

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 1. OVERVIEW

### 1.1. Overview

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

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

### 1.2. Basis of preparation/Statement of compliance

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

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

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

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

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

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

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

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1. Use of estimates, judgements and assumptions

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

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

#### a) Business model assessment

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

#### b) Fair value of financial instruments

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

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

**c) Effective Interest Rate (EIR) method**

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

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

**d) Impairment of financial asset**

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

**e) Provisions and other contingent liabilities**

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

**2.2 Cash and cash equivalents**

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

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

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

**2.3 Revenue recognition**

**a) Interest and related income**

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

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

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

**b) Dividend income**

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

**c) Profit on derecognition of financial assets**

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

**d) Other income**

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

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

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

### a) PPE

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

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

### b) Intangible assets

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

## 2.5 Depreciation and Amortisation

### a) Depreciation

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

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

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

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

### b) Amortisation

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

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

## 2.6 Investment property

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

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

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

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

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

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

## 2.7 Foreign currency

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

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

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

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

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

## 2.8 Operating Leases

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

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

## 2.9 Impairment of non-financial assets

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

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

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

## 2.10 Provisions

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

## 2.11 Contingent liabilities and assets

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

### a) Contingent liability is disclosed in case of –

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

Contingent liabilities are reviewed at each balance sheet date.

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

## 2.12 Employee benefits

### a) Retirement and other employee benefits

#### Defined Contribution Plan

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

#### Defined Benefit Plan

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

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

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

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

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

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

## b) Short term employee benefits

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

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

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

## c) Share based payments

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

The fair value determined at the grant date of the equity-settled share based payments is expensed on a

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

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

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

## 2.13 Taxes

Tax expense comprises current and deferred tax.

### a) Current tax

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

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

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

### b) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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



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

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

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

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

## 2.14 Earnings per Share

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

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

## 2.15 Financial Instruments

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

### a) Financial Assets

#### ○ Initial recognition and measurement

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

#### ○ Classification and Subsequent measurement

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

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

#### Financial asset at amortised costs

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

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

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

#### Financial assets (debt instruments) at FVOCI

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

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

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

#### Financial Asset at FVTPL

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

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## b) Financial Liabilities

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

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

## 2.16 Derivative financial instruments

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

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

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

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

## 2.17 Hedge accounting

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

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic

relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

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

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

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

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

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

## 2.18 Reclassification of financial assets and liabilities

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

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## 2.19 Derecognition of financial assets and liabilities

### a) Financial Assets

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

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

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

Or

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

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

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

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

A transfer only qualifies for derecognition if either:

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

Or

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

The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and

is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

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

### b) Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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

## 2.20 Measurement of Expected Credit Loss (ECL)

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

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

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

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

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

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



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

## Key components of Expected Credit Loss are:

- Probability of Default (PD)**

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

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

- Loss Given Default (LGD)**

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

- Exposure at Default (EAD)**

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

The Company has adopted the following methodology for ECL computation:

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

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

## Retail Loans

### Probability of Default

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

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

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

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

### Loss Given Default

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

### Exposure at Default

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

## Corporate Loans

### Probability of Default

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

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

### Loss Given Default

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

### Exposure at Default

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

## **Significant increase in credit risk (SICR)**

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

## **Retail Loans**

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

## **Corporate Loans**

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

## **Incorporation of forward looking information**

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

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

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

The macroeconomic variables with up to two-time lags

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

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

## **2.21 ECL on financial guarantee contracts**

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

## **2.22 Write-offs**

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

## **2.23 Collateral**

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

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

## 2.24 Dividend

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

## 2.25 Unclaimed Deposits

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

## 2.26 Share issue expenses

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

## 2.27 Assets held for sale

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

## 2.28 Segment Reporting

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 3. CASH AND CASH EQUIVALENTS

(₹ in crores)

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

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

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

## 4. BANK BALANCE OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crores)

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

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

**Note : 4.2** Earmarked balances with bank include unclaimed dividend.

## 5. RECEIVABLES

(₹ in crores)

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 6. LOANS (AT AMORTISED COST)

(₹ in crores)

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

### Note 6.1: Loans - Staging analysis

(₹ in crores)

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

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

Movement of loan assets is as follows:

- a) Movement of Stage 1:
  - i) 11.42% of loan assets moved out of books by year end
  - ii) Residual portfolio either remained in stage 1 or had forward flows
- b) Movement of Stage 2:
  - i) 15.56% of loan assets moved out of books by year end
  - ii) Residual portfolio either remained in stage 2 or had forward or backward flows
- c) Movement of Stage 3:
  - i) 12.02% of loan assets moved out of books by year end
  - ii) Residual portfolio either remained in stage 3 or had backward flows

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

Movement of assets is as follows:

- a) Movement of Stage 1:
  - i) 16.58% of loan assets moved out of books by year end
  - ii) Residual portfolio either remained in stage 1 or had forward flows
- b) Movement of Stage 2:
  - i) 14.62% of loan assets moved out of books by year end
  - ii) Residual portfolio either remained in stage 2 or had forward or backward flows



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

c) Movement of Stage 3:

- i) 26.84% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 3 or had backward flows

(₹ in crores)

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

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

Movement of assets is as follows:

a) Movement of Stage 1:

- i) 19.46% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

- i) 50.78% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 2 or had forward or backward flows

c) Movement of Stage 3:

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

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

Movement of loan assets is as follows:

a) Movement of Stage 1:

- i) 26.80% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 1 or had forward flows

b) Movement of Stage 2:

- i) 0.00% of loan assets moved out of books by year end
- ii) Residual portfolio either remained in stage 2 or had forward or backward flows

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

(₹ in crores)

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

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

- The loan assets in stage 2 were 2.32% as on March 31, 2019 as against 1.50% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹370 crores has moved to stage 2 assets. Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.66%.
- Despite the applicability of SICR, the improvement in stage 2 ECL % POS is attributed to low forward flows from stage 2 to stage 3 for the Company's non-housing portfolio. In addition, lower loan to value ratios for non-housing loan have resulted in improved LGDs.
- Overall ECL % POS have increased by 26 bps but stage 3 ECL as % POS have reduced because of improvement in trend of resolution of stage 3 assets and applicability of behaviour LGDs.

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

- Despite the increase in stage 1 loan assets, the ECL as % POS gets reduced by 2 bps. This decrease in ECL % is attributed to improved performance and resolution of non-housing loans which resulted in lower probability of default.
- ECL as % POS for stage 2 portfolio increased as there was higher transition due to vintage impact of portfolio and relatively lower percentage of roll backs.
- Dynamism of portfolio behaviour and model validation exercise have also resulted in improved predictability.

(₹ in crores)

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

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

- Despite the growth in loan book, stage 1 ECL % of POS reduced from 1.45% to 0.67%. This is attributed to application of SICR and movement of frequent delinquent accounts from stage 1 to stage 2.
- The loan assets in stage 2 were 6.20% as on March 31, 2019 as against 2.40% as on March 31, 2018. The Company has applied qualitative SICR criteria owing to which stage 1 assets of ₹845 crores has moved to stage 2 assets. The Company has its own qualitative assessment criteria comprising various operational and repayment variables like construction variance, historical delinquency rates, sales velocity, asset coverage ratio etc. Basis the review and management overlay, the Company has identified assets where likelihood of deterioration in credit quality is high and life time PD factor has been applied. Accordingly, stage 2 ECL % POS has increased from 5.23% to 15.22%.
- Pre SICR, the stage 2 loan assets as on March 31, 2019 would be 1.52% as against 2.40% as on March 31, 2018.
- The Company's stage 3 asset ratio remains consistent. However, ECL as % POS has reduced due to higher asset coverage ratio, hence, higher expected recovery from defaulted assets.

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

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

#Refer note no. 2.20 and 43.1

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

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

## 7. INVESTMENTS

(₹ in crores)

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

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(₹ in crores)

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

## 8. OTHER FINANCIAL ASSETS

(₹ in crores)

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

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

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

(₹ in crores)

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

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

## 9. CURRENT TAX ASSETS (NET)

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 10. DEFERRED TAX ASSETS (NET)

As at March 31, 2019

(₹ in crores)

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

As at March 31, 2018

(₹ in crores)

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

As at April 01, 2017

(₹ in crores)

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



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 11. INVESTMENT PROPERTY

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

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

\*Refer note 16.1 (a)

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

Particulars	Net carrying value	
	Current Year	Previous Year
Rental Income	0.11	0.05
Profit from investment properties before depreciation	<b>0.11</b>	<b>0.05</b>
Depreciation	(0.01)	(0.01)
<b>Profit from investment properties</b>	<b>0.10</b>	<b>0.04</b>

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

Particulars	Net carrying value	
	As at March 31, 2019	As at March 31, 2018
Within one year	0.11	0.05
Later than one year but not later than five year	0.14	0.25
Later than five years	-	-

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

Particulars	Net carrying value	
	As at March 31, 2019	As at March 31, 2018
Investment properties	<b>5.88</b>	<b>5.93</b>
		As at April 01, 2017
		<b>6.03</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 12. PROPERTY PLANT AND EQUIPMENT

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

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

\*Refer note 16.1 (a)

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 13. OTHER INTANGIBLE ASSETS

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

  

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

## 14. OTHER NON FINANCIAL ASSETS

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

## 15. DERIVATIVE FINANCIAL INSTRUMENTS\*

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Notional amounts	Fair value assets	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets
<b>Currency derivatives:</b>						
Spot forwards	375.89	-	-	27.00	-	-
Currency swaps	5,345.99	1.81	26.26	64.81	1,604.13	20.16
(i)	<b>5,721.88</b>	<b>1.81</b>	<b>26.26</b>	<b>64.81</b>	<b>1,604.13</b>	<b>20.16</b>
<b>Interest rate derivatives:</b>						
Forward rate agreements and interest rate swaps	3,216.47	-	-	85.61	-	-
(ii)	<b>3,216.47</b>	<b>-</b>	<b>-</b>	<b>85.61</b>	<b>-</b>	<b>-</b>

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(₹ in crores)

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	Notional amounts	Fair value assets	Fair value liabilities	Notional amounts	Fair value assets	Fair value liabilities
<b>Total derivative financial instruments (i)+(ii)</b>	<b>8,938.35</b>	<b>1.81</b>	<b>212.61</b>	<b>1,526.66</b>	<b>26.26</b>	<b>64.81</b>
Included in above are derivatives held for hedging and risk management purposes as follows:						
<b>Cash flow hedging:</b>						
Currency derivatives	5,721.88	1.81	127.00	1,526.66	26.26	64.81
Interest rate derivatives	3,216.47	-	85.61	-	-	-
<b>Total derivative financial instruments</b>	<b>8,938.35</b>	<b>1.81</b>	<b>212.61</b>	<b>1,526.66</b>	<b>26.26</b>	<b>64.81</b>

\* Refer note no. 17.3, 40 and 43.2

## 16. DEBT SECURITIES

Particulars	As at March 31, 2019		As at March 31, 2018		As at April 01, 2017	
	At amortised cost	At fair value through profit or loss	At amortised cost	At fair value through profit or loss	At amortised cost	At fair value through profit or loss
<b>Secured</b>						
Redeemable non-convertible debentures	21,750.93	-	21,750.93	-	-	-
<b>Unsecured</b>						
Commercial papers	7,854.01	-	7,854.01	-	-	-
<b>Total</b>	<b>29,604.94</b>	<b>-</b>	<b>29,604.94</b>	<b>31,088.30</b>	<b>17,415.61</b>	<b>17,415.61</b>
Debt securities in India	29,604.94	-	29,604.94	-	-	-
Debt securities outside India	-	-	-	-	-	-
<b>Total</b>	<b>29,604.94</b>	<b>-</b>	<b>29,604.94</b>	<b>31,088.30</b>	<b>17,415.61</b>	<b>17,415.61</b>

### Note:16.1 Nature of security and terms of repayment:

#### a) Nature of security

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

## Note : 16.2

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

## 17. BORROWINGS (OTHER THAN DEBT SECURITIES)

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

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

### a) Nature of security

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



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

(₹ in crores)

## Note 17.2: Term loan from Banks:

- a) **Nature of security**
- i) Term loan from Punjab National Bank (related party) are secured by hypothecation of specific book debts and negative lien on assets created out of finance availed from Punjab National Bank.
- ii) Term loans from banks other than Punjab National Bank are secured by hypothecation of specific book debts to the extent of 1.0 to 1.25 times of outstanding amount

## b) Terms of repayment

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

(₹ in crores)

## Note 17.3: External commercial borrowing:

- a) **Nature of security**
- i) Pursuant to the Reserve bank of India (RBI) circular dated 27th April 2018, whereby RBI allowed Housing finance companies (HFC) to borrow through External commercial borrowings (ECB) under the "Automatic Route", the Company during FY19 has raised ECB of USD 465 million from various lenders under automatic route. Earlier the Company has availed ECB of USD 150 million in FY17 and USD 100 million in FY15 for financing eligible housing units under "approval route" in terms of the erstwhile RBI guidelines. All the ECB borrowings are secured against eligible housing loans / book debts and are hedged through currency swaps, interest rate swaps and forward contracts as per the applicable RBI guidelines.
- ii) The derivative contracts are initially recognised at fair value on the date of the transaction and all outstanding derivative transactions, on the date of balance sheet, are subsequently measured at fair value on that date. Where cash flow hedge accounting is used, fair value changes of the derivative contracts are recognised through the cash flow hedge reserve (through other comprehensive income) which is reclassified to profit and loss account as the hedged item effects profit and loss. Premium paid / discount received in advance on derivative contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts, if such contracts relate to monetary items as at the balance sheet date.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

## b) Terms of repayment

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

## Note 17.4: Bank overdraft:

### a) Nature of security

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

### b) Terms of Repayment

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

## Note : 17.5

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

## 18. DEPOSITS\*

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

\* Refer note 34.26

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 19. SUBORDINATED LIABILITIES

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

### Note :19.1 Nature of security and terms of repayment:

#### a) Nature of security

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

#### b) Terms of repayment

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

### Note : 19.2

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 20. OTHER FINANCIAL LIABILITIES

(₹ in crores)

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

## 21. PROVISIONS

(₹ in crores)

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

## 22. OTHER NON-FINANCIAL LIABILITIES

(₹ in crores)

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

## 23. EQUITY SHARE CAPITAL

(₹ in crores)

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

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

**Note 23.3** Terms / Rights attached to equity shares

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

**Note 23.4** 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 23.5** The Company has not:

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

**Note 23.6** Nature and purpose of reserves

#### Share premium reserve

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

#### Statutory reserve and Special reserve

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

The Company has created a special reserve in terms of clause (viii) of sub-section (1) of section 36 of the Income-tax Act, 1961 and the same is considered to be an eligible transfer for the purposes of section 29C(i).

#### Share option outstanding accounts

The cost of equity settled transactions is determined by the fair value at the date when the grant is made using the Black-Scholes Model. The cumulative expense recognised for equity

settled transaction is credited to share option outstanding account in equity. (Refer Note 23.8)

#### Cash flow hedge reserve

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

**Note 23.7** Capital Management

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements National Housing Bank ("NHB") the regulator. The adequacy of the Company capital is monitored using, among other measures, the regulations issued by NHB from time to time.

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

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

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

funds will be reduced while arriving the Tier I capital.

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

## Note 23.8 Shares reserved for issue under ESOS

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

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

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

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

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

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

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



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

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

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

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

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

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

Particulars	Current Year	Previous Year
Expense arising from equity settled share based payment transaction	39.25	17.15
Expense arising from cash settled share based payment transaction	-	-
<b>Total</b>	<b>39.25</b>	<b>17.15</b>

## Note 23.9: Dividend paid and proposed

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

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

**Note 23.9.1:** Dividend includes dividend distribution taxes

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 24. INTEREST INCOME

(₹ in crores)

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

## 25. FEES AND COMMISSION INCOME

(₹ in crores)

Particulars	Current Year	Previous Year
Fees Income	201.95	252.44
Other charges recovered	56.74	80.22
<b>Total</b>	<b>258.69</b>	<b>332.66</b>

## 26. NET GAIN ON FAIR VALUE CHANGES

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 27. FINANCE COSTS

(₹ in crores)

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

## 28. IMPAIRMENT ON FINANCIAL INSTRUMENT

(₹ in crores)

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

## 29. EMPLOYEE BENEFITS EXPENSES

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 30. OTHER EXPENSES

(₹ in crores)

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

### Note 30.1 Corporate Social Responsibility expense (CSR)

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

(₹ in crores)

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

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

### Note: 30.2 Auditor's fees and expenses

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 31. INCOME TAXES

The components of income tax expense are:

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

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

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

## 32. EARNING PER SHARE

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

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

### 33. ASSETS HELD FOR SALE

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

### 34. DISCLOSURE REQUIRED BY NATIONAL HOUSING BANK

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

#### Note 34.1: Capital to Risk Assets Ratio (CRAR)

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Note 34.3: Investments

(₹ in crores)

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

## Note 34.4: Derivatives

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

(₹ in crores)

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

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

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

iii) Disclosure on Risk Exposure in Derivatives

### A. Qualitative Disclosure

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



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

## B. Quantitative Disclosure

(₹ in crores)

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

### Note 34.5: Assignment / Securitisation

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

(₹ in crores)

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

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

### Note 34.6: Asset Liability Management

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

As at March 31, 2019

(₹ in crores)

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

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

As at March 31, 2018

(₹ in crores)

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

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

## Note 34.7: Exposure:

i) Exposure to Real Estate Sector

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

- ii) As on March 31, 2019, the Company does not have any exposure to Capital Market (Previous year ₹ Nil).
- iii) As on March 31, 2019, the Company has not financed any product of the parent Company (Previous year ₹ Nil).
- iv) As on March 31, 2019, the Company has not exceeded the prudential exposure limit prescribed by National Housing Bank for single borrower or group borrower (Previous year ₹ Nil).
- (v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

#### Note 34.8: Registration obtained from financial sector regulators

From NHB : vide registration number 01.0018.01

Ministry of Corporate Affairs : L65922DL1988PLC033856

#### Note 34.9: Disclosure of Penalties imposed by National Housing Bank and other regulators:

During the financial year ended March 31, 2019:

- i) NHB has carried out inspection for FY 2017-18 and has not reported any adverse comment having material impact on the financials.
- ii) Company has not been imposed any penalty by National Housing Bank and other regulators.
- v) As on March 31, 2019, the Company has not given any unsecured advances (Previous year ₹ Nil).

#### Note 34.10: Related Party Transactions

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Transactions with Related Parties

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

(₹ in crores)

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

<sup>§</sup> 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.

<sup>#</sup> Excluding perquisites on exercise of stock options during the year.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(₹ in crores)

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

<sup>#</sup>Excluding running current / overdraft account balances.

<sup>##</sup>Including mark to market adjustment.

The policy on dealing with Related Party Transactions is available on our website [www.pnbhousing.com](http://www.pnbhousing.com)

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

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Note 34.14: Provisions and Contingencies:

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

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

## Note 34.15: Break-up of Loan & Advances and Provisions thereon:

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Note 34.16: Concentration of Public Deposits

(₹ in crores)

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

## Note 34.17: Concentration of Loans & Advances

(₹ in crores)

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

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

(₹ in crores)

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

## Note 34.19: Concentration of NPAs

(₹ in crores)

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

## Note 34.20: Sector-wise NPAs

Percentage of NPAs to  
Total Advances in that sector

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

\* It is from two accounts of retail loans.



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Note 34.21: Movement of NPAs

(₹ in crores)

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

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

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

## Note 34.24: Disclosure of Complaints

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

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

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

(₹ in crores)

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

**Note 34.26:** Deposit includes Public Deposits as defined in Paragraph 2(1)(y) of the Housing Finance Companies (NHB) Directions, 2010, are secured by floating charge on the Statutory Liquid Assets maintained in terms of sub-sections (1) & (2) of Section 29B of the National Housing Bank Act, 1987. As on March 31, 2019, the public deposits (including accrued interest) outstanding amounts to ₹12,060.45 crores (Previous year ₹9,363.49 crores).

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

**Note 34.27:** Disclosure given under Note 34.1 to Note 34.26 are based on the erstwhile accounting standard notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies Accounts Rules, 2014 (India GAAP or previous GAAP) with the comparative period data as at end and for the year ended March 31, 2018.

Further, above reported figures / narratives would be different had the same being reported as per Ind AS notified under "Companies (Indian Accounting Standard) Rules, 2015"

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 35. OPERATING LEASE - AS LESSEE

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

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

## 36. SEGMENT REPORTING:

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

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

## 37. CONTINGENT LIABILITIES AND COMMITMENTS

- Contingent liabilities in respect of Income-tax of ₹21.50 crores (Previous year ₹21.37 crores) is disputed and are under appeals. These includes contingent liability of ₹19.54 crores (Previous year ₹20.18 crores) with respect to Income-tax which have been decided by the CIT(A) in Company's favour. However, Income-tax Department has filed appeal with ITAT. The Company expects the demands to be set aside by the appellate authority and hence no additional provision is considered necessary.
- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is ₹20.29 crores (Previous year ₹18.14 crores).
- Claims against the Company not acknowledged as debt is ₹ Nil (Previous year ₹ Nil)
- Letter of comfort issued on behalf of the clients ₹80.25 crores (Previous year ₹15 crores)

## 38. DISCLOSURE IN RESPECT OF EMPLOYEE BENEFITS:

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

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

### Note 38.2: Defined Benefit Plans

#### GRATUITY LIABILITY

#### Change in present value of obligation

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Change in fair value of plan assets\*

(₹ in crores)

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

## Expense recognised in the statement of Profit and Loss

(₹ in crores)

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

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

## Assumptions

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

## Maturity profile of defined benefits obligation

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Sensitivity analysis of the defined benefit obligation\*\*

(₹ in crores)

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

(₹ in crores)

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

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

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

## 39. EXPENDITURE IN FOREIGN CURRENCY:

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

Derivative financial assets subject to offsetting, netting arrangements

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		
<b>Derivative assets</b>	A	B	C = (A + B)	D	E	F = (C + D + E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	1.81	1.81	-	-	-	-	-	-	-
As at March 31, 2018	26.26	26.26	-	-	-	-	-	-	-
As at April 01, 2017	20.16	20.16	-	-	-	-	-	-	-

Derivative financial liabilities subject to offsetting, netting arrangements.

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		
<b>Derivative liabilities</b>	A	B	C = (A + B)	D	E	F = (C + D + E)	G	H = (C + G)	I = (H + D + E)
As at March 31, 2019	(212.61)	1.81	(210.80)	-	-	(210.80)	-	(210.80)	(210.80)
As at March 31, 2018	(64.81)	26.26	(38.55)	-	-	(38.55)	-	(38.55)	(38.55)
As at April 01, 2017	(61.05)	20.16	(40.89)	-	-	(40.89)	-	(40.89)	(40.89)

## 41. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

Particulars	As at April 01, 2017		Cash flows	Exchange difference	Others	As at March 31, 2018	
	Within 12 Months	After 12 Months				Within 12 Months	After 12 Months
Debt securities & subordinated liabilities	14,559.85	-	7,754.00	-	(38.84)	22,275.01	-
Borrowings from bank	6,719.23	-	3,210.50	17.86	3.13	9,950.72	-
Deposits (net)	9,788.04	-	1,540.34	-	11.37	11,339.75	-
Commercial paper	4,253.56	-	6,030.00	-	(72.34)	10,211.22	-

## 42. MATURITY ANALYSIS OF ASSETS AND LIABILITIES

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(₹ in crores)

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



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 43. RISK MANAGEMENT

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

### Note 43.1: Credit Risk

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

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

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

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

### Credit Risk Management

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

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

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

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

#### 1) Established an appropriate credit risk environment

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

#### 2) Ensure sound credit approval process

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

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

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

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

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Note 43.2: Derivative Financial Instruments

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

## Note 43.3: Analysis of risk concentration

### (i) Risk concentrations on loans\*

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

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

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

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

### (ii) Risk concentrations on financial assets other than loans

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Note 43.4: Market Risk

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

### Note 43.4.1 Total market risk exposure

(₹ in crores)

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

### 44.4.2 Interest rate risk

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

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

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 44.4.3 Currency risk

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

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

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

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

## Note 43.5: Liquidity risk and funding management

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

the Company's policy, the liquidity position is assessed under a variety of scenarios. The Company follows both stock and flow approaches to monitor and 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.

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Note 43.5.1: Analysis of financial liabilities by remaining contractual maturities

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

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 44. FAIR VALUE MEASUREMENT

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

### (a) Valuation principles

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

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

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

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

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

### (b) Valuation governance

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

### (c) Assets and liabilities by fair value hierarchy

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(₹ in crores)

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

(₹ in crores)

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

## Valuation methodologies of financial instruments measured at fair value

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

### 1 Mutual funds

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

### 2 Debt securities

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

### 3 Commercial paper / Certificate of deposit

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



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 4 Assets held for sale

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

## 5 Derivative financial instruments

### Interest rate derivatives

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

### Foreign exchange contracts

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

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

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

(₹ in crores)

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

(₹ in crores)

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



# Notes to Standalone Financial Statements

for the year ended March 31, 2019

(₹ in crores)

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

## 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. Loans

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

### 3. Government debt securities

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

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

### 4. Financial liabilities

#### Debt securities and Subordinated liabilities

Debt securities 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.

#### Borrowings other than debt securities and deposits

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## 45. STANDARD ISSUES BUT NOT YET EFFECTIVE

In March 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2019, notifying Ind AS 116, 'Leases'. Ind AS 116 replaces Ind AS 17 'Leases'. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company is under process of assessing the impact of application of Ind AS 116.

## 46. FIRST-TIME ADOPTION OF Ind AS

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

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2019, together with the comparative period data as at and for the year ended March 31, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2017, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2017 and the financial statements as at and for the year ended March 31, 2018.

### Exemptions applied

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

### a) Mandatory exemptions

#### (i) Use of Estimates

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

- Fair valuation of financial instruments carried at FVTPL and FVOCI
- Impairment of financial assets based on Expected Credit Loss (ECL) model
- Determination of discounted value for financial instruments carried at amortised cost

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

#### (ii) Classification and measurement of financial assets

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

#### (iii) Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognised and compared that to the credit risk as at April 1, 2017.

#### (iv) Derecognition of financial assets and liabilities

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

### (b) Optional exemptions

#### (i) Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its PPE, Intangible assets and Investment Properties as recognised in its Indian GAAP financial as deemed cost at the transition date.

#### (ii) Arrangements containing a lease:

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Equity Reconciliation as on April 01, 2017

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Equity Reconciliation as on March 31, 2018

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

## Profit Reconciliation for the year ended March 31, 2018

(₹ in crores)

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

## 1. EIR on loans and borrowings

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

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

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

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

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

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

## 2. Expected Credit Loss on loans

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

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

Impairment on financial instruments for the year ended March 31, 2018 have increased by ₹93.22 crores and on the date of transition (i.e April 01, 2017) decreased by ₹86.18 crores.

## 3. Gain on derecognition of loans (assignment of loans)

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

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

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

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

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

## 4. Investments

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

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

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

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

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

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

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

# Notes to Standalone Financial Statements

for the year ended March 31, 2019

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

## 5. Defined benefit obligations

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

## 6. Share-based payments

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

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

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

## 7. Derivative Instruments (forward contracts / currency swaps / interest rate swaps)

Under Indian GAAP, exchange differences arising on principal only swaps are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes.

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

## 8. Other comprehensive income

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

## 9. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period.

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

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

## 10. Reclassification of provision of standard / non-performing assets (NPA)

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