.58	682.31	100.71	(55.69)	106.04	626.62
Indian subsidiary								
PHFL Home Loans and Services Limited	1.00	80.28	11.43	73.88	(0.71)	0.39	12.57	74.27
Inter-Company elimination and other consolidated adjustments	(0.37)	(29.67)	(17.01)	(109.95)	-	-	(18.61)	(109.95)
Non controlling interest in subsidiaries	-	-	-	-	-	-	-	-
Total	100.00	7,997.77	100.00	646.24	100.00	(55.30)	100.00	590.94

Note 44.1: Peהל foundation being the subsidiary of the Company is a charitable organisation under Section 8 of the Companies Act, 2013 and it is prohibited to give any right over its profits to any of its members. Since PNBHFL does not have any right over any kind of returns from Peהל Foundation hence it does not meet the criteria of consolidation of financial statements laid down under Ind AS 110.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 45 : CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Particulars	As at April 01, 2020	Cash flow (net)	Exchange difference	Others	(₹ in crores)
					As at March 31, 2021
Debt securities & subordinated liabilities	18,868.98	(7,056.00)	-	(17.90)	11,795.08
Borrowings from bank	32,328.12	(2,816.36)	230.97	3.60	29,746.34
Deposits (net)	16,131.94	630.68	-	16.58	16,746.04
Commercial paper	406.06	709.00	-	(10.09)	1,104.98
Particulars	As at April 01, 2019	Cash flow (net)	Exchange difference	Others	(₹ in crores)
Debt securities & subordinated liabilities	23,188.61	(4,308.00)	-	(11.63)	18,868.98
Borrowings from bank	26,793.19	5,156.36	385.18	(6.61)	32,328.12
Deposits (net)	14,023.04	2,107.97	-	0.93	16,131.94
Commercial paper	7,854.01	(7,534.00)	-	86.05	406.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

NOTE 46: MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

(₹ in crores)

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS						
Financial assets						
Cash and cash equivalents	6,968.56	-	6,968.56	8,514.32	-	8,514.32
Bank balance other than cash and cash equivalents	0.07	-	0.07	0.07	-	0.07
Derivative financial instruments	-	-	-	31.79	93.87	125.66
Trade receivables	44.94	-	44.94	44.90	-	44.90
Loans	6,290.31	54,354.41	60,644.72	2,878.62	63,749.40	66,628.02
Investments	156.30	1,888.52	2,044.82	164.83	1,910.91	2,075.74
Other financial assets	243.15	663.43	906.58	190.54	511.16	701.70
Total (a)	13,703.33	56,906.36	70,609.69	11,825.07	66,265.34	78,090.41
Non- financial assets						
Current tax assets (net)	-	-	-	-	61.01	61.01
Deferred tax assets (net)	-	429.63	429.63	-	285.94	285.94
Investment property	-	0.54	0.54	-	0.55	0.55
Property, plant and equipment	-	81.75	81.75	-	105.31	105.31
Right of use assets	-	78.09	78.09	-	119.80	119.80
Capital work-in-progress	-	0.01	0.01	-	1.23	1.23
Other Intangible assets	-	20.89	20.89	-	25.42	25.42
Intangible assets under development	-	2.37	2.37	-	2.83	2.83
Other non- financial assets	31.64	1.11	32.75	2.19	28.48	30.67
Assets held for sale	136.48	-	136.48	206.56	-	206.56
Total (b)	168.12	614.39	782.51	208.75	630.57	839.32
Total asset c = (a+b)	13,871.45	57,520.75	71,392.20	12,033.82	66,895.91	78,929.73
LIABILITIES						
Financial liabilities						
Derivative financial instruments	51.44	-	51.44	-	-	-
Trade Payables	111.88	-	111.88	86.92	-	86.92
Debt Securities	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	6,133.38	10,612.66	16,746.04	6,588.35	9,543.59	16,131.94
Subordinated liabilities	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Other financial liabilities	1,343.00	309.18	1,652.18	1,372.29	317.66	1,689.95
Total (d)	23,134.76	38,073.18	61,207.94	27,832.18	41,679.79	69,511.97
Non financial liabilities						
Current tax liabilities (net)	-	62.93	62.93	-	-	-
Provisions	2.42	15.97	18.39	1.91	17.03	18.94
Other Non-financial liabilities	1,155.49	24.42	1,179.91	1,374.29	26.76	1,401.05
Total (e)	1,157.91	103.32	1,261.23	1,376.20	43.79	1,419.99
Total liabilities f = (d+e)	24,292.67	38,176.50	62,469.17	29,208.38	41,723.58	70,931.96
Net (c-f)			8,923.03			7,997.77

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 47: RISK MANAGEMENT

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

Note 47.1: Credit Risk

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

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

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

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

Credit Risk Management

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

implementing the risk management framework and policy. The policies and procedures have been drafted in close consultation with process owners, ERMC and RMC.

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

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

- 1) **Established an appropriate credit risk environment**
The Company has developed credit risk strategy which reflects its risk tolerance and level of profitability it expects to achieve. The execution of strategy is done through policies, guidelines and processes supervised by team of experienced professionals in the mortgage business.
- 2) **Ensure sound credit approval process**
The Company's Target Operating Model (TOM) comprises Hub and Spoke structure, advanced technology platform, experienced and specialized professionals and mark to market policies and products. The Company's TOM allows to manage various type of risks in a better manner which in turn helps building a robust portfolio.

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

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

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2021

Note 47.2: Derivative Financial Instruments

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

Note 47.3: Analysis of risk concentration

(i) Risk concentrations on loans

An analysis of the Company's credit risk concentrations per product / sub product is provided in the below mentioned table:

Particulars	(₹ in crores)	
	As at March 31, 2021	As at March 31, 2020
Concentration by sector - Retail		
Housing loans	35,249.30	37,103.78
Non housing loans	15,939.20	16,491.07
Total (a)	51,188.50	53,594.85
Concentration by sector - Corporate		
Construction finance	8,817.16	10,507.62
Corporate term loan	2,275.82	3,083.80
Lease rental discounting	907.35	1,207.37
Total (b)	12,000.33	14,798.79
Total (a+b)	63,188.83	68,393.64

(ii) Risk concentrations on financial assets other than loans

Particulars	(₹ in crores)				
	Government	Financial Services	Corporate	Others	Total
As at March 31, 2021					
Cash and cash equivalents	-	6,968.56	-	-	6,968.56
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Trade receivables	-	-	39.04	5.90	44.94
Investments	1,737.61	12.15	295.06	-	2,044.82
Other financial assets	5.28	884.65	2.71	13.94	906.58
Total	1,742.89	7,865.43	336.81	19.84	9,964.97
As at March 31, 2020					
Cash and cash equivalents	-	8,514.32	-	-	8,514.32
Bank balance other than cash and cash equivalents	-	0.07	-	-	0.07
Derivative financial instruments	-	125.66	-	-	125.66
Trade receivables	-	-	43.69	1.21	44.90
Investments	1,713.77	27.67	334.30	-	2,075.74
Other financial assets	3.36	676.53	6.57	15.24	701.70
Total	1,717.13	9,344.25	384.56	16.45	11,462.39

Note 47.4: Market Risk

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Note 47.4.1: Total market risk exposure

Particulars	As at	As at	Primary risk sensitivity
	March 31, 2021	March 31, 2020	
	Carrying amount		
(₹ in crores)			
ASSETS			
Financial assets			
Cash and cash equivalents	6,968.56	8,514.32	-
Bank balance other than cash and cash equivalents	0.07	0.07	-
Derivative financial instruments	-	125.66	Interest rate/ Currency risk
Trade receivables	44.94	44.90	-
Loans	60,644.72	66,628.02	Interest rate
Investments	2,044.82	2,075.74	Interest rate
Other financial assets	906.58	701.70	Interest rate
Total	70,609.69	78,090.41	
LIABILITIES			
Financial liabilities			
Derivative financial instruments	51.44	-	Interest rate/ Currency risk
Trade payables	111.88	86.92	-
Debt securities	11,461.48	17,836.46	
Borrowings (other than debt securities)	29,746.34	32,328.12	Interest rate
Deposits	16,746.04	16,131.94	
Subordinated liabilities	1,438.58	1,438.58	
Other financial liabilities	1,652.18	1,689.95	-
Total	61,207.94	69,511.97	

47.4.2: Interest rate risk

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

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

Areas	Financial year	Increase / (decrease) in basis points	Sensitivity of profit & (loss)
			(₹ in crores)
Loans	2019-20	50 bps / (50) bps	315.82 / (315.82)
	2020-21	50 bps / (50) bps	303.57 / (303.57)
Investments	2019-20	25 bps / (25) bps	(1.25) / 1.25
	2020-21	25 bps / (25) bps	(0.88) / 0.88
Other financial assets	2019-20	25 bps / (25) bps	108.90 / (108.90)
	2020-21	25 bps / (25) bps	88.85 / (88.85)
Derivative financial instruments	2019-20	20 bps / (20) bps	(11.49) / 11.49
	2020-21	20 bps / (20) bps	(2.53) / 2.53
Debt securities, Borrowings (other than debt securities), Deposits and Subordinated liabilities	2019-20	50 bps / (50) bps	(229.05) / 229.05
	2020-21	50 bps / (50) bps	(188.85) / 188.85

47.4.3: Currency risk

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

The following table assesses the sensitivity of the assets and liabilities over the profit and loss and other comprehensive income with change in currency rates.

Areas	Financial year	Increase / (decrease) in %	(₹ in crores)
			Sensitivity on profit and loss / other comprehensive income
Derivative financial instruments	2019-20	10 % / (10) %	(15.34) / 15.34
	2020-21	10 % / (10) %	(23.14) / 23.14

Note 47.4.4: Equity price risk :

The Company's investment in non-listed equity securities are accounted at cost in the financial statement net of impairment. The expected cash flow from these entities are regularly monitored to identify impairment indicators.

Note 47.5: Liquidity risk and funding management

Liquidity risk is defined as the risk that the Company will encounter in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances. Such scenarios could occur when funding needed for illiquid asset positions is not available to the Company on acceptable terms. To limit this risk, management has arranged for diversified funding sources and investors in addition to its core deposit base, and adopted a policy of managing assets with liquidity in mind and monitoring future cash flows and liquidity on a regular basis. The Company also keeps lines of credit and liquid investments that it can access to meet liquidity needs. The lines of credit are from various banks and institutions. The liquid investments are kept

in liquid mutual funds, fixed deposits, liquid bonds, limits of which are defined as per investment policy based on the type of security, rating of entity and instrument. In accordance with the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and assess the liquidity position. Moreover, the Company keeps a track of the expected funds inflows and outflows along with the avenues of raising the funds. This incorporates an assessment of expected cash flows and the availability of high grade collateral which could be used to secure additional funding if required.

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

Note 47.5.1: Analysis of financial liabilities by remaining contractual maturities

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

Particulars	As at March 31, 2021			As at March 31, 2020		
	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
	(₹ in crores)					
Financial liabilities						
Derivative financial instruments	51.44	-	51.44	-	-	-
Trade payables	111.88	-	111.88	86.92	-	86.92
Debt securities	5,712.60	5,748.88	11,461.48	9,152.06	8,684.40	17,836.46
Borrowings (other than debt securities)	9,782.46	19,963.88	29,746.34	10,632.56	21,695.56	32,328.12
Deposits	6,133.38	10,612.66	16,746.04	6,588.35	9,543.59	16,131.94
Subordinated liabilities	-	1,438.58	1,438.58	-	1,438.58	1,438.58
Interest on borrowings (including debt securities / deposits / subordinated liabilities)	3,864.65	6,495.51	10,360.16	4,787.92	9,050.30	13,838.22
Other financial liabilities	1,343.00	309.18	1,652.18	1,372.29	317.66	1,689.95
Total	26,999.41	44,568.69	71,568.10	32,620.10	50,730.09	83,350.19

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

Particulars	(₹ in crores)		
	Within 12 Months	After 12 Months	Total
As at March 31, 2021			
Undrawn commitments relating to advances	2,341.67	2,341.66	4,683.33
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	3,445.00	-	3,445.00
As at March 31, 2020			
Undrawn commitments relating to advances	2,725.49	2,878.72	5,604.21
Undrawn commitments relating to Letter of comfort	-	65.00	65.00
Undrawn commitments relating to financial guarantee	-	0.25	0.25
Undrawn sanction relating to borrowings	4,019.07	-	4,019.07

NOTE 48: FAIR VALUE MEASUREMENT

The principles and techniques of fair valuation measurement of both financial and non-financial instruments are as follows:

(a) Valuation principles

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

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

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

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

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

(b) Valuation governance

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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(c) Assets and liabilities by fair value hierarchy

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy

	(₹ in crores)			
As at March 31, 2021	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual Funds	12.15	-	-	12.15
Debt securities	-	90.83	-	90.83
Derivative financial instruments				
Forward contracts and currency swaps	-	199.57	-	199.57
Total assets measured at fair value on a recurring basis (a)	12.15	290.40	-	302.55
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	136.48	-	136.48
Total assets measured at fair value on a non recurring basis (b)	-	136.48	-	136.48
Total assets measured at fair value (a)+(b)	12.15	426.88	-	439.03
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	251.01	-	251.01
Total liabilities measured at fair value through profit or loss	-	251.01	-	251.01

	(₹ in crores)			
As at March 31, 2020	Level 1	Level 2	Level 3	Total
Assets measured at fair value on a recurring basis				
Assets measured at fair value through profit or loss				
Investments				
Mutual funds	27.67	-	-	27.67
Debt securities	-	95.28	-	95.28
Derivative financial instruments				
Forward contracts and currency swaps	-	433.62	-	433.62
Total assets measured at fair value on a recurring basis (a)	27.67	528.90	-	556.57
Assets measured at fair value on a non recurring basis				
Assets held for sale	-	206.56	-	206.56
Total assets measured at fair value on a non recurring basis (b)	-	206.56	-	206.56
Total assets measured at fair value (a)+(b)	27.67	735.46	-	763.13
Liabilities measured at fair value through profit or loss				
Derivative financial instruments				
Forward contracts and currency swaps	-	307.96	-	307.96
Total liabilities measured at fair value through profit or loss	-	307.96	-	307.96

Valuation methodologies of financial instruments measured at fair value

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

1. Mutual funds

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

2. Debt securities

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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3. Assets held for sale

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

4. Derivative financial instruments

Interest rate derivatives

For Interest rate derivatives Company has interest rate swaps and cross currency swaps. The valuation techniques are the mark to market positions with forward pricing on the swap models using present value calculations by estimating future cash flows and discounting them with the appropriate yield curves like

the OIS yield curve. These contracts are generally Level 2 unless adjustments to yield curves or credit spreads are based on significant non-observable inputs, in which case, they are Level 3.

Foreign exchange contracts

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

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

		(₹ in crores)			
As at March 31, 2021	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Financial assets measured at amortised cost:					
Loans and advances to customers	60,644.72	-	60,743.76	-	60,743.76
Investment					
Government Securities (at amortised cost) & Equity (at cost)#	1,941.84	-	2,028.09	-	2,028.09
Total financial assets	62,586.56	-	62,771.85	-	62,771.85
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	10,356.51	-	10,767.79	-	10,767.79
Deposits (including interest accrued)	17,003.36	-	-	17,253.11	17,253.11
Subordinated liabilities	1,438.58	-	1,509.47	-	1,509.47
Total financial liabilities	28,798.45	-	12,277.26	17,253.11	29,530.37

		(₹ in crores)			
As at March 31, 2020	Carrying Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets:					
Financial assets measured at amortised cost:					
Loans and advances to customers	66,628.02	-	66,633.33	-	66,633.33
Investment					
Government Securities (at amortised cost) & Equity (at cost)#	1,952.79	-	2,058.56	-	2,058.56
Total financial assets	68,580.81	-	68,691.89	-	68,691.89
Financial liabilities					
Financial liabilities measured at amortised cost:					
Debt securities	17,430.40	-	17,745.84	-	17,745.84
Deposits (including interest accrued)	16,356.45	-	-	16,440.74	16,440.74
Subordinated liabilities	1,438.58	-	1,467.12	-	1,467.12
Total financial liabilities	35,225.43	-	19,212.96	16,440.74	35,653.70

#fair value has been disclosed for those valued at amortised cost.

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Valuation methodologies of financial instruments not measured at fair value

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

1. Financial assets and liabilities (Short term)

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

2. Financial assets

Loans and advances to customers

Substantial amount of the loans are based on floating rate of interest, carrying amount of which represents the fair value of these loans. Minuscule amount of loans are based on fixed to floating rate of interest, the fair values of these loans are computed by discounted cash flow models incorporating prevailing interest rate. The Company classifies these assets as Level 2.

Government debt securities

Government debt securities are financial instruments issued by sovereign governments and include both long-term bonds and short-term bills with fixed or floating rate interest payments. These instruments are generally liquid and traded in active markets resulting in a Level 1 classification. When active market prices are not available, the Company uses discounted cash flow models with observable market inputs of similar instruments and bond prices to estimate future index levels and extrapolating yields outside the range of active market trading, in which instances the Company classifies those securities as Level 2. The Company does not have Level 3 government securities where valuation inputs would be unobservable.

3. Financial liabilities

Debt securities and Subordinated liabilities

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

Deposits

The fair values of deposits are computed by discounted cash flow models that incorporates prevailing interest rate. The Company classifies these assets as Level 3.

Financial assets or liabilities other than those mentioned above resembles the value approximate to their fair value.

(e) There have been no transfers among Level 1, Level 2 and Level 3, during the year ended March 31, 2021 and March 31, 2020.

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

NOTE 49: COVID IMPACT

The extent to which the COVID 19 pandemic, including the current "second wave" will impact the Company's future results will depend on economic situation, which is highly unpredictable. The Company is well capitalised and has maintained adequate liquidity. The Company also continue to raise funds from multiple lenders, refinancing from NHB and fixed deposits. The Company did not opt for moratorium from its lenders and serviced its financial obligations in a timely manner. Further, there is no material impact on internal financial controls of the Company.

The Company will continue to closely monitor any material changes to future economic conditions. However, operating in the secured mortgage asset business we believe we hold a much stable asset class which can withstand the pandemic relatively better compared other asset classes.

Hon'ble Supreme Court, in a public interest litigation vide an interim order dated September 03, 2020 ('interim order'), has directed that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders. Basis the said interim order, even accounts that would have otherwise been classified as NPA post August 31, 2020 were not been classified as NPA.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble Supreme Court. In accordance with the instructions in paragraph 5 of the RBI circular dated April 07, 2021 issued in this connection, the Company has continued with the asset classification of borrower accounts as per the extant RBI instructions / IRAC norms.

NOTE 50: AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs has amended Companies (Accounts) Rules, 2014 and Schedule III of the Companies Act 2013. As per the amendments notified changes are applicable on the Company from April 1, 2021, hence the Company will make the relevant disclosures in subsequent financial statements.

NOTE 51: Previous year figures have been rearranged / regrouped wherever necessary to correspond with current year's classification disclosure.