Independent Auditor's Report

To the Members of Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'; and

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial position- Refer note 29 of the financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contracts for which there were any material foreseeable losses– Refer Note 28 to the financial statements;

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

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. However, amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

Sd/-
Anant Marwah
Partner
Membership No: 510549

Place: Gurugram
Date: 30 May 2018

Annexure A to the Independent Auditor's Report of even date on the financial statements of Shubham Housing Development Finance Company Limited (*formerly known as Shubham Housing Development Finance Company Private Limited)*

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

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

(c) According to the information and explanations given to us and on the basis of our examination of books of accounts, no immovable properties are owned by the Company. Hence, the provisions of paragraph 3(i) (c) of the Order is not applicable.

ii. The Company is a housing finance company, engaged in the business of providing loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.

iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.

iv. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not undertaken any transactions in respect of loans, guarantees and securities covered under section 185 of the Companies Act, 2013. The Company has not made any investment as referred in section 186(1) of the Act, other requirements relating to section 186 of the Act do not apply to the Company.

v. According to the information and explanations given to us, the Company has not accepted any deposits covered under of Section 73 to 76 of the Act.

vi. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the business activities carried out by the Company.

vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues of Provident Fund, Employees' State Insurance, Income-tax, Service tax, Goods and Service tax, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there have been slight delays in deposit of Withholding tax and Goods and Service tax. As explained to us, the provisions of Sales-tax, Duty of Customs, Duty of Excise and Value added tax are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service tax, Goods and Service tax, Cess and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues in respect of Income-tax, Goods and Service tax and Service tax which have not been deposited with the appropriate authorities on account of any dispute. As mentioned above, the Company did not have any dues on account of Sales-tax, Duty of Customs, Duty of Excise and Value added tax during the year.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks, financial institutions and debenture holders during the year. The Company did not have any outstanding dues to Government during the year.

ix. In our opinion and according to the information and explanations given to us, the term loans obtained and money raised through debt instruments during the year were applied for the purpose for which they were raised. Also, the Company did not raise any money by way of initial public offer or further public offer.

x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi. According to the information and explanations given to us, the managerial remuneration has been paid/ provided in accordance with the provisions of section 197 read with Schedule V of the Act.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company, hence paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, there are no transactions with the related parties which are not in compliance with Section 177 and 188 of the Companies Act, 2013 and the details have been disclosed in the financial statements, as required, by the applicable accounting standards.

xiv. According to the information and explanations given to us, the Company has made private placement of Compulsory Convertible Preference shares during the year. As informed, the Company has complied with requirement of Section 42 of the Companies Act, 2013. Further, we have been informed that amount raised have been partly used for purpose for which funds have been raised and balance surplus funds have been placed in fixed deposit. Further, according to the information and explanation given to us the Company has not made any preferential allotment of shares or fully or partly convertible debentures during the year.

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

xvi. The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934, and accordingly, paragraph 3(xvi) of the Order is not applicable.

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration No.: 116231W /W-100024

Sd/-

Anant Marwah
Partner
Membership No.: 510549

Place: Gurugram
Date: 30 May 2018

Annexure B to the Independent Auditor's Report of even date on the financial statements of Shubham Housing Development Finance Company Limited (*formerly known as Shubham Housing Development Finance Company Private Limited)*

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

We have audited the internal financial controls with reference to the financial statements of the Shubham Housing Development Finance Company Limited *(formerly known as Shubham Housing Development Finance Company Private Limited)* ('the Company') as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' responsibility

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

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

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

Meaning of Internal Financial Controls with reference to the Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to the Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to the financial statements and such internal financial controls with reference to the financial statements were operating effectively as at 31 March 2018, based on the internal financial controls with reference to the financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **B S R & Associates LLP**
Chartered Accountants
Firm's Registration No: 116231W/W-100024

Sd/-
Anant Marwah
Partner
Membership No: 510549

Place: Gurugram
Date: 30 May 2018

shubham
Housing Development Finance Company

DIRECTORS' REPORT

The Members,
Shubham Housing Development Finance Company Limited
D-305, Ground Floor, Sarvodaya Enclave,
New Delhi - 110017

Your Directors have pleasure in presenting their report for the year ended on 31st March 2018.

1. FINANCIAL RESULTS:

A brief summary of the audited financials of the Company for the year ended March 31, 2018 is as follows:

(Figures in Rs. Crores)

Particulars	**Year ended 31st March 2018**	**Year ended 31st March 2017**
Revenue from Operations	169.96	137.03
Other Income	6.01	4.52
Total Income	**175.97**	**141.55**
Profit before Depreciation	6.69	2.30
Less: Depreciation	1.83	1.55
Profit after depreciation	4.86	0.75
Provision for Tax including Deferred Tax	0.34	0.34
MAT credit entitlement	-	0.15
Total Tax Expense	0.34	0.19
Profit after Tax	4.51	0.56

2. STATE OF COMPANY'S AFFAIRS:

The Company is happy to inform you that it continues to be profitable for the sixth consecutive year despite headwinds in the form of various economic initiatives and reforms. For the FY 2017-18, PAT is Rs. 4.51 crores, after providing Rs. 0.34 crores for tax (as compared to PAT of Rs. 0.56 crores after providing Rs. 0.19 crores for tax for the previous year).

Reserves and Surplus as at March 31, 2018 stood at Rs. 409.25 crores (as against Rs. 175.33 crores as at March 31, 2017).

3. DIVIDEND:

Your Directors do not recommend any dividend for the year ended March 31, 2018.

4. MATERIAL CHANGES AND COMMITMENTS:

No material changes and commitments occurred between the end of financial year of the Company to which the financial statements relate and the date of this report, which may have any adverse effect on the financial position of your Company.

5. **TRANSFER TO RESERVES:**

During the year under review, your Company has transferred an amount of Rs. 0.90 crores to special reserve in accordance with the regulations as prescribed by National Housing Bank (NHB) in this regard.

6. **NON-CONVERTIBLE DEBENTURES:**

Your Company raised funds of Rs. 25 crores through issue of non-convertible debentures (NCDs) on private placement basis during the year under review. Your Company has total outstanding NCDs amounting to Rs. 120 crores, of which NCDs amounting to Rs. 100 crores are listed on Debt Segment of Bombay Stock Exchange as on March 31, 2018. NCDs amounting to Rs. 95 crores are rated "ICRA BBB +" and NCDs amounting to Rs. 25 crores are rated "CRISIL BBB+" with Positive Outlook.

7. **DEPOSITS:**

Your Company did not accept any deposit(s) pursuant to Section 73 of the Companies Act, 2013 ("the Act") and Companies (Acceptance of Deposits) Rules, 2013 during the period under review, nor there are any outstanding balances of Deposits as on March 31, 2018.

8. **SHARE CAPITAL:**

Authorized Share Capital

During the financial year under review, pursuant to the approval of the Members of the Company on August 21, 2017, the Authorized share capital was increased. As at March 31, 2018 the Authorized Share Capital stood at Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lakh only) which is divided into -

(i) 2500,000 (Twenty-Five Lakh only) equity shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 2,50,00,000 (Rupees Two Crores Fifty Lakh only); and

(ii) (ii) 5000,000 (Fifty Lakh only) Compulsory Convertible preference shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 5,00,00,000/- (Rupees Five Crores only).

The Authorized share capital of the Company as at March 31, 2017 stood at Rs. 6,00,00,000/- (Rupees Six Crores only) which is divided into –

(i) 2000,000 (Twenty Lakh only) equity shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 2,00,00,000 (Rupees Two Crores only); and

(ii) (ii) 4000,000 (Forty Lakh only) Compulsory Convertible preference shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 4,00,00,000 (Rupees Four Crore only).

Issued and Paid up Share Capital
Equity
The issued and paid up equity share capital of the company as at March 31, 2018 was Rs. 94,36,900/- (Rupees Ninety-Four Lakh Thirty-Six Thousand Nine Hundred only) divided into 943,690 (Nine Lakh Forty-Three Thousand Six Hundred Ninety Only) equity shares of Rs. 10/- each. No equity shares were issued by the company, during the financial year 2017-18.

Preference Shares
During the financial year under review, the members of the company on September 22, 2017 approved the issuance of the Compulsorily Convertible Preference Shares amounting to Rs. 235,00,00,052.89/- (including the premium amount of Rs. 232,98,52,762.89/-) by way of Special resolution.

9. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review, there is a change in the composition of Board of the Company. Composition of Board and the meetings of Board held during the year with attendance by the Directors etc., have been discussed in Corporate Governance Report.

Your Company had appointed Mr. Shashank Jain as Chief Financial Officer (CFO) since November 6, 2015 and Ms. Neeta Kamra as Company Secretary (CS) since September 03, 2012.

Re-appointment of Retiring Directors
In pursuance to provisions of Section 152 of the Act, Mr. Sandeep Marian Farias and Mr. Rahul Chandra shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment. Their brief resumes have been given in Corporate Governance Report. The Board recommends their re-appointment.

Appointment
Mr. Rahul Garg was appointed as Investor Nominee Director on the Board of the Company w.e.f. 24th January 2018 by PI Opportunities Fund I, a new investor in the Company in Series “D”.

Cessation
Mr. Ashit Ranjit Lilani resigned from the Board of the Company with effect from 24th January 2018. He was appointed as Investor Nominee Director jointly by Accion & Saama, investors in the Company. They sold their entire stake in the Company to PI Opportunities Fund I in Series “D”. Hence, this resignation.

Mr. Ajay Oak ceased to be the Director of the company with effect from 26th January 2018 due to the death.

Annual Declaration from Independent Directors:

Your Company has received the Declaration of Independence, as required pursuant to Section 149(7) of the Act, from its Independent Directors stating that they meet the criteria of Independence as laid down in Section 149(6).

10. DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance to the provisions of Section 134 (3)(c) of the Companies Act, 2013, your Directors confirm that:-

(a) in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures, if any;

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

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

(d) the Directors have prepared the annual accounts on a going concern basis;

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

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In accordance with Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB and other applicable laws, if any, your Directors have prepared Management Discussion and Analysis Report (MDAR) which has been annexed to this report.

12. AUDITORS:

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Associates LLP, Chartered Accountants (FRN 116231 W/W-100024), the Statutory Auditors of the Company, were appointed to hold the office for a term of 5 years from the conclusion of 6th AGM till the conclusion of 11th AGM. Your Company has received confirmation from the Auditors that they are not disqualified to act as the Auditors for financial year 2018-19 in pursuance of provisions of Section 141 of the Act. Necessary resolution for fixation of the remuneration of the Statutory Auditors is included in the Notice of AGM for seeking approval of members. Further, in pursuance of NHB regulations, your company has in place the policy regarding rotation of partner of firm of Statutory Auditors conducting audit of the Company to ensure that same partner does not conduct audit of the Company consecutively for more than a period of three (3) years. The Report of Statutory Auditor on accounts and financial statements for Financial Year 2017-18, is annexed to this Report.

Secretarial Auditors

Your Directors have appointed M/s Naveen Narang & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for Financial Year 2017-18. The Report of Secretarial Auditor for Financial Year 2017-18 is annexed to this Report.

Internal Auditors

Your Directors have appointed M/s S.S. Kothari Mehta & Co., Chartered Accountants, as Internal Auditors of the Company to conduct Internal Audit of the Company for Financial Year 2017-18.

Auditor's qualification/reservation /adverse remark

Neither of the aforesaid auditors have expressed any adverse qualification/ reservation/ remark in their Report for financial year 2017-18 which requires any explanation or comments from the Board. The Notes on financial statements referred to in the Auditors' Report are self- explanatory and do not call for any further comments and explanations.

13. LOAN / GUARANTEE / INVESTMENTS:

Your Company did not undertake any transaction which is in contravention of provisions of Section 186 of the Act during the period under review.

14. CONTRACTS / ARRANGEMENT WITH RELATED PARTIES:

In line with the requirements of the Act and NHB, your Company has formulated a policy of Related Party Transactions which has been uploaded on the Company's website www.shubham.co. All Related Party Transactions that are entered into by the Company are placed before the Audit Committee for review and approval, before approved by Board, as per requirements of Section 188 of the Act. Details of Related Party Transactions entered by the Company along with their justification have been set out in AOC-2 annexed to this Report.

15. PARTICULARS OF EMPLOYEES:

Your Company is complying with the provisions of Section 197(12) of the Companies Act, 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

There was no employee who was in receipt of remuneration of more than Rs. 1.02 crores during the year or Rs. 8.5 lakhs per month during any part of the FY 2017-18.

16. EMPLOYEE STOCK OPTIONS (ESOPs):

In pursuance of Rule 12 of Companies (Share Capital and Debentures) Rules, 2014, your Company gives disclosures of ESOPs hereunder:

Particulars	Employee Stock Options
Options Granted during the year	22,800
Options Vested during the year	5,199
Options Exercised during the year	0
Total number of shares arising out of exercise of options	0
Options lapsed during the year	2600
Exercise Price	10

Variation of Terms of Options	No
Money realized by exercise of options	Nil
Total number of option in force	40,154
Employees wise Details of Options Granted during the year to :-	
(i) Key Managerial Person:	Nil
(ii) Any other employee receiving grant in any one year of option amounting to five percent or more of options granted during that year:	Nil
(iii) Employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil

17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO:

Information in accordance with the provision of Section 134 (3) (m) of the Companies Act, 2013, read with Rule 8 of Companies (Account) Rules 2014 regarding conservation of energy technology absorption and foreign exchange earnings and outgo is as under:

a. Conservation of Energy

Your Company is engaged in mainly providing loans for affordable housing. As the Company has not undertaken manufacturing activity, the disclosure under the applicable rules is not required to be provided. However, your Company has generally taken all reasonable efforts to conserve energy.

b. Technology Absorption

The Company has not imported any technology. Hence, the requirement of technology absorption is not applicable.

c. Foreign Exchange Earnings and Outgo

The Foreign Exchange earnings and outgo of the company during the period under review are as follows:

(a) Foreign Exchange Earnings : Rs. Nil
(b) Foreign Exchange Outgo : Rs. Nil

18. CORPORATE SOCIAL RESPONSIBILITY (CSR):

As per the requirement of Section 135 of the Companies Act, 2013, the Company constituted a CSR Committee to monitor CSR activities of the Company. The CSR Policy of the Company may be accessed on the Company's website www.shubham.co. Further, a detailed report on the CSR activities along with the composition of CSR Committee and brief outline on CSR Policy has been annexed to this Report.

19. VIGIL MECHANISM:

In pursuant to Section 177(9) of the Companies Act, 2013 and Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 your Company has established a vigil mechanism which provides a formal mechanism for all Directors and employees to approach the Vigilance Officer/ Chairperson of the Audit Committee and make protective disclosures about the actual or suspected fraud and other unethical events set out in Vigil Mechanism Policy. Email ids along with other contact details of Vigilance Officer/Chairperson of the Audit Committee are disclosed in Vigil Mechanism Policy available on Company's website www.shubham.co. During the year under review, your Company did not receive any complaints under Vigil Mechanism Policy.

20. EVALUATION

Pursuant to the applicable provisions of the Act, the Board has carried out an annual evaluation of its own performance, performance of its Chairman and performance of individual Directors.

The Recruitment, Compensation and Nomination Committee has defined the evaluation criteria for such performance evaluation.

The Board's functioning was evaluated on various aspects, including inter alia, structure of the Board (including qualifications, experience & competency of Directors and diversity of the Board), Meetings of the Board (including regularity and frequency, agenda, discussion and dissent, recording of minutes and dissemination of information), governance and compliance.

Directors were evaluated on aspects such as professional qualifications, prior experience, especially experience relevant to the affordable housing, knowledge and competency, fulfillment of functions, ability to function as a team, initiative, availability and attendance, commitment, contribution, integrity, independence and guidance/ support to management outside Board/ Committee Meetings.

In addition, the Chairman was also evaluated on key aspects of his role, including effectiveness of leadership and ability to steer meetings, impartiality, his availability/accessibility to other Directors and his effectiveness to bridge gap between the Board and management.

The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole.

The Chairman of the Board provided feedback to the Directors on an individual basis, as appropriate. Significant highlights, learning and action points with respect to the evaluation were presented to the Board.

21. CODE AND POLICIES & COMPLIANCES

Your Company has formulated various Policies and Codes in compliance with provisions of Directions and Guidelines issued by the National Housing Bank (NHB) to ensure high ethical standards in the overall functioning of the organization. The said Policies and Codes are periodically reviewed by the Board of Directors. The key Policies and Codes as approved by the Board of Directors and the respective compliance thereunder are detailed herein below:

Policy on Know Your Customer & Anti Money Laundering Measures
Your Company has a Board approved policy on Know Your Customer (KYC) & Anti Money Laundering Measures (AML) in place and adheres to the said Policy. The said Policy is in line with the NHB Guidelines, as issued from time to time.

Your Company has adhered to the compliance requirements in terms of the said policy including the monitoring and reporting of cash and suspicious transactions. The Company furnishes to Financial Intelligence Unit, India (FIU), in the electronic mode, information of all cash transactions of the value of more than Rupees ten lakh or its equivalent in foreign currency and suspicious transactions whether or not made in cash, in terms of the said Policy. Your Company is registered with FIU. During the financial year under review, KYC & AML Policy was revised from time to time to align the same with the circulars issued by the National Housing Bank.

Fair Practice Code
Your Company has in place a Fair Practice Code (FPC), which includes practices to be followed by staff while dealing with the customers approaching for obtaining a loan and for transactions with customers after the loan has been granted/disbursed. The FPC captures the spirit of the National Housing Bank guidelines on fair practices for Housing Finance Companies. Your Company and its employees duly comply with the provisions of FPC.

Policy on Fit and Proper Criteria for the Directors
Your Company has formulated and adopted a Policy on Fit and Proper Criteria for the Directors, in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 which inter-alia, lays down the fit and proper criteria of the Directors at the time for their appointment/ reappointment and on a continuing basis.

Internal Guidelines on Corporate Governance
Your Company has formulated and adopted the Internal Guidelines on Corporate Governance in accordance with Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, which inter-alia, defines the responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company.

Related Party Transaction Policy
Your Company has in place Related Party Transaction Policy which describes the related party transactions requiring requisite approvals and requirements of appropriate reporting and disclosure of transactions between the Company and its related parties. The said policy also defines the materiality of related party transactions and lays down the procedures of dealing with such transactions.

Pursuant to Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the Related Party Transaction Policy of the Company forms part of this Board's report under the Corporate Governance Section.

22. NOMINATION AND REMUNERATION POLICY:

The Company follows a policy on remuneration of Directors, Key Managerial Personnel and Senior Management Employees. The Policy includes manner of appointment of Directors, Key Managerial Personnel and Senior Management Employees and criteria for determining qualifications, positive attributes and independence of a director and other matters. The policy is approved by the Recruitment Compensation and Nomination Committee and the Board. Policy on remuneration to directors and key managerial personnel and their appointment is in the Corporate Governance Report annexed to this Report. Full contents of Policy are available on Company's website www.shubham.co.

23. CUSTOMER COMPLAINTS:

In accordance with the NHB Directions, the details of the customer complaints are stated hereunder:

Sr. No.	Particulars	Current Year ended March 31, 2018	Previous Year ended March 31, 2017
1	No. of complaints pending at the beginning of the year.	0	0
2	No. of Complaints received during the year.	17	4
3	No. of Complaints redressed during the year	17	4
4	No. of complaints pending at the end of the year.	0	0

24. EXTRACT OF ANNUAL RETURN:

The extract of Annual return in prescribed Form MGT-9 has been annexed to this report.

25. CORPORATE GOVERNANCE

A detailed Corporate Governance Report has been annexed to this Report.

26. GENERAL:

- Your Company has established connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid.
- Your Company does not have any Subsidiary, Joint Venture or Associate Companies as on March 31, 2018.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- Your Company continues to comply with the guidelines issued by NHB regarding, inter-alia, accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, Know Your Customer (KYC) guidelines and Anti Money Laundering (AML) standards, fair practices code and real estate and capital market exposures. The details of compliances are outlined in the MDAR annexed to this Report.
- The Government of India has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have

a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. Accordingly, your Company is registered with CERSAI and has been submitting data in respect of its loans.

- Your Company has taken “Green Initiative” and accordingly has been sending Annual Report/Notice of AGM in electronic mode to those Shareholders whose email ids are registered with the Company and /or the Depository Participants.

27. APPRECIATION:

Your Directors thank our customers, auditors, vendors, dealers, investors, business associates and bankers for their continued support during the year. We place on record our appreciation of the contribution made by employees at all levels. The Company’s resilience to meet challenges was made possible by their hard work, solidarity, co-operation and support.

We thank the National Housing Bank, Government of India and the State Governments where we have operations and other government agencies for their support and look forward to their continued support in the future.

For and on behalf of the Board of
Shubham Housing Development Finance Company Limited

Sd/-	Sd/-
Sanjay Chaturvedi	**Rahul Garg**
Director	**Director**
DIN: 01636432	DIN: 06939695
D-305, Ground Floor,	A-503 UKN Esperanza Tubarahalli,
Sarvodaya Enclave,	Varthur Road, Whitefield,
New Delhi-110017	Bangalore 560066

Place: Gurugram
Date: 30.05.2018

ANNEXURE TO THE DIRECTORS' REPORT
MANAGEMENT DISCUSION AND ANALYSIS REPORT

1. INDUSTRY OVERVIEW

The Indian economy in FY 2017-18, on a macro-economic level, stayed fairly robust and stable. India was one of the faster growing economies in the world, with a currency that performed better than most other emerging markets. There was a significant upturn in commodity prices after a year of deflation. Consumer spending remained subdued during the early part of the year impacted by two years of drought. Coupled with the Government's focus on digitization and the thrust on housing as a sector to revive the economy, the long-term outlook looks positive.

As a result of the various initiatives both in terms of economic reforms and effective implementation of the various social schemes, the Indian economy has performed well during the year 2017-18 as compared to other countries. The World Bank expects Indian economic growth rate to be 7.2% during the financial year 2017-18. However, the International Monetary Fund expects the Indian economy to grow at 7.4% during this year.

India has a diversified financial sector, undergoing rapid expansion, both in terms of strong growth of existing financial service firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, housing finance companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector.

The Indian Housing Finance Industry is growing at a significant pace. Mortgage lending is a strong driver of growth for both housing demand and construction of houses in the country.

INITIATIVES BY THE GOVERNMENT

Government led initiatives, especially in social sector, during the year have inducted substantial positivity and ease of doing the business in the sectors especially when viewed with a long-term perspective of growth and development.

On the housing finance front, the government continued to offer support under the Pradhan Mantri Awas Yojana (PMAY), with an objective to accelerate demand and improve the credit offtake in housing particularly in affordable housing segment. The slew of budgetary announcements aimed at Affordable Housing sector and particularly the infrastructure status for developers operating in the Affordable Housing space, are likely to improve the supply of additional affordable housing stock whereas the Credit Linked Subsidy Scheme (CLSS) is likely to push the demand for such houses particularly with EWS/LIG/MIG segments.

Under the Pradhan Mantri Awas Yojana, Rs 23,000 crore (US$ 3.4 billion) is allocated for 2017-18 to complete 10 million houses by 2019 for the houseless and those living in kutcha houses. Further, the National Housing Bank (NHB) refinance individual housing loans of about Rs 20,000 crore (US$ 2.9 billion) in 2017-18. Government of India's Credit Linked Subsidy Scheme (CLSS) for Economically Weaker Section (EWS) / Lower Income Group (LIG) segments was extended in the second phase to cover Middle Income Group (MIG) segment households with annual income of upto Rs. 18 lacs p.a. Such a directed initiative / step would act as a catalyst for the Real Estate sector and is likely to improve the supply of housing and also accelerate demand for housing in the country.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

India's financial services sector has grown from strength to strength, built on prudential lending practices, robust regulatory environment and sound technology base, and has ably met the aspirations of the vast population and enabled economic activities. While commercial banking stays at the forefront of the financial system, the growing pie of financial services is divided across specialised players extending customised services to different customer segments. The competitive landscape of financial services sector has witnessed rapid growth in the last couple of decades. This movement is taking place on the back of market forces enabling inclusive growth, meeting sectorial thrust, leveraging policy initiatives and the ability to attract cost effective financial resources.

From the point of significance of presence and performance, Non-Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs) continue to make a major impact on the lending side both in consumer/retail lending and commercial/business lending.

The housing finance market has continued to report robust growth. India's housing finance sector is an important contributor to the entire economy. It contributes about 11% in India's GDP by 2020 and is perceived as the third most impactful industry in India in terms of its multiplier effects on other industries. The Housing Finance sector directly and indirectly impacts over 250 ancillary industries, comprising of cement, steel, transport, construction, paint, brick, building materials, consumer durables and so on.

The fact that there is shortage of housing in India is not in contention. Clearly, despite a considerable increase in the housing stock, it is the supply of affordable housing that is the biggest challenge in India's urbanization. The types of housing are broadly classified into Economically Weaker Section (EWS), Low Income Group (LIG), Middle Income Group (MIG) and High-Income Group (HIG). As land and housing are state subjects the classification of income group also varies from state to state. None the less, the EWS and LIG category together accounts for 68% of the housing shortfall in urban India. In view of the affordable housing gap in terms of annual income of EWS/LIG and the cost of the house, there appears to be increased dependence by EWS/LIG households on either capital or interest subvention from the budgetary allocations of the Government/s, as a means of bridging the ever-increasing affordable housing gap. During the FY 2017-18, the Government's initiatives along with fiscal concessions, has resulted in bridging the affordable housing gap as a result, the credit outflow to this segment (EWS/LIG) witnessed significant increases. Under CLSS scheme, home loan EMIs could reduce by up to 45% for the economically weaker section and the low-income group. Similarly, the share of new pure palyers in the overall affordable housing se has also witnessed increases to 20% as on 31st March 2018 as compared to 15% as on 31st March 2017. This "Housing for All by 2022" Scheme provided a much-needed impetus on the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership.

It is expected that with continuation of such measures, the housing shortage in India for EWS/LIG segment will witness significant decline in coming few years.

Other Key growth drivers for the Housing Finance Industry

India's Housing along with Housing Finance Sector has strong growth potential and the key factors that will primarily drive the demand are discussed below:

Housing demand tracks population growth

Housing demand is primarily a function of population growth. Between 2011 and 2021, India's population is projected to increase approximately 10%-12% to 1.3-1.4 billion. Such an event will see housing demand touch 283-287 million. During 2001 to 2011, the population grew nearly 18% to about 1.21 billion, and comprised about 246.7 million households. Demand for individual home loans went up despite high residential prices in major cities as consumer optimism increased after the 2014 Lok Sabha elections. Higher transaction volumes in Tier-II and Tier-III (non-metro cities), growth in disposable income and fiscal incentives on housing loans, along with more options in the affordable housing segment aided a robust off-take.

As migration continues the share of urban population in the urban-rural mix, which stood at about 31% in 2011, is expected to expand to nearly 35%-37% by 2020.

3. OPPORTUNITIES AND THREATS

The major opportunities in the HFC sector comprise the following:

- Growing urbanisation and rising incomes, along with rising aspirations for a better quality of life has catalysed demand for housing;
- Enhanced penetration into Tier-II and Tier-III cities, product-process innovation and regulatory framework giving thrust to supply side;
- Over 470 mn people will reside in Indian cities in 2020, up from 420 mn in 2015
- By 2020, India may be the world's youngest nation, with a median age of 29 years, compared with a median age of 37 years in China during the period;
- HFCs can provide credit to low-income customers which has emerged as a key component of the Indian economy
- Social mega trends like nuclearization of families, double-income families because of growing economic empowerment of women and focus on property buying as an additional investment proposition;
- Sustained economic growth and contained property prices has increased affordability index positively.
- A large proportion of India's working population comprises aspirational youth with a penchant for own house backed by adequate purchasing power.
- Government initiatives to drive affordable housing with a well-articulated Vision under 'Housing for All', is a major growth driver for the industry.
- The introduction of MCLR (marginal cost of funds-based lending rate) by banks along with the systematic softening of interest rates could lower borrowing costs for HFCs effective April 2016 onwards.

Key Challenges for HFCs

Despite the bouquet of opportunities available with housing finance companies, there are few challenges that may be faced by them, the key ones comprise:

- Availability of long-term bulk finance at competitive rates;
- Low absorption of debt market and interest rate risk associated with long-term lending;
- Investment in technology and maintaining a cost-effective delivery model in customer acquisition – particularly in the Lower Middle Income (LMI) segment;

- Setting up of single-window clearance mechanism for affordable housing projects facilitating completion of affordable housing projects in a time bound manner.;
- From a demand-for-home-loan point of view, promoting the supply of affordable home construction through appropriate public private partnerships is the need of the hour;
- The legal process for enforcement of mortgaged securities, land records and registration of documents continue to pose hurdles in the rapid growth of mortgage finance industry

Threats for HFCs

The primary threat to housing finance companies stems from economic downturn and a slowdown in employment or income opportunities. Infrastructure bottlenecks that could slow down progression of urbanisation in newer centres is a close secondary.

Adverse developments in the real estate sector like causing delays and defaults in project completion – may cause a setback to new and existing loans. Similarly, the rising cost of houses acts as a barrier to end-user affordability and demand resistance may trigger inventory build-up and an overall slowdown in the housing sector which in turn will have negative impact on the housing finance companies.

Increasing business-origination costs, coupled with easier option of balance transfer and lower lending yields could impact the profitability indicators of HFCs. For past few years Banks has increased focus on retail loans such as housing given the asset quality related challenges in their corporate loan books and their ability to offer loan at relatively competitive interest rates may lead to higher balance transfers from HFCs to Banks.

Further, over the past few years, affordable housing finance companies proactively catered to the needs of the under-banked in the rural and suburban areas and in the process, developed a keen understanding of the needs and aspiration of these segments. Housing finance companies also gained sizeable ground during the year, thanks to rising incomes and large-scale urbanisation. This generated interest even among large corporations to enter and make the most of the low-cost housing opportunity, leading to intensification of competition which may drive housing finance companies to relax certain lending norms and take higher risk on their book. This could be in the form of lower loss to value ratio, higher eligibility ratio extended to the borrowers or structuring of new products to give higher loan entitlement. This may lead to asset quality related challenges in loan books of HFCs.

4. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

Your Company continues to develop bespoke products that cater to all segments with a focus on the lower and middle income (LMI) segment in various geographical territories of India. Moreover, your Company has recently created separate business verticals for housing loans and non-housing loans to allow each vertical to focus on its core business and use its expertise in underwriting loans. The high level of customer service, business ethics, and values in dealing with customers and the corporate governance principles have significantly contributed towards making your Company a leading financial services provider.

Your Company believes that its experience shows its ability to identify opportunities in housing finance demand, particularly in the LMI segment; and to meet such demand with bespoke products to suit the customers' changing needs. Your Company's existence over the years and its experience has established strong customer awareness of and loyalty to its brand and contributed to new and repeat business through word-of-mouth marketing. Your Company has effectively established a uniform brand identity across a broad spectrum of consumer touch points, from corporate stationary to outdoor advertising.

Your Company believes that its focus on, and experience working with the LMI segment provides it with a significant competitive advantage in the market and it expects to continue to grow; and align itself with the expected general economic and population growth trends and the government's focus on improving the economic standard of this population segment.

Your Company focuses primarily on the first time buyers & end users; more than 70% of its customer base comprises of individuals from salaried class with stable source of income. Your Company expects a moderate growth in the coming financial years through appropriate strategy directed at the following opportunities and requirements:

- Focus on affordable housing with more reasonable pricing.
- In project lending, focus on local and mid-size developers and sole lending to ensure these projects would not face cash crunch during construction phase. Exposure to be restricted to projects which have started construction and launched sales process

Your Company uses a variety of funding sources to optimise funding costs, protect interest margins and maintain a diverse funding portfolio. This enables it to further achieve funding stability and liquidity, leading to a reduction in average borrowing costs. Besides, your Company has initiated a technology transformation programme in association with leading IT service providers which will help it to integrate with best practices in a technology driven environment, coupled with requirements to support its growth, improve operational efficiency and optimise costs through enhanced technology leverage.

FUNDING SOURCES

Your Company strives to maintain diverse source of funding to reduce its borrowing costs, maintain adequate interest margins and achieve its liquidity goals. Your Company has successfully diversified its liability portfolio with an array of different institutional units for lines of credit, including banks. During the financial year 2017-18, the Company has also raised significant amount of funds through one issue of Non-Convertible Debentures (NCDs) through Private Placement from a distinguished domestic investor, which reinforces the Company's financial and operational strengths.

The Company's consistent focus is to reduce the cost of funds. Over the preceding three years, your Company has substantially reduced the borrowing cost from banks and financial institutions. During financial year 2017-18, your Company made further progress in reducing the cost of funds by diversifying its sources of funds, through increasing the market borrowings by leveraging on upgradation in ratings.

5. OUTLOOK

India is powering ahead as the worlds' fastest growing major economy and is urbanizing at a rapid pace. Urban clusters are driving this growth and purchasing power is increasing beyond the metros, particularly in Tier II/III cities, thereby resulted in demand for affordable housing. Recent recession in real estate industry resulted in correction in prices of housing units which acted as a boon for those who wanted to purchase houses but could not due to the steep property prices. All these events have created euphoria amongst customers of affordable houses and HFCs providing finance to these customers. Thus, affordable housing is getting a lot of focus in today's market and small and affordable housing is finding favour with most households as well as major realty players. Developers have realised that the bulk of the demand lies in this segment and are increasingly turning their attention to units that are affordable.

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving it due recognition. The agenda of 'Housing for all' is a key component of the government's strategy for making Indian cities inclusive and productive. While rapid urbanisation and growing cities provide various opportunities, there is fallout in terms of proliferation of slums, high land prices and building materials, which render houses unaffordable for those at the bottom of the pyramid. The technical committee, constituted by the Ministry of Housing and Urban Poverty Alleviation, has estimated housing shortage at 18.78 million units during the 12th Five Year Plan period; of which over 95% is estimated in the Economically Weaker Sections (EWS) and Low-Income Group (LIG) categories.

This recent drive of Government of India, i.e., 'Housing for All by 2022', is expected to widen the opportunity landscape for housing financing companies. It will help create an enabling and supportive environment for expanding credit flow and increasing home ownership.

Following Initiatives taken by Government in affordable housing sector in Union Budget 2018-19: -

- Rs. 41,765 Crores allocated for MOHUA for 2018-19 – An increase of Nearly 3% Over Last Year's Budget.

- PMAY-Urban gets Rs. 6,500 Crores during 2018-19 – Additional Budgetary Resources of Rs. 25,000 Crores to be raised outside general budget-Effective Enhancement of 520% Over Previous Year - Coverage In 4320 Cities – 37.45 Lakh Units in 7474 Projects with an Investment of Rs.2,03,752 Crores.

- Scope of the Credit Linked Subsidy Scheme (CLSS) for EWS/LIG has been expanded to include Middle-Income Group (MIG) w.e.f 01.01.2017 covering two income categories between Rs. 6 lakh and Rs 12 lakh (MIG-I) and between Rs. 12 lakh and Rs. 18 lakh (MIG-II) household income. For MIG-I, an interest subsidy of 4% for loan amounts up to Rs 9 lakh and for MIG-II, an interest subsidy of 3% for loan amounts up to Rs. 12 lakh is available to eligible persons/households. Carpet area of 90 square metre to "up to 120 square metre" in respect of MIG I and, in respect of MIG II from 110 square metre to "up to 150 square metre".

- Central Government has also increased the coverage under PMAY(Urban) to include areas falling within notified Planning/Development area under the jurisdiction of an Industrial Development Authority/Special Area Development Authority / Urban Development Authority or any such Authority under State legislation which is entrusted with the functions of urban planning and regulations.

- The GST council had recently announced a lowering of GST rate from 12% to 8% (after deducting one third of the amount charged for the house towards cost of land) for the houses constructed or acquired under the CLSS vertical of PMAY-Urban covering EWS, LIG, MIG I and MIG II and has been in effect from January 25, 2018

- A dedicated affordable housing fund under the National Housing Bank will be put in place to facilitate the Pradhan Mantri Awas Yojana mission. Around one crore houses will be constructed in the rural areas.

This recent drive of Government of India is expected to widen the opportunity landscape for housing financing companies in affordable segment, which is the core business of your Company.

Your Company continues to view its markets, marketing, and investment plans through the broad lens of addressing the needs of new India that is emerging beyond the metros.

Your Company envisages good growth on the horizon too as the sectors that it caters to are not only large but growing; and are still reasonably under penetrated from the perspective of financing. Your Company expects AUM growth to remain in line with the industry average as continuous innovations in terms of product space, leveraging technology and changing consumer behaviour and demographics have opened up new horizons for its growth.

Your Company's experience, strong presence coupled with broad-base resource raising capabilities, aided by BBB Positive credit rating from ICRA and Brickwork makes it well positioned to leverage the emerging market opportunities while at the same time contributing to India's socio-economic wellbeing.

6. RISK AND CONCERNS

As a lending entity, your Company is exposed to various risks such as credit risk, market risk, liquidity risk, legal risks, interest rate risk, and operational risk. Your Company emphasises on risk management practices to ensure an appropriate balance between risks and returns. Your Company has put in place a comprehensive risk management policy to identify, assess and monitor various risks.

Risk management is driven by the Board with the overall responsibility of risk management assigned to the Risk Management Committee of the Board of Directors. At the operational level, the Company has set up an independent risk management function that is led by Director-Risk, Operations & Technology.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company conducts its business with integrity and high standards of ethical behaviour and in compliance with the laws and regulations that govern its business. Your Company follows a risk based approach for evaluating its operations. Your Company has a well-established framework of internal controls in operation, supported by standard operating procedures, policies and guidelines, including suitable monitoring procedures and self-assessment exercises. In addition to the external statutory audit, the financial and operating controls of your company are reviewed quarterly by Internal Auditors, to report significant findings to the Audit Committee of the Board. In addition, your Company has created Risks Control Unit (RCU) at Head office and branches to mitigate business risks of the Company.

As required by the Companies Act, 2013, your Company has implemented an Internal Financial (IFC) Framework. Section 134(5)(e) requires the Directors to make an assertion in the Directors' Responsibility Statement that your company has laid down internal financial controls, which are in existence, adequately designed and operate effectively. Under Section 177(4) (vii), the Audit Committee reviews the adequacy and effectiveness of implementation of internal financial controls.

The purpose of the IFC is to ensure that policies and procedures adopted by your Company for ensuring the orderly and efficient conduct of its business are implemented, including policies for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The IFC implementation required all processes of your Company to be documented alongside the controls within the process. All processes were satisfactorily tested for both design and effectiveness during the period under review.

Your company has adopted an approach ensuring consistency, quality, transparency and clear accountability of Risk Management and Internal Controls across all business units. In addition, your Company actively tracks all agreed remedial actions and ensures that corrective actions address underlying root causes.

Your Company expects all employees to act transparently, respectfully and with integrity and to put the interests of customers and other stakeholders first at all times. Your Company has formulated Code of Conduct for its Direct Selling agents (DSA), besides providing regular training to its employees to ensure that employees make right decisions and become familiar with the policies and procedures applicable to their areas of operation, avoid conflicts of interest and report all unethical and illegal conduct.

8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCES

Financial Performance

During the year under review, the Company earned an income of Rs. 169.96 crores from its operations (Rs. 137.03 crores during the previous year).

During the year under review, the Company made a profit before tax of Rs. 4.86 Crores (Rs. 0.75 Crores during the previous year).

After providing Rs. 0.34 Crores for tax, net profit is Rs. 4.51 Crores during the year under review (Rs. 0.57 Crores in the previous year after providing Rs. 0.19 Crores for tax).

Reserves and Surplus as at March 31, 2018 for your Company is Rs. 409.25 Crores (Rs. 175.33 in the previous financial year). Your Company has transferred Rs. 0.90 Crores to Special Reserve u/s 29C of National Housing Bank Act.

During the financial year under review, the Members of the Company by way of special resolution approved the issue of Non-Convertible Debentures through Private Placement for Rs. 25 crores.

Your Company has availed of Rs. 54.70 crores from NHB as refinance till the date.

Business Update/Operational Performance

Shubham continues to be one of the fastest growing housing finance companies servicing the low informal segment customers. During FY 2018 the assets under management grew by about 31% over FY 2017. The number of active loans grew by over 22%. The business has witnessed a healthy disbursement momentum of more than Rs 40 crores per month starting Jun-17 and closed the year with all time high monthly disbursement of Rs 52.5 crores.

Portfolio Quality

As a HFC, Company is exposed to credit and liquidity risks along with risks associated with the real estate sector. It has been our endeavour to put in place people, processes and controls to address all the relevant risks to the portfolio. In line with this, the key strategic initiative taken during the year was to centralise the credit underwriting function and perform risk containment checks on all loan applications.

The portfolio originated in the last two years shows significantly lower risk as compared to the historical portfolio. 1+, 30+ and 60+ delinquency has been steadily brought down to levels that are even lower than the delinquency prior to demonetisation.

Company ended the year with a NNPA of 2.92%. The Company continues to follow a provisioning policy which is more conservative than the norms prescribed by NHB.

Asset Liability Management

Company had total borrowing of Rs. 770.43 crores as of March 31, 2018. The Company borrowing is classified in terms of term loans from Banks, borrowings from NBFC's and HFC's as well as money market instruments. The borrowing is well diversified and during the year the Company has been able to reduce its average cost of borrowing by 0.7%. The Company follows a prudent asset liability monitoring norm, in line with the guidelines laid down by NHB. CAR continues to be at comfortable 57.67% for the year ended March 31, 2018

Technology

Company has embarked upon an ambitious journey to be the technology leader among HFC's servicing the informal income borrowers. As part of this journey, the Company has invested in an end-to-end lending platform provided by a leading company in India as well as an ERP platform from a Global major. Further the Company continues to invest in digitizing the entire customer delivery process and has taken major steps in this direction during the year. The Company continues to invest in strengthening its information security protocol to tackle the increasing menace of cyber-attacks.

Customer Service

The Company continues to keep the customer at the centre of all its processes and policies. During the year the Company opened up a toll free leased line for all its customers to reach directly from anywhere in India. This disintermediation has been welcomed by our customers. It has also enabled in faster resolution of their queries and an overall reduction in the number of complaints.

9. <u>MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED</u>

Human resources are most valuable assets of your Company. Your Company is focused on continuously training and upgrading the work skills of its staff across the organization. During the year, new recruits participated in an induction programs conducted by the Company. Other in-house programs were in the areas of mentoring, train the trainer, negotiation skills and other operational related areas.

The Company has developed its own online portal called 'Shubham E Learning', which is an e-learning tool to enable employees to self-learn and upgrade their skills. Special e-learning modules launched during the year were in the areas of business development, credit risk management, affordable housing and legal and regulatory compliances. Based on the assessments, the e-learning modules have been well received by the staff.

As on 31st March, 2018 the total number of employees in Company are over One thousand.

10. <u>Cautionary Statement</u>

Some of the statements made in the Management Discussion & Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes and other incidental factors.

For and on behalf of the Board of
Shubham Housing Development Finance Company Limited

Sd/-	Sd/-
Sanjay Chaturvedi	**Rahul Garg**
Director	**Director**
DIN: 01636432	DIN: 06939695
D-305, Ground Floor,	A-503 UKN Esperanza Tubarahalli,
Sarvodaya Enclave,	Varthur Road, Whitefield,
New Delhi-110017	Bangalore 560066

Place: Gurugram
Date: 30.05.2018

shubham
Housing Development Finance Company

ANNEXURE TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT

1. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY:

The Company's philosophy of Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligation to stake holders, and is guided by a strong emphasis on transparency, accountability and integrity. In line with NHB regulations, your company have in place a Guidelines on Corporate Governance which is in line with best practice, as well as meets all legal and regulatory requirements. All Directors and employees are bound by standards set out in guidelines and policies made by the Company on Corporate Governance.

2. BOARD OF DIRECTORS

Composition and size of the Board
Your Company maintains an appropriate mix of executive, non-executive and Independent Directors to maintain the independence of the Board, and separate its functions of governance and management. As on March 31, 2018, the Board consists of eight (8) members. The Board comprises of Executive and Non-Executive Directors. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. One Director is Executive Director. There are seven Non-Executive Directors, of which, three are Independent Directors. Composition of Board is as follow: -

EXECUTIVE DIRECTORS
1. Mr. Sanjay Chaturvedi appointed since February 23, 2010 as CEO
NON-EXECUTIVE DIRECTORS (NOMINEE DIRECTORS)
1. Mr. Sandeep Marian Farias appointed since April 18, 2012 2. Mr. Rahul Chandra appointed since April 18, 2012 3. Mr. Vishal Kumar Gupta appointed since September 25, 2014 4. Mr. Rahul Garg appointed since January 24, 2018
NON- EXECUTIVE AND INDEPENDENT DIRECTORS
1. Ms. Ranjana Agarwal appointed since January 20, 2015 2. Mr. Rakesh Rewari appointed since November 06, 2015 3. Mr. Vinod Rai appointed since November 06, 2015

* Mr. Ajay Oak ceased to be the Director of the Company with effect from 26th January 2018, due to death

* Mr. Ashit Ranjit Lilani resigned from the Board of Directors of the Company with effect from 24th January 2018.

Board meetings and attendance

Eight (8) Board meetings were held during the year ended March 31, 2018 and the gap between two consecutive Board meetings did not exceed 120 days. The broad annual calendar of Board meetings is agreed upon at the beginning of the year.

The agenda and the papers for consideration at the Board meeting are usually circulated at least fifteen days prior to the meeting, although requisite consents were obtained for circulating the same at shorter period, if required. Adequate information is circulated as part of the Board papers and is also made available at the Board meeting to enable the Board to take informed decisions.

The dates on which meetings of Board during the financial year ended March 31, 2018 were held are as follows:

Sr. No.	Date of Meeting	Total No. of Directors as on the date of Meeting	No. of Directors present
1	11th May 2017	9	7
2	27th July 2017	9	6
3	19th September 2017	9	3
4	10th November 2017	9	6
5	21st December 2018	9	3
6	24th January 2018	9	3
7	23rd February 2018	8	8
8	28th March 2018	8	3

Board Meeting wise attendance of each director during the financial year ended March 31, 2018 is given as follows:-

Name of Director	No. of Board Meetings held during the tenure	No. of Board Meeting attended*
Executive Directors		
Mr. Sanjay Chaturvedi	8	8
Mr. Ajay Oak [1]	6	5
Non-Executive Directors (Nominee Directors)		
Mr. Sandeep Marian Farias	8	1
Mr. Ashit Ranjit Lilani [2]	6	0
Mr. Rahul Chandra	8	5
Mr. Vishal Kumar Gupta	8	3
Mr. Rahul Garg [3]	2	2
Non-Executive & Independent Directors		
Mr. Vinod Rai	8	5
Mr. Rakesh Rewari	8	5
Ms. Ranjana Agarwal	8	5

[1] Mr. Ajay Oak ceased to be the member of Board with effect from 26th January 2018 due to death
[2] Mr. Ashit Ranjit Lilani resigned from the Board of Directors of the Company with effect from 24th January 2018.
[3] Mr. Rahul Garg was appointed as Non-Executive Director with effect from 24th January 2018.
* Leave of absence was granted to Directors who could not attended the respective meetings.

During the year under review, as per the requirement of Schedule IV of the Companies Act, 2013 a separate meeting of the independent directors of the Company was held on May 28th, 2018 without the attendance of non-independent directors and members of the management. All the 3 independent directors were present at the meeting, wherein they had inter alia reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company, taking into account the views of the executive directors and the non-executive directors; and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

Details of Directors being re-appointed
As per the Companies Act, 2013 ("Act") two-third of the Directors excluding the Independent Directors should be retiring Directors. One-third of these retiring Directors are required to retire every year and if eligible, can be for re-appointed.

Mr. Sandeep Marian Farias and Mr. Rahul Chandra retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

A brief resume of Directors eligible for re-appointment is given as under:

Mr. Sandeep Marian Farias-
Mr. Sandeep co-founded Elevar Equity in 2008 with the view that lack of access to basic services for underserved communities is an issue of discrimination that must be challenged.

He has close to 20 years of experience in diverse areas such as emerging markets investing, microfinance and other financial services, governance, organizational design and corporate law. He has consistently been passionate about working with early stage companies that foster economic development. He has led Series A investments in what are now some of India's best "low income community" focused companies. These companies include Ujjivan (a highly respected urban microfinance institution), Vistaar (the leading micro and small enterprise lender), Madura (one of the most efficient microfinance institutions), Glocal (a fast growing 'primary' and 'secondary' hospital chain), Indifi (an innovative technology integrated lending marketplace for SMEs) and SecureNow (distributor of customized general insurance for SMEs). He currently sits on the board of Madura, Vistaar, Glocal, Indifi and SecureNow. Prior to Elevar, between 2004 and 2008 he founded and ran the Indian operations of Unitus, a microfinance accelerator where he partnered with, and supported, some of India's leading microfinance institutions (who were in the early stages of their journey). The companies he has invested in, or partnered with, have together reached close to 20 million customers in the last few years.

Mr. Sandeep started his career in 1996 after completing an integrated law and arts degree from the National Law School of India University. Over eight years, he worked at two leading corporate law firms (Amarchand and Nishith Desai Associates), worked with clients such as Google, Amazon, Singapore Telecom and Temasek and founded NDA's corporate and development sector practice. He also established NDA's offices in Palo Alto and Bangalore and helped the firm win the Asian Law Firm of the Year (Pro Bono) Award from the International Financial Law Review for his work with the American India Foundation after the Gujarat earthquake in 2000. Sandeep is also passionate about politics, design, cycling and good conversations.

Mr. Rahul Chandra-

Mr. Rahul Chandra is a co-founder and Managing Director of Helion and has 17 years of venture capital investing and corporate development experience in technology product and services companies in India and the US.

He serves on the Boards of Seclore, UnitedLex, Netambit, Mindworks and manages investments in Cucumber Town, EzeTap, Spandana and Equitas.

Between 2000 and 2006, Mr. Rahul was based in Silicon Valley as part of the investment team at Walden International, a global venture capital firm with more than $2B under management. Between 2004 and 2005 he also led the M&A efforts at e4e Inc., a Santa Clara, CA based BPO company with more than 4,000 employees across the globe.

Mr. Rahul started Venture Capital investing in 1996 in India as the first hire at Walden's India office. In this role he managed investments for Walden's India dedicated Fund between 1996 and 2000.

Mr. Rahul has invested in more than 30 early-to-mid-stage companies such as Mindtree, Ikanos (IKAN), e4e Inc and Techspan (Headstrong). Prior to Walden, he worked in the Capital Markets Group at Lazard India, and in the Primary Market Department at the Securities Exchange Board of India.

Mr. Rahul has an MBA from University of California, Berkeley and graduated from Birla Institute of Technology & Science, Pilani in 1993.

3. COMMITTEES OF THE BOARD

Currently, the Board has the constituted eight (8) committees as under-

I. Audit Committee,
II. Risk Management Committee,
III. Recruitment Compensation and Nomination Committee,
IV. Asset Liability Management Committee,
V. Banking & Borrowing Committee,
VI. Credit Committee, and
VII. Corporate Social Responsibility Committee
VIII. Anti-Sexual Harassment Committee.

Details of Committees with respect to, inter-alia, their composition, number of meetings held during the year under review, attendance and terms of reference, have been set out below-

I. Audit Committee

Terms of Reference

Besides including the matters specified for Audit Committee under Section 177 of the Act, terms of reference of this Committee includes the following:

- ✓ Examination of Financial Statement and Statutory Auditors' report thereon and discussion of any related issues with the Internal & Statutory Auditors and the management of the Company.
- ✓ Review of Financial Statement before their submission to the Board, including changes in accounting policies and practices, statutory compliances and qualification in draft audit report.
- ✓ Approval or any subsequent modification of transactions of the Company with related parties.
- ✓ Evaluation of internal financial controls.
- ✓ Evaluation of risk management system.
- ✓ Monitoring end use of funds raised through public offers and related matters.
- ✓ Review of Company's financial reporting processes and the disclosure of financial information to ensure that the Financial Statement is correct, sufficient and credible.
- ✓ Look into reasons for substantial defaults in payments to stakeholders.
- ✓ Approval of appointment of CFO or any other person heading Finance function after assessing the qualifications, experience, background etc. of the candidate.
- ✓ Recommendation for appointment, remuneration and terms of appointment of the Statutory Auditors of the Company.
- ✓ Review and monitor the Auditor's independence and performance, effectiveness of audit process and adequacy of internal control systems.
- ✓ Call for comments of the Statutory Auditors about internal control systems, the scope of audit, including the observations of the Statutory Auditors.
- ✓ Reviewing the adequacy of the Internal Audit function including the structure of the Internal Audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of Internal Audit.
- ✓ Discussion with statutory auditors before the audit commences, about nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- ✓ Reviewing findings of any internal investigation into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- ✓ Establish a vigil mechanism for directors and employees to report genuine concerns in such manner as may be prescribed

Details of the composition of the Audit Committee and attendance of Members are as follows:

All the members of Audit Committee are financially literate. During the period under review, the Audit Committee met 4 times on 11.05.2017, 27.07.2017, 10.11.2017 and 23.02.2018. Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2018 are given below:

Name of the Members	Designation	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Ms. Ranjana Agarwal	Chairperson	Non-Executive & Independent	4	4
Mr. Rakesh Rewari	Member	Non-Executive & Independent	4	4
Mr. Vishal Kumar Gupta	Member	Non-Executive	4	3

Mr. Rahul Garg*	Member	Non-Executive	0	0

* Mr. Rahul Garg was appointed as a member of the committee with effect from 23rd February 2018.

II. Risk Management Committee

Terms of Reference
The terms of reference for the Risk Management Committee are as follows:

- ✓ The purpose of the committee is to assist the Board in fulfillment of its Corporate Governance with regards to the identification, evaluation and mitigation of various risks efficiently and effectively.

Details of the composition of the Risk Management Committee and attendance of Members are as follows-
During the period under review, the Risk Management Committee met 3 time on 13.06.2017, 01.12.2017 and 23.02.2018. Constitution of the Risk Management Committee and attendance details during the financial year ended March 31, 2018 are given below:

Name of the Members	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Vinod Rai	Non-Executive & Independent	3	3
Mr. Ajay Oak*1	Executive Director	2	2
Mr. Sanjay Chaturvedi	Executive Director	3	3
Mr. Sandeep Marian Farias	Non-Executive Director	3	3
Mr. Rahul Garg*2	Non-Executive Director	0	0

*1 Mr. Ajay Oak ceased to be the member of the committee with effect from 26th January 2018 due to death.
*2 Mr. Rahul Garg was appointed as member of the committee with effect from 23rd February 2018

III. Recruitment, Compensation and Nomination Committee (RCNC)

Terms of Reference
Besides including the matters specified for Nomination and Remuneration Committee under Section 178 and other applicable provisions, if any, of the Act, terms of reference of RCNC are as follows:

- ✓ To review and approve goals and objectives relevant to the compensation of the Chief Executive Officer/ Chief Operations Officer.
- ✓ To evaluate the performance of the Chief Executive Officer/ Chief Operations Officer.
- ✓ To recommend the compensation of the Chief Executive Officer/Chief Operation Officer.
- ✓ To recommend the compensation of employees having compensation above than the

threshold prescribed in Article of Association of the Company.

Details of the composition of the RCNC and attendance of Members are as follows
During the period under review, this Committee met 5 times on 26/04/2017, 27/07/2017, 01/12/2017, 24/01/2018 and 23/02/2018. Constitution of the Committee and attendance details during the financial year ended March 31, 2018 are given below:

Name of the Members	Designation	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Ms. Ranjana Agarwal	Chairperson	Non-Executive & Independent Director	5	5
Mr. Vinod Rai	Member	Non-Executive & Independent Director	5	5
Mr. Sandeep Marian Farias	Member	Non-Executive Director	5	4
Mr. Sanjay Chaturvedi	Member	Executive Director	5	5
Mr. Ajay Oak*	Member	Executive Director	4	3

* Mr. Ajay Oak ceased to be the member of the committee with effect from 26th January 2018 due to death.

<u>POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT</u>

(i) RCNC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend his / her appointment, as per Company's Policy.

(ii) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. RCNC has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position. In addition, director should satisfy "fit and proper criteria" formulated by Company in line with NHB guidelines, for being appointed and continuance in the Board.

(iii) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

<u>POLICY FOR REMUNERATION TO DIRECTORS/KMP/SENIOR MANAGEMENT PERSONNEL</u>

A. <u>Remuneration Policy for Managing Director / Whole-time Directors</u>:

(i) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013.

(ii) The RCNC shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.

(iii) Employee Stock Options (ESOPs) and other share based payments shall be given as per applicable provisions of Companies Act.

B. Remuneration Policy for Non- Executive / Independent Directors:

(i) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the RCNC and approved by the Board of Directors.

(ii) All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the RCNC and approved by the Board of Directors or shareholders, as the case may be.

(iii) An Independent Director shall not be eligible to get ESOP and also shall not be eligible to participate in any share based payment schemes of the Company.

(iv) Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature, shall not be considered as part of the remuneration for the purposes of Point. No. (ii) above if the following conditions are satisfied:
- ✓ The Services are rendered by such Director in his capacity as the professional; and
- ✓ in the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.

(v) ESOPs and other share based payments shall be granted to Directors (other than Independent Directors & Promoter Directors) as per ESOP scheme.

C. Remuneration to Key Managerial Personnel and Senior Management:

(i) The remuneration to Key Managerial Personnel and Senior Management shall consist of fixed pay and incentive pay, in compliance with the provisions of the Companies Act, 2013 and in accordance with the Company's Policy.

(ii) ESOPs and other share based payments shall be granted as per ESOP scheme.

(iii) The Fixed pay shall include monthly remuneration, employer's contribution to Provident Fund, contribution to pension fund, pension schemes, etc. as decided from to time.

(iv) The Incentive pay shall be decided based on the balance between performance of the Company and performance of the Key Managerial Personnel and Senior Management, to be decided annually or at such intervals as may be considered appropriate.

IV. Assets Liability Management Committee (ALM Committee)

Terms of Reference
The terms of reference for the ALM Committee include:

- ✓ To assess of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage risks.

Details of the composition of the ALM Committee and attendance of Members are as follows
During the period under review, this Committee met 4 times on 11/05/2017, 27/07/2017, 10/11/2017 and 23/02/2018. Constitution of the Assets Liability Management Committee and attendance details during the financial year ended March 31, 2018 are given below:

Name of the Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Ganesh Rengaswamy*	4	0
Mr. Sanjay Chaturvedi	4	4
Mr. Rakesh Rewari	4	4
Mr. Rahul Chandra	4	3

* Mr. Ganesh Rengaswamy ceased to be the member of the committee with effect from 23rd February 2018.

V. Banking & Borrowing Committee

Terms of Reference
The terms of reference for the Banking & Borrowing Committee include:
- ✓ To provided operational assistance to the Company at the time of taking loans or borrowings of any nature from bank/institution within the overall limits set by the board of directors and to do other banking operation activities.

Details of the composition of the Banking and Borrowing Committee and attendance of Members are as follows
During the period under review, the Banking & Borrowing Committee met 9 times on 23/05/2017, 11/08/2017, 21/08/2017, 19/09/2017, 30/10/2017, 17/11/2017, 29/12/2017, 06/02/2018 and 21/03/2018. Constitution of the Banking & Borrowing Committee and attendance details during the financial year ended March 31, 2018 are given below:

Name of the Members	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjay Chaturvedi	Executive Director	9	9
Mr. Ajay Oak [*1]	Executive Director	9	9
Ms. Rupa Basu [*2]	Director- Risk, Operations & Technology	1	1
Mr. Rahul Chandra	Non-Executive & Independent Director	9	6

[*1] Mr. Ajay Oak ceased to be the member of the committee with effect from 26th January 2018 due to death.
[*2] Ms. Rupa Basu appointed as a member of the committee with effect from 23rd February 2018.

VI. Credit Committee

Terms of Reference
The terms of reference for the Credit Committee include:

- ✓ To provide establishment of policies and guidelines.
- ✓ To oversee management's administration of the Company's credit portfolio, including management's responses to trends in credit risk, credit concentration & asset quality.
- ✓ During the period under review, there was no meeting of the Credit Committee.

During the period under review, the Credit Committee met 2 times on 11/05/2017, and 23/02/2018. Constitution of the Credit Committee and attendance details during the financial year ended March 31, 2018 are given below:

Name of the Members	Designation	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjay Chaturvedi	Executive Director	2	2
Mr. Ajay Oak [*1]	Executive Director	2	2
Ms. Rupa Basu	Director- Risk, Operations & Technology	2	2
Mr. Shashank Jain	Chief Financial Officer	2	2
Mr. Sanjeev Mittal	Business Head	2	2
Ms. Manjari Jhingran	Head-Credit & Service	2	2

VII. Corporate Social Responsibility Committee (CSR Committee)

Terms of Reference
The terms of reference for the CSR Committee include:

- ✓ Formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken.
- ✓ Recommending the amount of expenditure for the CSR activities.
- ✓ Monitoring CSR activities from time to time.

Details of the composition of the CSR Committee and attendance of Members are as follows
During the period under review, the CSR Committee met 1 time on 27/07/2017. Constitution of the CSR Committee and attendance details during the financial year ended March 31, 2018 are given below:

Name of the Member	Designation	Category of Directorship	No. of Meetings held	No. of Meetings attended
Mr. Ajay Oak [*1]	Chairman	Executive Director	1	1
Mr. Sanjay [*2] Chaturvedi	Member	Executive Director	0	0
Mr. Ranjana Agarwal	Member	Non- Executive and Independent Director	1	1
Mr. Sandeep Marian Farias	Member	Non-Executive Director	1	0

[*1] Mr. Ajay Oak ceased to be the member of the committee with effect from 26th January 2018 due to death

[*2] Mr. Sanjay Chaturvedi appointed as a member of the committee with effect from 23rd February 2018.

VIII. Anti-Sexual Harassment Committee

Your Company has in place an Anti-Sexual Harassment policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the rules there under. Your Company has established a Sexual Harassment Committee to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

Terms of Reference
The terms of reference for the Anti- Sexual Harassment Committee include:

- ✓ To address all cases/complaints of alleged sexual harassment submitted by the aggrieved women employee(s)
- ✓ To take cognizance of sexual harassment cases suo motto and take steps to advance remedy

Details of the composition of the Anti-Sexual Harassment Committee and attendance of Members are as follows

Name of the Member	Designation
Ms. Neeta Kamra	Legal & Compliance Head (Chairperson)
Mr. Sanjay Chaturvedi	Chief Executive Officer & Executive Director (Member)
Mr. Ajay Oak*	Chief Operating Officer & Executive Director(Member)

Ms. Manjari Jhingran	Change Management & Customer Experience Head (Member)
Mr. Anil Rathore	HR Head (Member)
Ms. Latika Thukral	NGO Member & Social Worker (Member)

* Mr. Ajay Oak, Executive Director, ceased to be the member of the committee with effect from 26th January 2018 due to the demise.

Details of the Sexual Harassment Complaints received during the year under review

- ✓ **No. of Complaints received** **:** Nil
- ✓ **No. of Complaints disposed off** **:** Nil

4. **RELATED PARTY TRANSACTION POLICY**

The policy on the related party transactions is annexed herewith.

5. CODE OF CONDUCT:

The Company has adopted "Code of Conduct" as required under Schedule IV to the Companies Act, 2013 for Independent Directors.

6. OTHER DISCLOSURES

- In line with NHB Guidelines and other applicable laws, the Company has framed internal guidelines on corporate governance with the approval of the Board of Directors and those corporate governance guidelines has been published on the company's web-site (www.shubham.co) for the information of various stakeholders.
- None of the directors of the Company is disqualified for being director under the provisions of Section 164 of Companies Act, 2013 as on 31st March 2018. Further, none of the directors proposed for re-appointment in the ensuing AGM is disqualified to be re-appointed under the applicable laws.
- The Company has maintained statutory books and registers required to be maintained under the provisions of Companies Act, labour laws, NHB guidelines and other applicable laws, if any.
- The Company is registered on the SCORES platform, in order to handle investor complaints electronically in the manner specified by the Securities Exchange and Board of India (SEBI).
- The Company has not received a single complaint of Investors during the year under review.
- In pursuance of Regulation 52 of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, Board of the Company approved its half-yearly financial results with limited review report for the half year ended September 30, 2017 in Board Meeting dated 10th November 2017. Same were published in The Financial Express, a widely circulating English National Daily newspaper.
- The Company furnish periodical returns and reports to Debenture trustees as per applicable laws.

- The Company has appointed Registrar and Share Transfer Agent registered with SEBI for all activities in relation to both Physical and Electronic Transfer facility as required under Regulation 7(2) of SEBI (LODR) Regulations, 2015.
- Details of Compliance Officer, Registrar and Share Transfer Agent and Debenture Trustees appointed by the Company are as follows:
-

Compliance Officer	**Ms. Neeta Kamra, Company Secretary** Shubham House, 425, Udyog Vihar Phase IV, Gurgaon – 122015 **Phone:** 0124-4762545 **Email id:** neeta.kamra@shubham.co
Registrar and Share Transfer Agent	**Skyline Financial Services Private Limited** D-153 A, 1st Floor, Okhla Industrial Area, Phase-I New Delhi-110020 **Email id :** info@skylinerta.com
Debenture Trustees	**Catalyst Trusteeship Limited (Formerly known as GDA Trusteeship Limited)** Office No. 83 – 87, 8th Floor, 'Mittal Tower', 'B' Wing, Nariman Point, Mumbai – 400021 **Tel:** +91 22 49220506 **E-mail id:** deesha.trivedi@ctltrustee.com **Website:** www.catalysttrustee.com **Axis Trustee Services Limited** Axis House, Ground Floor, Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai-400025 **Tel:** +91 22 62260075 **E-mail id:** debenturetrustee@axistrustee.com **Website:** www.axistrustee.com

For and on behalf of the Board of
Shubham Housing Development Finance Company Limited

Sd/-	Sd/-
Sanjay Chaturvedi	**Rahul Garg**
Director	**Director**
DIN: 01636432	DIN: 06939695
D-305, Ground Floor,	A-503 UKN Esperanza Tubarahalli,
Sarvodaya Enclave,	Varthur Road, Whitefield,
New Delhi-110017	Bangalore 560066

Place: Gurugram
Date: 30.05.2018

shubham
Housing Development Finance Company

Policy on Related Party Transactions

1. Prelude

Related Party Transactions can present a potential or actual conflict of interest which may be against the best interest of the company and its shareholders. Considering the requirements for approval of Related Party Transactions as prescribed under the Companies Act, 2013 ("the Act") read with the Rules made thereunder, Board of Shubham Housing Development Finance Company Limited has framed this Policy on Related Party Transactions. This Policy has been adopted by the Board of Directors of the Company based on recommendations of the Audit Committee.

Section 177(4) of the Act deals with approval or any subsequent modification of transactions of the Company with related parties by the Audit Committee.

All Related Party Transactions pursuant to section 188 of the Act which are not in the ordinary course of business and / or not on an Arms' length basis require prior approval of the Board and if such transactions cross the threshold limits prescribed under the Act, such transactions also require the approval of shareholders of the Company and the Related Party/ies with whom transactions are being entered shall abstain from voting on such resolution(s).

It also requires specified Related Party Transactions to be disclosed in the Board's Report along with the justification for entering into such transactions as per the requirements of Notification No. NHB. HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017 issued by the National Housing Bank (NHB) read with Circular No. NHB (ND)/DRS/Policy Circular No.79/2016-17 dated 27th April 2017 vide which the NHB notified the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, the company shall disclose the policy on dealing with Related Party Transactions on its website and also in the Annual Report.

2. Intent of the Policy

The Objective of this policy is to set out (a) the materiality thresholds for related party transactions and (b) the manner of dealing with the transactions between the Company and its related parties based on the Act, and any other laws and regulations as may be applicable to the Company; and (c) lay down the guiding principles and mechanism to ensure proper approval, disclosure and reporting of transactions as applicable, between the Company and any of its related parties in the best interest of the Company and its stakeholders.

3. Applicability and Legal Framework

This Policy shall apply on transactions entered into by Company with Related Party/ies and shall be governed by the Act read with Rules made thereunder, as may be in force from time to time and regulations, if any, of NHB and other statutory laws, if applicable in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

(i) "Act" means Companies Act, 2013, originally framed or altered from time to time.

(ii) "**Arm's Length basis"** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. [Explanation (b) to Section 188(1) of the Act].

(iii) **"Audit Committee"** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act.

(iv) **"Board of Directors"** or "**Board"** means the Board of Directors of SHDFC, as constituted from time to time.

(v) **"Company" or "SHDFC" means** Shubham Housing Development Finance Company Limited.

(vi) **"Control"** shall have the same meaning as defined in the Act.

(vii) **"Key Managerial Personnel** in relation to a Company, shall be as defined in the Act.

(viii) **"Omnibus Approval"** shall mean a blanket pre activity approval by the Audit Committee subject to compliance of the conditions as laid in this Policy

(ix) "**Ordinary course of business**" would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum and Articles of Association.

(x) **"Related Party"**, for the purpose of this Policy, with reference to a Company, shall mean a Related Party as defined in Section 2(76) of the Act.

(xi) "**Related Party Transaction**" means specified transaction mentioned in clause (a) to (g) of sub-section (1) of Section 188 of the Act .

(xii) **"Relatives"** with reference to any person shall have the meaning as defined in Section 2(77) of the Act.

(xiii) A **"transaction"** with a related party shall be construed to include single transaction or a group of transactions in a contract.

Any other term not defined herein shall have the same meaning as defined in the Act or any other applicable law or regulation.

5. Policy on Related Party Transactions

Audit Committee shall review this Policy, on such intervals as it deems fit and may recommend to Board amendments to this Policy.

All Related Party Transactions (before being entered into) must be reported to the Audit Committee for its approval in accordance with this Policy.

In cases, where a prior approval is not taken due to an inadvertent omission or due to unforeseen circumstances, the Committee may ratify the transactions in accordance with this Policy.

5.1 Identification of potential related parties and transactions

Every Director will be responsible for providing a declaration in format provided by Company from time to time, containing the following information to the Company Secretary on an annual basis (preferably in first board meeting of beginning of financial year) and whenever there is a change in the information provided:

1. Names of his / her Relatives;
2. Partnership firms in which he / she or his / her Relative is a partner;
3. Private Companies in which he / she or his / her relative is a member or Director;
4. Public Companies in which he / she is a Director and holds along with his/her Relatives more than 2% of paid up share capital;
5. Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with his / her advice, directions or instructions (other than advice, directions or instructions given to such Body Corporate in professional capacity); and
6. Persons on whose advice, directions or instructions, he / she is accustomed to act (other than advice, directions or instructions obtained from a person in professional capacity).

Each director is responsible for providing Notice to the Company Secretary of any potential Related Party Transaction, including any additional information about the transaction that the Board/Audit Committee may request, for being placed before the Audit Committee and the Board.

Provided that every Key Managerial Personnel who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest to the Company. Provided further that in case of a proposed contract or arrangement, the disclosure shall be made on or before the meeting of Board at which the question of entering into the contract or arrangement is first taken into consideration or if he was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, on or before first meeting of Board held after he becomes so concerned or interested. In case of other contract or arrangement, the required disclosure shall be made on or before the first meeting of the Board held after the Key Managerial Personnel becomes concerned or interested in the contract or arrangement.

5.2 Approval of Related Party Transactions

5.2.1 Prior approval of Audit Committee

All Related Party Transactions of the Company shall require prior approval of Audit Committee, whether at a meeting or by resolution by circulation. Any member of the Audit

Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered

The approval of the Audit Committee will be sought in the following manner:

a) All Related Party Transactions will be submitted to the Audit Committee for prior approval irrespective of whether such transactions are in the ordinary course of business and / or at arm's length or not.
b) Where the Company has entered into a master agreement with a related party, which stipulates details of every transaction like nature of the transaction, basis of pricing, credit terms etc., the prior approval once given by the Audit Committee would suffice and Audit Committee would only note the transactions that are entered into pursuant to such master agreement and will not require any further approval of the Audit Committee unless there is any change in the terms of the master agreement.

The Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company subject to the following conditions:

a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.

b) The criteria for making the omnibus approval shall include the following:-

   i. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
   ii. The maximum value per transaction which can be allowed.
   iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
   iv. Review, at such interval as the Audit Committee may deem fit, of related party transactions entered into by the Company pursuant to each of the omnibus approval made.
   v. Transactions which cannot be subject to the omnibus approval by the Audit Committee.

   The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-
   a. Repetitiveness of the transactions (in past or in future)
   b. Justification for the need of omnibus approval.

c) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;

d) Such omnibus approval shall specify (i) the name/s of the related party (ii) nature and duration of transaction (iii) maximum amount of transaction that can be entered into, (iv) the indicative base price/current contracted price and the formula for variation in the price, if any and (v) such other conditions as the Audit Committee may deem fit;

Provided that where the need for Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. One Crore per Transaction.

The Audit Committee shall review at such intervals as the Audit Committee may deem fit, the details of Related Party Transactions entered into by the Company pursuant to each of the omnibus approvals given.

Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.

Without prejudice to generality of provision contained in 5.2.1(b)(v), omnibus approval shall not be granted for transactions in respect of selling or disposing of the undertaking of the Company.

5.2.2. Prior approval of Board of Directors under the Act

Transactions with the related parties within the scope of Section 188 of the Act, other than transactions which are in the Ordinary Course of Business and at Arm's Length basis shall require prior approval of the Board of Directors.
Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.2.3 Shareholders' approval requirements:

If the following transactions with related parties are likely to exceed the thresholds prescribed under the Act, the same will require prior approval of the Board of Directors and the Shareholders:

a) Not in the ordinary course of business but at arm's length; or
b) In the ordinary course of business but not at arm's length; or
c) Not in the ordinary course of business and not at arm's length basis.

No member of the Company shall vote on resolution if such a member is a related party in the context of the contract or arrangement which is being considered under the Act.

Where any contract or arrangement is entered into by a director or any other employee, without obtaining the prior consent of the Board or approval by a resolution in the general meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a related party to any director, or is authorized by any other director, the directors concerned shall indemnify the company against any loss incurred by it.

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Housing Development Finance Company

6. **Scope/Limitation**

In the event of any conflict between the provisions of this Policy and of the Companies Act, 2013 or any other statutory enactments, rules, the provisions of Companies Act, 2013 or statutory enactments, rules shall prevail over this Policy.

7. **Disclosures**

This policy shall be hosted on the Company's website. Every Related Party Transaction entered into by the Company shall be referred to in the Board's report. Necessary entries shall be entered in the Register of Contracts required to be maintained under the Companies Act, 2013.

ANNEXURE TO THE DIRECTORS' REPORT
ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

PURSUANT TO RULE 8 OF COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014

1. **A brief outline of the Company's CSR policy and a reference to the web-link to the CSR policy and projects or programs.**

Your Company's CSR policy aims at: -

- ✓ striving for economic development that positively impacts the society at large with minimal resource footprint.
- ✓ embracing responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.
- ✓ housing by encouraging research in low cost housing solutions as well as material and providing financial assistance to such firms which are involved in such activities.

Weblink: www.shubham.co

2. **Composition of the CSR Committee:**

Name of the Director	Category of Directorship	Designation
Ajay Oak *1	Executive Director	Chairman
Sanjay Chaturvedi *2	Executive Director	Member
Ranjana Agarwal	Non-Executive and Independent Director	Chairperson
Sandeep Marian Farias	Non- Executive Director	Member

*1. Mr. Ajay Oak ceased to be the member/chairman of the committee with effect from 26th January 2018 due to death.

*2 Mr. Sanjay Chaturvedi appointed as a member of the committee with effect from 23rd February 2018.

3. **Average net profit of the Company for last three financial years**

The average net profit of the Company for the last three financial yeas calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, was Rs. 0.50 crores.

4. **Prescribed CSR Expenditure (two per cent of the amount as in Item 3 above):**

Rs. 0.01 crores (approx).

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Housing Development Finance Company

5. **Details of CSR spent during the financial year:**

(a) **Total amount to be spent for the financial year:**
Rs. 0.01 crores (approx).

(b) **Total amount spent for the financial year:**
Rs. 0.14 crores.

(c) **Amount unspent, if any:**
Nil

(d) **Manner in which the amount spent during the financial year is detailed below:**

S. No.	Particulars	Amount (in crores)
1	CSR Project or activity identified	Support and development of children with extra needs
2	Sector in which the Project is covered	Promotion of education
3	Projects or Programs: (i) Local area or other (ii) Specify the State and district where projects or programs was undertaken	Local area where registered office of the Company is situated
4	Amount outlay (budget) project or programs wise	**0.01**
5	Amount spend on the projects or programs (i) Direct Expenditure on projects or programs (ii) Overheads	0.14 0.00
6	Cumulative expenditure up to 31st March 2018	0.14
7	Amount spent: (i) Direct (ii) Through implementing agency	Implementing Agency*

* Implementing Agency is The Sanshil Foundation and Drstikona Consultancy

Details of the Sanshil Foundation (www.sanshil.com)

Profile
Sanshil Foundation helps those who are at the 'bottom of the economic pyramid'. Sanshil helps to integrate them with academics, self-sustainable employment and vocational opportunities, so that they no longer fall under the category of "those in need". Sanshil foundation facilitate coaching of 50 girl children and to enroll them regular schools. Your Company in association with the Sanshil Foundation sponsor child's in order to nurture a life full of hope and abundance.

Programs

Sanshil Foundation use following strategies for its inclusive program:

1. Identification and Admission for the eligible girl childrens.
2. NCERT based classrooms sessions
3. Additional Workshops for girls.
4. Community Initiatives.
5. Parent counselling and community sessions

Details of Drstikona Consultancy (www.drstikona.com)

Drstikona Consultancy help corporates to enhance their value creation through the funds deployed in the Impact space. Drstikona helps NGOs/Service providers to engaged in the meaningful sustainable projects. Drstikona works as a force multiplier to create a sustained social impact by forging logical partnerships between various stakeholders.

6. CSR Committee Responsibility Statement

The CSR committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Shubham Housing Development Finance Company Limited

Sd/-	Sd/-
(Ranjana Agarwal)	**(Sanjay Chaturvedi)**
Chairperson, CSR Committee	**Chief Executive Officer**

Date: 30.05.2018
Place: Gurugram

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
Balance Sheet as at 31 March 2018
(All amounts are in Indian Rupees)

	Note	As at 31 March 2018	As at 31 March 2017
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	54,440,590	34,293,300
Reserves and surplus	2.2	4,092,519,217	1,753,315,741
		4,146,959,807	**1,787,609,041**
Non-current liabilities			
Long-term borrowings	2.3	6,038,824,586	5,590,416,637
Long-term provisions	2.4	148,966,813	107,402,303
		6,187,791,399	**5,697,818,940**
Current liabilities			
Trade payable	2.5		
Total outstanding due of micro and small enterprises		32,575	29,033
Total outstanding due of creditors other than micro and small enterprises		36,219,527	30,679,586
Other current liabilities	2.6	2,479,929,670	1,874,879,240
Short-term provisions	2.4	37,557,792	19,295,680
		2,553,739,564	**1,924,883,539**
TOTAL		**12,888,490,770**	**9,410,311,520**
ASSETS			
Non-current assets			
Fixed assets	2.7		
Property, plant and equipment		21,505,503	24,864,804
Other intangible assets		23,440,028	19,022,433
Intangible assets under development		3,838,300	5,846,261
Deferred tax asset (net)	2.8	47,731,089	21,581,491
Long-term loans and advances	2.9	9,769,754,643	7,295,675,305
Other non-current assets	2.10	78,156,527	83,014,825
		9,944,426,090	**7,450,005,119**
Current assets			
Trade receivables	2.11	38,138,912	35,994,385
Cash and bank balances	2.12	1,553,452,202	1,115,661,261
Short-term loans and advances	2.13	946,735,389	574,404,927
Other current assets	2.14	405,738,177	234,245,828
		2,944,064,680	**1,960,306,401**
TOTAL		**12,888,490,770**	**9,410,311,520**
Significant accounting policies	1		
Notes to the financial statements	2 to 33		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W /W-100024

Sd/-
Anant Marwah
Partner
Membership Number: 510549

Place: Gurugram
Date: 30 May 2018

For **and on behalf of the Board of Directors of Shubham Housing Development Finance Company Limited** (*formerly known as Shubham Housing Development Finance Company Private Limited)*

Sd/-
Rahul Garg
Director
DIN No.: 06939695

Sd/-
Sanjay Chaturvedi
Director
DIN No.: 01636432

Sd/-
Neeta Kamra
Company Secretary

Sd/-
Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: 30 May 2018

Place: Gurugram
Date: 30 May 2018

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
Statement of Profit and Loss for the year ended 31 March 2018
(All amounts are in Indian Rupees)

	Note	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue			
Revenue from operations	2.15	1,699,623,392	1,370,340,105
Other income	2.16	60,048,002	45,147,042
Total revenue		**1,759,671,394**	**1,415,487,147**
Expenses			
Employee benefits	2.17	490,067,865	368,371,121
Finance costs	2.18	901,051,612	720,172,125
Depreciation and amortization expense	2.7	18,304,190	15,484,965
Other expenses	2.19	301,690,039	303,948,544
Total expenses		**1,711,113,706**	**1,407,976,755**
Profit before tax		48,557,688	7,510,392
Tax expense			
Current tax		31,289,302	15,355,903
Income tax charge/ (credit) - for earlier years		(356,628)	270,601
MAT credit entitlement		-	(1,537,639)
MAT adjustment (for earlier years)		(1,366,924)	-
Deferred tax		(26,149,598)	(12,216,511)
Profit after tax		45,141,536	5,638,038
Earning per share (face value of Rs. 10 each)	5		
Basic earnings per share		54.74	6.84
Diluted earnings per share		12.16	1.64
Significant accounting policies	1		
Notes to the financial statements	2 to 33		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W /W-100024

For **and on behalf of the Board of Directors of Shubham Housing Development Finance Company Limited** (*formerly known as Shubham Housing Development Finance Company Private*

Sd/-
Anant Marwah
Partner
Membership Number: 510549

Sd/-
Rahul Garg
Director
DIN No.: 06939695

Sd/-
Sanjay Chaturvedi
Director
DIN No.: 01636432

Sd/-
Neeta Kamra
Company Secretary

Sd/-
Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: 30 May 2018

Place: Gurugram
Date: 30 May 2018

Place: Gurugram
Date: 30 May 2018

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
Cash Flow Statement for the year ended 31 March 2018
(All amounts are in Indian Rupees)

Particular	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow used in Operating activities		
Profit before tax	48,557,688	7,510,392
Adjustments for:		
Depreciation and amortization expense	18,304,190	15,484,965
Housing Loans:		
Contingent provision against standard assets	5,248,265	6,804,833
Provision for non-performing assets	30,901,605	37,111,111
Non Housing Loans:		
Contingent provision against standard assets	2,406,675	127,356
Provision for non-performing assets	24,396,599	11,045,694
Interest on fixed deposits	(22,973,125)	(11,423,686)
Profit on redemption of mutual funds (net)	(29,862,113)	(30,407,069)
Provision for loss on stock of acquired property	3,673,497	12,715,810
Loss on sale of fixed assets	224,952	227,943
Loan assets written-off	18,477,202	6,520,167
Employee stock option compensation expense	11,159,265	1,282,442
Discount on Commercial Papers	-	5,422,962
Operating profit before working capital changes	**110,514,700**	**62,422,920**
Adjustments for :		
Increase in long term loans and advances	(2,485,043,123)	(1,677,377,636)
(Increase) /decrease in other non-current assets	4,858,298	(19,630,918)
Increase in short-term loans and advances	(377,091,814)	(130,892,476)
Increase in other current assets	(163,284,379)	(131,051,279)
Increase in trade receivables	(2,144,527)	(9,516,029)
Decrease in trade payables	5,543,483	8,449,391
Decrease in current liabilities	263,764,700	210,949,369
Increase/ (decrease) in long-term and short-term provisions	(3,126,521)	2,696,771
Increase in other long term liabilities	-	-
Cash used in operations	**(2,646,009,182)**	**(1,683,949,887)**
Income taxes paid	(32,317,814)	(17,048,179)
Net cash used in operating activities (A)	**(2,678,326,996)**	**(1,700,998,066)**
Cash flow used in Investing activities		
Purchase of mutual funds	(5,717,089,653)	(4,878,884,884)
Sale of mutual funds	5,746,951,766	4,909,791,953
Purchase of fixed assets and decrease/(increase) in capital work-in-progress (net of payable for capital goods)	(17,410,116)	(39,751,695)
Sale of fixed assets	103,308	183,736
Decrease in fixed deposit with remaining within 12 months from reporting date (net)	(1,104,458,462)	(3,819,480)
Interest received on fixed deposits	11,091,658	11,693,309
Net cash used in investing activities (B)	**(1,080,811,499)**	**(787,061)**
Cash flow from Financing activities		
Proceeds from borrowings	2,797,000,000	3,520,102,661
Repayment of borrowings	(2,007,578,991)	(1,294,600,798)
Proceeds from issue of preference shares (including securities premium of Rs. 2,329,852,763 (previous year amounting to Rs. Nil)}	2,350,000,054	-
Share issue expenses	(46,950,088)	(10,277,382)
Net cash generated from financing activities (C)	**3,092,470,975**	**2,215,224,481**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**(666,667,521)**	**513,439,354**
Cash and cash equivalents as at the beginning of the year	1,030,004,498	516,565,144
Cash and cash equivalents as at the end of the year	**363,336,977**	**1,030,004,498**

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
Cash Flow Statement for the year ended 31 March 2018
(All amounts are in Indian Rupees)

Particular	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Notes:		
Cash and bank balance include		
Cash in hand	13,791,435	10,722,655
Cheques in hand	765,600	18,809,480
Balances with bank		
- on current accounts	248,779,942	175,472,363
- on deposit accounts (with original maturity of 3 months or less)	100,000,000	825,000,000
Cash and cash equivalents at the end of the year	**363,336,977**	**1,030,004,498**
Other bank balance		
Fixed deposits (with remaining maturity within 12 months from the reporting date)	1,190,115,225	85,656,763
Other non-current assets		
Fixed deposits (with remaining maturity after 12 months from the reporting date)	20,000,000	20,000,000
Total	**1,573,452,202**	**1,135,661,261**

Notes:
a) The cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statement', specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
b) Cash and cash equivalents consists of cash in hand and balances with scheduled banks, cheque in hand, fixed deposit with original maturity 3 months or less. (Refer note 2.12)
c) Negative figures have been shown in brackets.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W /W-100024

Sd/-
Anant Marwah
Partner
Membership Number: 510549

Place: Gurugram
Date: 30 May 2018

For **and on behalf of the Board of Directors of Shubham Housing Development Finance Company Limited (***formerly known as Shubham Housing Development Finance Company Private Limited)*

Sd/-
Rahul Garg
Director
DIN No.: 06939695

Sd/-
Sanjay Chaturvedi
Director
DIN No.: 01636432

Sd/-
Neeta Kamra
Company Secretary

Sd/-
Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: 30 May 2018

Place: Gurugram
Date: 30 May 2018

(All amounts are in Indian Rupees)

2.1 Share capital

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Authorised				
Equity shares of Rs. 10 each	2,500,000	25,000,000	2,000,000	20,000,000
Preference shares of Rs. 10 each	5,000,000	50,000,000	4,000,000	40,000,000
	7,500,000	**75,000,000**	**6,000,000**	**60,000,000**
Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each	943,690	9,436,900	943,690	9,436,900
Compulsorily convertible preference shares of Rs. 10 each-Series A	571,328	5,713,280	571,328	5,713,280
Compulsorily convertible preference shares of Rs. 10 each-Series B	529,424	5,294,240	529,424	5,294,240
Compulsorily convertible preference shares of Rs. 10 each-Series C	1,384,888	13,848,880	1,384,888	13,848,880
Compulsorily convertible preference shares of Rs. 10 each-Series D	2,014,729	20,147,290	-	-
	5,444,059	**54,440,590**	**3,429,330**	**34,293,300**

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

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Outstanding at the beginning and at the end of the year	943,690	9,436,900	943,690	9,436,900

(ii) Rights, preference and restrictions attached to equity shares

The Company has only one class of equity shares having the par value of each share is Rs.10. Each shareholder shall have voting right equal to shareholding percentage of the total of the shares issued including compulsorily convertible preference shares on an as if converted basis. The dividend proposed by the Board of Directors is subject to the approval of the shareholders. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution of all preferential amount, in proportion to their shareholdings.

(iii) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	**% holding in the class**	**Number of shares**	**% holding in the class**
Mr. Sanjay Chaturvedi	250,000	26.49	250,000	26.49
Late Shri Ajay Mukund Oak	-	-	250,000	26.49
Ms. Rupa Basu	250,000	26.49	-	-
Shubham Employees Welfare Trust	119,047	12.62	119,047	12.62
Helion Venture Partners II LLC	93,763	9.94	93,763	9.94
Elevar Equity Mauritius	93,763	9.94	93,763	9.94
PI Opportunities Fund I	76,818	8.14	-	-

(All amounts are in Indian Rupees)

(b) (i) Reconciliation of Compulsorily convertible preference shares ('CCPS') outstanding at the beginning and at the end of the reporting year

	As at 31 March 2018		As at 31 March 2017	
	Number of shares	**Amount**	**Number of shares**	**Amount**
Series A				
Outstanding at the beginning and at the end of the year	571,328	5,713,280	571,328	5,713,280
Series B				
Outstanding at the beginning and at the end of the year	529,424	5,294,240	529,424	5,294,240
Series C				
Outstanding at the beginning and at the end of the year	1,384,888	13,848,880	1,384,888	13,848,880
Series D				
Outstanding at begning of the year	-	-	-	-
Add:- Issued during the year	2,014,729	20,147,290	-	-
Less:- Forfeited during the year	-	-	-	-
Outstanding at the end of the year	2,014,729	20,147,290	-	-

(ii) Rights, preference and restrictions attached to Compulsorily convertible preference shares ('CCPS')

The Company has issued its compulsorily convertible preference shares in series A, B, C and D having a par value of Rs. 10 per share. Each shareholder of the Company is entitled to vote in proportion of the share of paid-up capital of the Company held by the Shareholder. The shares will carry a non-cumulative dividend right of 0.01% per annum on the subscription amount in preference to other class of shares as and when and if declared by the Board. The shares are convertible in ratio of 1 equity share for 1 CCPS.

For series A shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified Initial Public Offer (IPO) or 31 July 2029, whichever is earlier.

For series B shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or 25 July 2032, whichever is earlier.

For series C shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or 25 July 2032, whichever is earlier.

For series D shares, the shares will be automatically converted into equity shares either 2 days prior to filing of the draft red herring prospectus in connection with the occurrence of the qualified IPO or 23 January, 2037 whichever is earlier

(iii) Details of preference shares held by shareholders holding more than 5% of the aggregate shares in the Company

	As at 31 March 2018					As at 31 March 2017			
	Series-A	**Series-B**	**Series-C**	**Series-D#**	**% holding in the class**	**Series-A**	**Series-B**	**Series-C**	**% holding in the class**
Helion Venture Partners II LLC	285,664	104,701	252,066	85,733	16.18	285,664	104,701	252,066	25.85
Elevar Equity Mauritius	285,664	104,701	252,066	85,733	16.18	285,664	104,701	252,066	25.85
Accion Africa Asia Investment Company	-	-	-	-	-	-	160,011	103,305	10.59
Saama Capital II Limited	-	-	-	-	-	-	160,011	103,305	10.59
PI Opportunities Fund I	-	320,022	206,610	1,843,263	52.66	-	-	-	-
India Business Excellence Fund- IIA	-	-	434,933	-	9.66	-	-	434,933	17.50
Motilal Oswal Securities Limited	-	-	-	-	-	-	-	220,260	8.86
Total	**571,328**	**529,424**	**1,145,675**	**2,014,729**		**571,328**	**529,424**	**1,365,935**	

#issued during the current year

(All amounts are in Indian Rupees)

		As at 31 March 2018	As at 31 March 2017
2.2	**Reserves and surplus**		
(i)	**Securities premium account**		
	Balance as at the beginning of the year	1,686,124,273	1,696,401,655
	Add: Received during the year	2,329,852,763	-
	Less: Adjustment on account of expenses towards issue of shares	46,950,088	10,277,382
	Balance as at the year end	**3,969,026,948**	**1,686,124,273**
(ii)	**Special reserve {refer note (a) and (b) below}**		
	Balance as at the beginning of the year	14,677,796	13,550,188
	Add: Transferred during the year	9,028,307	1,127,608
	Balance as at the year end	**23,706,103**	**14,677,796**
(iii)	**Employees Share Options Outstanding**		
	Balance as at the beginning of the year	15,909,679	14,627,237
	Add: Transferred from Statement of Profit and Loss	11,159,265	1,282,442
	Balance as at the year end	**27,068,944**	**15,909,679**
(iii)	**Surplus in the Statement of Profit and Loss**		
	Balance as at the beginning of the year	36,603,993	32,093,563
	Add: Profit during the year	45,141,536	5,638,038
	Less: Transfer to special reserve {refer note (a) and (b) below}	9,028,307	1,127,608
	Balance as at the year end	**72,717,222**	**36,603,993**
		4,092,519,217	**1,753,315,741**

Notes:

(a) As per Section 29C(i) of the National Housing Bank, Act 1987 (NHB Act), the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose, any Special reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer.

Accordingly, during the year ended 31 March 2018, the Company has appropriated Rs. 9,028,307 (previous year Rs. 1,127,608) towards the special reserve in terms of Section 29C of the National Housing Bank, Act 1987 (NHB Act).

			As at 31 March 2018	As at 31 March 2017
(b)	**Disclosure in term of Circular no. NHB (ND/DRS/Pol Circular 61/2013-14 dated 07 April 2014**			
	Balance at the beginning of the year			
	Statutory Reserve under Section 29C of the NHB Act,1987		4,034,104	2,368,583
	Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961, taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987		10,643,692	11,181,605
	Total		**14,677,796**	**13,550,188**
	Addition / appropriation/ withdrawal during the year			
	Add:	-Amount transferred under Section 29C of the NHB Act, 1987	-	322,040
		-Amount of special reserve under Section 36(1)(viii) of Income-tax Act 1961, taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	9,028,307	805,568
		Total	**9,028,307**	**1,127,608**
		-Amount appropriated from statutory reserve under section 29C of the NHB Act, 1987	-	-
		-Amount withdrawn from the special reserve under section 36(1)(viii) of Income-tax Act, 1961, taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	-	-
	Add:	-Prior Period Adjustment (reclassed to reserve under Section 29C of the NHB Act, 1987)	-	1,343,481
	Less	-Prior Period Adjustment (reclassed from reserve under Section 36(1)(viii) of Income-tax Act 1961)	-	(1,343,481)
	Balance at the end of the year			
	Statutory reserve under section 29C of the NHB Act, 1987		4,034,104	4,034,104
	Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961, taken into account for the purposes of Statutory reserve under Section 29C of the NHB Act, 1987		19,671,999	10,643,692
	Total		**23,706,103**	**14,677,796**

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
Notes to financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees)

2.3 Long-term borrowings

	Footnote	Non-current		Current maturities*		Total	
		As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Secured							
1) Term loans							
- From banks	2.3 (1)	2,754,284,124	2,070,767,950	915,449,585	664,224,345	3,669,733,709	2,734,992,295
- From other parties	2.3 (2)	1,795,080,795	2,444,833,687	591,603,629	655,172,139	2,386,684,424	3,100,005,826
2) Others loans							
- From National housing bank (refinance)	2.3 (3)	347,793,000	124,815,000	105,308,000	10,285,000	453,101,000	135,100,000
Secured							
1) Debentures							
- Redeemable Non Convertible Debentures	2.3 (4)	191,666,667	-	58,333,333	-	250,000,000	-
Unsecured							
1) Debentures							
- Redeemable Non Convertible Debentures	2.3 (5)	950,000,000	950,000,000	-	-	950,000,000	950,000,000
		6,038,824,586	**5,590,416,637**	**1,670,694,547**	**1,329,681,484**	**7,709,519,133**	**6,920,098,121**

*Current portion of long-term borrowings have been disclosed under 'Other current liabilities'(refer note no.2.6).

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
Notes to financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:

Note No. 2.3 (1)(i): Security for term loans from banks

No.	Lender	Loan outstanding as at 31 March 2018	Loan outstanding as at 31 March 2017	Details of security /guarantee
1	Central Bank of India (Term loan I)	32,503,045	46,735,045	(1) Exclusive charge over the receivables arising out of Home Loan receivables with 1.10 times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi) to the full extent of the loan amount.
2	Central Bank of India (Term loan II)	132,089,862	178,518,426	(1) Exclusive charge over the receivables arising out of Home Loan receivables with 1.10 times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi) to the full extent of the loan amount.
3	Yes Bank Limited (Term Loan I)	8,333,333	28,333,333	(1) Primary security: Hypothecation of book debts both present and future with a minimum cover of 1.25 times of the outstanding loan amount. (2)Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi) to the full extent of the loan amount. (3) Additional security : Agreement to assign mortgage on housing units to the extent of loan amount in favor of the Yes Bank Limited in case of default.
4	Yes Bank Limited (Term Loan II)	-	21,212,121	(1) Exclusive charge on all the Book Debts of the borrower having minimum security cover of 1.11 times. (2) Unconditional and irrevocable Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi) to the full extent of the loan amount.
5	Yes Bank Limited (Term Loan III)	300,000,000	-	(1) Exclusive charge on all the Book Debts of the borrower having minimum security cover of 1.11 times (2) Unconditional and irrevocable Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi) to the full extent of the loan amount.
6	RBL Limited (Term Loan-I)	3,500,000	17,500,000	(1) Exclusive first charge on portfolio of receivables including underlying security interest as acceptable to bank from to time covering 1.10 times of the principal at any point of time during the currency of the facility. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
7	RBL Bank Limited (Term Loan-II)	12,000,000	24,000,000	(1) Exclusive first charge on portfolio of receivables including underlying security interest as acceptable to bank from to time covering 1.10 times of the principal at any point of time during the currency of the facility. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
8	RBL Bank Limited (Term Loan III)	75,000,000	125,000,000	(1) Exclusive first charge on portfolio of receivables including underlying security interest as acceptable to bank from to time covering 1.10 times of the principal at any point of time during the currency of the facility. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
9	Development Credit Bank Limited (Term Loan -II)	-	36,366,700	(1) Exclusive hypothecations charge on the Company's home loan receivables and book debts created out of loan with cover of 1.10 times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
10	Development Credit Bank Limited (Term Loan -III)	150,000,000	-	(1) Exclusive hypothecation of receivables charged to DCB bank to the extent of 110% of term loan outstandings.
11	Canara Bank	100,799,999	129,599,999	(1) Exclusive charge over receivables arising out of home loan with 1.11 times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi)
12	The South Indian Bank Limited	13,316,003	33,320,003	(1) Exclusive charge over underlying receivables both present and future of borrowers with 1.10 times coverage on standard asset portfolio. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
13	HDFC Bank I	24,000,000	40,000,000	(1) Hypothecation against book debts/Loans for which the loan is to be availed, security cover of 1.10 times on book debts /loans not overdue for more than 30 days. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
14	HDFC Bank II	8,333,333	41,666,667	(1) Hypothecation against book debts/Loans for which the loan is to be availed, security cover of 1.10 times on book debts /loans not overdue for more than 30 days. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
15	Vijaya Bank	58,333,333	75,000,000	(1) Exclusive charge by way of hypothecation/assignment of specific book debts created out of Housing assets finance by the company out of term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.10 times of term loan. Book debts/Receivable pertaining to standard regular underlying assets are only eligible as security to exposure from Vijaya Bank. Book Debts shall be of the principal amount of the underlying assets. (2) Personal Guarantee of promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).

(All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:

No.	Lender	Loan outstanding as at 31 March 2018	Loan outstanding as at 31 March 2017	Details of security /guarantee
16	ICICI Bank	26,388,898	34,722,232	(1) The list of book debts /loan receivables of clients and accounts (along with the amount receivable from them) hypothecated to ICICI Bank (minimum of 1.10 times of the facility outstanding). (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
17	Kotak Mahindra Bank Limited	-	13,333,333	(1) Exclusive charge on all the Book Debts of the borrower having minimum security cover of 1.11 times. (2) Unconditional and irrevocable Personal Guarantee of promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi) to the full extent of the loan amount.
18	Bank of Maharashtra I	281,964,343	351,204,343	(1) Pari passu charge on Hypothecation of Receivables created out of bank finance with minimum cover of 1.11 times of the outstanding exposure. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
19	Bank of Maharashtra II	250,000,000	100,000,000	(1) Pari passu charge on Hypothecation of Receivables created out of bank finance with minimum cover of 1.11 times of the outstanding exposure. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
20	Dena Bank	66,666,676	83,333,344	(1) Exclusive charge by way of hypothecation / assignment of specific book debt created out of housing assets financed by the company out of our term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.10 times of our term loan at any point of time during the currency of the facility. (2) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
21	Andhra Bank	163,888,889	197,222,222	(1) Exclusive charge by way of hypothecation / assignment of specific book debt created out of housing assets financed by the company out of bank' term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.11 times of bank' loan at any point of time during the currency of the facility. (2) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
22	Andhra Bank II	336,538,462	-	(1) Exclusive charge by way of hypothecation / assignment of specific book debt created out of housing assets financed by the company out of bank' term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.11 times of bank' loan at any point of time during the currency of the facility. (2) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
23	Oriental Bank Of Commerce	149,999,987	178,571,423	(1) Exclusive first charge over specific loan receivable of the company arising out of housing loans extended by it out of the term loan availed by the company from our bank. with value of such receivables being equivalent to 1.10 times of the outstanding (standard) term loan exposure of our bank. (2) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
24	Tamilnad Mercantile Bank	90,000,000	120,000,000	(1) Exclusive charge by way of hypothecation of housing loan receivables created out of bank finance with minimum cover of 1.10 times of the outstanding exposure. (finance charges and non-performing assets shall be excluded). (2) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
25	State Bank of India	156,510,175	185,543,575	(1) Hypothecation of pool of receivables amounting to 1.10 times of loan value within the stipulated time with irrevocable power of attorney to fall back in case of default. (2) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
26	State Bank of India II	300,000,000	-	(1) Hypothecation of pool of receivables amounting to 1.10 times of loan value within the stipulated time with irrevocable power of attorney to fall back in case of default. (2) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
27	IDBI Bank Limited	210,714,300	253,571,436	(1) First and exclusive charge by way of hypothecation of receivables as specified in the deed of hypothecation (including principal, interest, additional/penal interest, service fee and any other charges that may have been received by the borrower on the underlying pool) upto 1.10 times of the loan amount as to maintain the 110% cover at all times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
28	Union Bank of India	235,714,278	278,571,426	(1) 1.1 exclusive charge by way of hypothecation of the housing loan receivables (excluding finance charges and non performing assets). (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).

Nature of security and terms of repayment for secured borrowings:

No.	Lender	Loan outstanding as at 31 March 2018	Loan outstanding as at 31 March 2017	Details of security /guarantee
29	IndusInd Bank	116,666,667	141,666,667	(1) Exclusive charge over receivables (including loans and advances) of the borrower maintaining asset over of 1.10 time during the tenor of the facility. Receivables from charged loan accounts to be routed through designated account with IndusInd bank. Accounts of less than Rs.10 lacs per borrower to be charged to the bank. (2) Irrevocable power of attorney in lender's favour authorizing the lender to recover directly from receivables charged to lender, in case of default. (3) Personal Guarantees of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
30	Karur Vysya Bank Limited	150,000,000	-	(1) Exclusive Charges on all present and future standard business receivable and current assests of the company in the form of cash and cash equivants assets of the borrower with a minimum security coverage of 1.10 times to be available for current requested term loan. (2) Guarantee- Promoter director of the company: Mr. Sanjay Chaturvedi with Net worth of Rs. 2.08 cr. and Mr. Ajay Oak with Net worth of Rs. 1.68 cr.
31	AU Small Finance Bank Ltd (Term Loan I)*	1,874,665	-	(1) Exclusive hypothecation of present and future home loan of standard receivable (net of financial charge, NPA's & other charges etc.) as per selection criteria to the extent of 1.10 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
32	AU Small Finance Bank Ltd (Term Loan- II)*	4,597,442	-	(1) Exclusive hypothecation of present and future home loan of standard receivable (net of financial charge, NPA's & other charges etc.) as per selection criteria to the extent of 1.10 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
33	AU Small Finance Bank Ltd (Term Loan- IV)*	23,333,312	-	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.10 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
34	AU Small Finance Bank Ltd (Term Loan- V)*	75,000,000	-	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.10 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
35	AU Small Finance Bank Ltd (Term Loan- VI)*	61,666,707	-	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.05 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
36	HDFC Bank Ltd III	50,000,000	-	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
	Total	**3,669,733,709**	**2,734,992,295**	

*AU Financiers India Limited status has been changed as bank during the year, so disclosure has been regrouped under banks from other than bank

Note:- For disclosure related to personal guarantee of promoter Late Shri Ajay Oak in above note is to be read with note no. 6 "Related part disclosure".

Note No. 2.3 (1)(ii): Repayment terms for term loans from banks

(a) The loans are repayable monthly and quarterly. Some of the loans carry a moratorium period ranging from 3 months to 12 months.
(b) The rates of interest for various loans are linked to or based on bank base rates/ MCLR.
(c) Below is the repayment schedule for bank loans.:

As at 31th March 2018

Range of Rate of Interest	Current Maturities	Long Term Maturities				Total
	<1 Year	1-3 Year	3-5 Year	After 5 Years	Total	
<11%	235,622,667	507,378,669	349,065,327	197,776,875	1,054,220,871	1,289,843,538
11-12%	352,425,760	531,325,229	273,031,405	67,307,692	871,664,326	1,224,090,086
12-13%	260,929,028	474,392,724	225,434,844	28,571,381	728,398,949	989,327,977
>13%	66,472,130	98,333,311	1,666,667	-	99,999,978	166,472,108
Total	**915,449,585**	**1,611,429,933**	**849,198,243**	**293,655,948**	**2,754,284,124**	**3,669,733,709**

As at 31 March 2017

Range of Rate of Interest	Current Maturities	Long Term Maturities				Total
	<1 Year	1-3 Year	3-5 Year	After 5 Years	Total	
11-12%	319,968,952	515,271,238	363,067,949	123,715,928	1,002,055,115	1,322,024,067
12-13%	344,255,393	485,149,144	406,337,144	177,226,547	1,068,712,835	1,412,968,228
Total	**664,224,345**	**1,000,420,382**	**769,405,093**	**300,942,475**	**2,070,767,950**	**2,734,992,295**

(All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:

Note No. 2.3 (2)(i): Security for term loans from other parties

No.	Lender	Loan outstanding as at 31 March 2018	Loan outstanding as at 31 March 2017	Details of security /guarantee
1	Northern Arc Capital Limited (Term Loan-I)#	-	3,234,091	(1) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 times on the outstanding facility. (2) Facility shall be secured by creating a first charge on the receivables meeting the portfolio origination criteria up to a value of required to meet the security cover. (3) Cash collateral amounting to Rs. 1,215,400 deposit against borrowings.
2	Northern Arc Capital Limited (Term Loan-II)#	2,748,514	17,691,806	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 times on the outstanding facility.
3	Northern Arc Capital Limited (Term Loan-III)#	2,748,514	17,691,806	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 times on the outstanding facility.
4	Northern Arc Capital Limited (Term Loan-IV)#	62,705,162	88,530,904	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
5	Northern Arc Capital Limited (Term Loan-V)#	25,821,426	35,562,218	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
6	Northern Arc Capital Limited (Term Loan-VI)#	33,322,385	45,347,606	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
7	Northern Arc Capital Limited (Term Loan-VII)#	60,070,175	78,529,400	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
8	MAS Capital Financial Services Limited (Term Loan- I)	1,041,645	13,541,649	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
9	MAS Financial Services Limited (Term Loan- II)	6,249,980	18,749,984	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
10	MAS Financial Services Limited (Term Loan- III)	7,291,652	19,791,656	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
11	MAS Financial Services Limited (Term Loan- IV)	24,999,984	44,999,988	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 4,000,000 deposit against borrowings.
12	MAS Financial Services Limited (Term Loan- V)	54,166,676	86,666,672	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 6,500,000 deposit against borrowings.
13	MAS Financial Services Limited (Term Loan- VI)	187,500,004	250,000,000	Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding.

(All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:

No.	Lender	Loan outstanding as at 31 March 2018	Loan outstanding as at 31 March 2017	Details of security /guarantee
14	Hinduja Leyland Finance Limited (Term Loan I)	33,405,701	54,870,211	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.00 times of the principal at any point of time during the currency of the facility.
15	Hinduja Leyland Finance Limited (Term Loan II)	46,460,190	66,445,607	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.10 times of the principal at any point of time during the currency of the facility.
16	Hinduja Leyland Finance Limited (Term Loan III)	70,243,843	87,429,581	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.1 times of the principal at any point of time during the currency of the facility.
17	Hinduja Leyland Finance Limited (Term Loan IV)	77,710,182	94,068,408	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.1 times of the principal at any point of time during the currency of the facility.
18	Sundaram BNP Paribas Home Finance Limited (I)	31,249,999	38,020,832	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
19	Sundaram BNP Paribas Home Finance Limited (II)	34,090,908	41,477,272	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
20	Sundaram BNP Paribas Home Finance Limited (III)	105,000,000	135,000,000	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
21	Reliance Commercial Finance Limited	16,626,619	49,959,912	Exclusive first charge (floating) on portfolio of receivables including underlying security interests as acceptable to bank, from time to time covering 1.10 times of the principal at any point of time during the currency of the facility.
22	Capital First Limited	128,472,222	208,333,333	First exclusive charge (floating) over loan receivables of the borrower to provide a security (Principal amount) cover of 1.10 time of the facility outstanding and overdues if any at all times.
23	HDFC Limited	62,561,762	80,576,320	(1) First and exclusive charge, by way of deed of hypothecation in favor of HDFC on book debts/receivables to be received from existing and prospective customers of your company, who have availed/will be availing loans form your company, by way of onward lending of this loan facility from HDFC to the extent of 1.10 times the loan amount. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
24	TATA Capital Financial Services Ltd (I)	38,888,884	72,222,220	(1) First and exclusive charge on unencumbered book debt with an assets cover of 1.1X, Note:- security cover at any point of time would be at least 1.10X of the receivables and it should not be OD (>30 days), other: agreement to assign mortgage on LAP units to the extent of loan amount in favor of TCFSL in case of default. (2) Personal Guarantee of Promoters (Mr. Ajay Oak).
25	TATA Capital Financial Services Ltd (II)	21,211,199	39,393,599	(1) First and exclusive charge on unencumbered book debt with an assets cover of 1.1X, Note:- security cover at any point of time would be at least 1.10X of the receivables and it should not be OD(>30 days), other: agreement to assign mortgage on LAP units to the extent of loan amount in favor of TCFSL in case of default. (2) Personal Guarantee of Promoters (Mr. Ajay Oak).
26	Nabkisan Finance Ltd	118,417,280	149,998,746	Exclusive charge on all the Book Debts of the borrower by the way of housing loans to the extent of 1.0 times.
27	Nabkisan Finance Ltd II	149,999,382	-	(1) Exclusive charge on all the Book Debts of the borrower of standard category to the extent of 1.10 times of the loan

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
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Nature of security and terms of repayment for secured borrowings:

No.	Lender	Loan outstanding as at 31 March 2018	Loan outstanding as at 31 March 2017	Details of security /guarantee
28	LIC Housing Finance Ltd	983,680,137	1,000,000,000	(1) Exclusive first charge over the book debts of the specific assets financed by the Company by way of housing loan, through this line of credit, Hypothecation of pool of receivables amounting to loan value. (2) Negative lien over the specific assets created out of housing loans executed by the company to company individuals borrowers out of LIC funds. (3) Irrevocable registered power of attorney in LIC's favour authorizing LIC to recover the money directly from the borrowers (which are specifically financed by the Company out of funds from LIC) and to file suits in the name of the Company in the event of default. (4) Irrevocable power of attorney in LICs favour authorising LIC to create a mortgage or charge of the specific assets of the Company (which are specifically financed by the Company out of funds from LIC) in LIC's favour, in the event of LIC coming to a conclusion that the security is jeopardised on account of any breach of conditions or default committed by the Company. (5) If any of the loan amounts financed from the funds of LIC turns NPA, the same needs to be replaced by another account free from any charge.
29	AU Financiers (India) Limited (Term Loan I)*	-	18,867,632	(1) Exclusive hypothecation of present and future home loan of standard receivable (net of financial charge, NPA's & other charges etc.) as per selection criteria to the extent of 1.10 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
30	AU Financiers India Limited (Term Loan- II)*	-	23,004,390	(1) Exclusive hypothecation of present and future home loan of standard receivable (net of financial charge, NPA's & other charges etc.) as per selection criteria to the extent of 1.10 times for the loan outstanding. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
31	AU Financiers India Limited (Term Loan- IV)*	-	33,333,320	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.10 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
32	AU Financiers India Limited (Term Loan- V)*	-	105,000,000	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.10 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
33	AU Financiers India Limited (Term Loan- VI)*	-	81,666,663	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.05 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoters (Mr. Ajay Oak and Mr. Sanjay Chaturvedi).
	Total	**2,386,684,425**	**3,100,005,826**	

During the year "IFMR Capital Finance Limited" has changed its name to "Northern Arc Capital Limited".

*AU Financiers India Limited status has been changed as bank during the year, so disclosure has been regrouped under banks

Note:- For disclosure related to personal guarantee of promoter Late Shri Ajay Oak in above note is to be read with note no. 6 "Related part disclosure".

Note No. 2.3 (2)(ii): Repayment terms for term loans from other parties

(a) The loans are repayable monthly and quarterly. Some of the loans carry a moratorium period ranging from 1 month to 12 months.
(b) The rates of interest for various loans are linked to or based on bank base rates/ MAS PLR/ XXIR.
(c) Below is the repayment schedule for other parties:

As at 31 March 2018

Range of Rate of Interest	Current Maturities	Long Term Maturities				Total
	<1 Year	1-3 Year	3-5 Year	After 5 Years	Total	
11-12%	271,043,007	515,100,316	290,456,258	544,916,334	1,350,472,908	1,621,515,915
12-13%	152,824,875	227,558,446	60,573,467	-	288,131,913	440,956,788
>13%	167,735,747	156,475,975	-	-	156,475,975	324,211,722
Total	**591,603,629**	**899,134,737**	**351,029,725**	**544,916,334**	**1,795,080,796**	**2,386,684,425**

As at 31 March 2017

Range of Rate of Interest	Current Maturities	Long Term Maturities				Total
	<1 Year	1-3 Year	3-5 Year	After 5 Years	Total	
11-12%	191,914,542	453,639,026	346,717,324	654,343,647	1,454,699,997	1,646,614,539
12-13%	64,508,249	149,955,702	112,951,238	14,157,197	277,064,137	341,572,386
>13%	398,749,348	608,978,528	104,091,025	-	713,069,553	1,111,818,901
Total	**655,172,139**	**1,212,573,256**	**563,759,587**	**668,500,844**	**2,444,833,687**	**3,100,005,826**

Shubham Housing Development Finance Company Limited
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Nature of security and terms of repayment for secured borrowings:

Note No. 2.3 (3): Security and terms of repayment for other loans from National Housing Bank

No.	Lender	Terms of repayments	Loan outstanding as at 31 March 2018	Loan outstanding as at 31 March 2017	Details of security /guarantee
1	National Housing Bank- RH2	● Repayment terms: Quarterly instalments ● Date of maturity :01-Jan-2025 ● Number of instalments : 38 Balance instalments: 23 ● Amount of instalment: Rs.1,300,000/- (principal) ● Rate of interest : ranges 8.45% to 8.70% per annum. ● Moratorium period : 2 month	29,200,000	35,100,000	(1) Exclusive first charge by way of hypothecation in the book debts financed out of refinance assistance together with securities thereof. (2) Additionally, first exclusive mortgage/ hypothecation of the portfolio to the extent of 25% of the amount stated above in point (1), thus total coverage available would be to the extent of 1.25 times of the amount refinanced. (3) Irrevocable and unconditional guarantee to the extent of Rs. 20,000,000.
2	National Housing Bank 2 Tranch I	● Repayment terms: Quarterly instalments ● Date of maturity : 01-Jan-32 ● Number of instalments : 59 Balance instalments: 31 ● Amount of instalment: First instalment Rs. 1,695,000/-(principal) and last instalment Rs. 165,000/-. ● Rate of interest : 8.45% per annum. ● Moratorium period : Nil	51,015,000	100,000,000	(1) Exclusive first charge by way of hypothecation in the book debts financed out of refinance assistance together with securities thereof. (2) Additionally, first exclusive mortgage/ hypothecation of the portfolio to the extent of 25% of the amount stated above in point (1), thus total coverage available would be to the extent of 1.25 times of the amount refinanced. (3) One time Irrevocable and unconditional guarantee to the extent of Rs. 20,000,000 while disbursement of National Housing Bank-RH2 which is also considered as bank guarantee for further tranch disbursements.
3	National Housing Bank 2 Tranch II	● Repayment terms: Quarterly instalments ● Date of maturity : 01-Apr-24 ● Number of instalments : 27 Balance instalments: 25 ● Amount of instalment: First instalment Rs. 3,350,000/-(principal) and last instalment is of Rs.2,000,000/- ● Rate of interest : 8.45% per annum. ● Moratorium period : Nil	82,400,000	-	
4	National Housing Bank 2 Tranch III	● Repayment terms: Quarterly instalments ● Date of maturity : 01-Apr-24 ● Number of instalments : 27 Balance instalments: 25 ● Amount of instalment: First instalment Rs. 404,000/-(principal) and last instalment is of Rs.396,000/- ● Rate of interest : 8.55% per annum. ● Moratorium period : Nil	10,092,000	-	
5	National Housing Bank 2 Tranch IV	● Repayment terms: Quarterly instalments ● Date of maturity : 01-Apr-26 ● Number of instalments : 35 Balance instalments: 33 ● Amount of instalment: First instalment Rs. 772,000/-(principal) and last instalment is of Rs.752,000/- ● Rate of interest : 8.45% per annum. ● Moratorium period : Nil	25,456,000	-	
6	National Housing Bank 2 Tranch V	● Repayment terms: Quarterly instalments ● Date of maturity : 01-Apr-26 ● Number of instalments : 35 Balance instalments: 33 ● Amount of instalment: First instalment Rs. 5,915,000/-(principal) and last instalment is of Rs.5,890,000/- ● Rate of interest : 8.35% per annum. ● Moratorium period : Nil	195,170,000	-	
7	National Housing Bank 2 Tranch VI	● Repayment terms: Quarterly instalments ● Date of maturity : 01-Apr-27 ● Number of instalments : 39 Balance instalments: 37 ● Amount of instalment: First instalment Rs. 1,616,000/-(principal) and last instalment is of Rs.1,592,000/- ● Rate of interest : 4.86% per annum. ● Moratorium period : Nil	59,768,000	-	
		Total	**453,101,000**	**135,100,000**	

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Nature of security and terms of repayment for secured borrowings:

Note No. 2.3 (4): Secured Redeemable Non Convertible Debentures

No.	Particular	Terms of repayments	As at 31 March 2018	As at 31 March 2017	Remarks
1	2,500 Non Convertible Debenture of Rs. 100,000 each	• Repayment Terms: Monthly installment • Date of Maturity: 23-Feb-2021 • No. of instalments: 30 Balance instalments:29 • Amount of instalment: 8,333,333/- (principal) • MCLR 7.95%+2% = 9.95% p.a. at present • Moratorium period: 06 months	250,000,000	-	1. Exclusive charge via a deed of hypothecation on the specific standard receivable of the company. 2. The charge over the hypothecated assets shall be 1.00 times the value of the outstanding amount under the debentures.
		Total	**250,000,000**	**-**	

Note No. 2.3 (5): Unsecured Redeemable Non Convertible Debentures

No.	Particular	Terms of repayments	As at 31 March 2018	As at 31 March 2017	Remarks
1	200 Non Convertible Debenture of Rs. 1,000,000 each	● Repayment terms: Monthly instalment ● Date of maturity : 15-April-2022 ● Number of instalments : 1 ● Balance instalments: 1 ● Amount of instalment: 200,000,000/- ● Rate of interest : 13% ● Moratorium period : 6 Years	200,000,000	200,000,000	1.Unsecured. 2. Bullet payment on 15 April 2022. 3. Gross Non Performing Assets should be less than 5%. 4. Off balance sheet portfolio to total assets ratio should be 35% or less.
2	375 Non-convertible debentures of Rs.1,000,000 each	● Repayment terms: Half yearly ● Date of maturity : 21-June-23 ● Number of instalments : 6 ● Balance instalments: 6 (first instalment starting from 20 December 2020) ● Amount of instalment: 125,000,000/- ● Rate of interest : 12.30%	375,000,000	375,000,000	Exclusive charge created over the hypothecated assets under or pursuant to the deed of hypothecation. The charge over the hypothecated assets shall be 0.75 times the value of the outstanding amount under the debentures.
3	375 Non-convertible debentures of Rs.1,000,000 each	● Repayment terms: Half yearly ● Date of maturity : 21-June-23 ● Number of instalments : 6 ● Balance instalments: 6 (first instalment starting from 20 December 2020) ● Amount of instalment: 125,000,000/- ● Rate of interest : 12.30%	375,000,000	375,000,000	Exclusive charge created over the hypothecated assets under or pursuant to the deed of hypothecation. The charge over the hypothecated assets shall be 0.75 times the value of the outstanding amount under the debentures.
		Total	**950,000,000**	**950,000,000**	

(All amounts are in Indian Rupees)

	Long-term		Short-term	
	As at 31 March 2018	**As at 31 March 2017**	**As at 31 March 2018**	**As at 31 March 2017**
2.4 Provisions				
Provision for employee benefits				
- Gratuity (refer to note 2.4.1)	-	1,461,732	7,499,612	646,311
- Compensated absences (refer to note 2.4.1)	8,253,111	5,691,808	4,024,967	3,575,008
Other provisions (refer to note 2.9.1)				
Housing loans:				
Contingent provision against standard assets	24,156,913	20,459,646	3,368,952	1,906,120
Provision for non-performing assets	75,334,034	59,969,790	15,020,445	10,565,467
Non housing loans:				
Contingent provision against standard assets	10,232,921	8,076,797	981,762	776,974
Provision for non-performing assets	30,989,834	11,742,530	6,662,054	1,825,800
	148,966,813	**107,402,303**	**37,557,792**	**19,295,680**

2.4.1 Employee benefits

The following table sets out the disclosures as required under AS-15 (revised), "Employee Benefits" as at 31 March 2018 and as at 31 March 2017:

a) Defined Contribution Plan:	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Contribution to Provident Fund	20,344,481	16,323,463
Contribution to Employee State Insurance	5,621,473	3,023,433
Contribution to Labour Welfare Fund	112,634	88,033
	26,078,588	**19,434,929**

(Also refer to note 2.17)

b) Defined benefit plan:

i) General description of defined benefit plan:

Gratuity Plan
The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days (for a month of 26 days) of total basic salary last drawn for each completed year of service. Gratuity is payable to all eligible employees of the Company on retirement, separation, death or permanent disablement, in terms of the provisions of the Payment of Gratuity Act, 1972.

ii. The changes in the present value of obligation representing reconciliation of opening and closing balances thereof are as follows:

	As at 31 March 2018	**As at 31 March 2017**
Present value of obligation as at the beginning of the year	5,322,453	3,244,556
Interest cost	364,330	244,031
Current service cost	2,610,636	1,565,839
Total benefits paid by fund manager	(1,566,033)	(259,886)
Actuarial loss on obligation	4,794,920	527,913
Present value of obligation as at the end of year	**11,526,306**	**5,322,453**

iii. The change in fair value of plan assets:

	As at 31 March 2018	**As at 31 March 2017**
Fair value of plan assets at the beginning of the year	3,214,410	2,099,004
Expected return on plan assets	263,394	188,910
Contributions	2,108,043	1,145,552
Total benefits paid by fund manager	(1,566,033)	(259,886)
Actuarial loss on plan asset	6,880	40,830
Fair value of plan assets at the end of the year	**4,026,694**	**3,214,410**

iv. The amounts recognised in Balance Sheet are as follows:

	As at 31 March 2018	**As at 31 March 2017**
Present value of obligation as at the end of the year	11,526,306	5,322,453
Present value of plan asset as at the end of the year	(4,026,694)	(3,214,410)
Net liability recognised in Balance Sheet	**7,499,612**	**2,108,043**

v. The amounts recognised in Statement of Profit and Loss are as follows:

	For the year ended 31 March 2018	**For the year ended 31 March 2017**
Current service cost	2,610,636	1,565,839
Interest cost	364,330	244,031
Expected return on plan asset	(263,394)	(188,910)
Net actuarial loss recognised in the year	4,788,040	487,083
Expenses recognised in the Statement of Profit and Loss	**7,499,612**	**2,108,043**

vi. Actual return on plan assets:

	For the year ended 31 March 2018	**For the year ended 31 March 2017**
Expected return on plan assets	263,394	188,910
Actuarial loss on plan assets	(6,880)	(40,830)
Actuarial return on plan assets	**256,514**	**148,080**

(All amounts are in Indian Rupees)

vii. Principal actuarial assumptions at the Balance Sheet date are as follows:

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Discount rate	6.90% per annum	6.85% per annum
Salary escalation rate	10.00% per annum	8.00% per annum
Return on assets	8.20% per annum	8.20% per annum
Attrition rate	Functional head and above : 12.00%	Functional head and above : 8.00%
	Executive level: 53%	Executive level: 66%
	Manager level: 24%	Manager level: 32%
Retirement age	60 years	60 years
Morality age	IALM (2006-2008) Modified Ult.	IALM (2006-2008) Modified Ult.

Economic assumptions
The principal assumptions are the discount rate and salary growth rate. The discount rate is based upon the prevailing market yield of government bonds as at the Balance Sheet date for the estimated term of the obligation and the estimates of future salary increases considered taking into account the inflation, seniority, promotion and other relevant factors.

viii. Experience on actuarial gain/ (loss) for Projected benefit obligation (PBO):

Particulars	**31 March 2018**	**31 March 2017**	**31 March 2016**	**31 March 2015**	**31 March 2014**
On plan assets (losses)/gain	6,880	40,830	13,963	(4,830)	21,567
On plan liability (gain)/losses	2,952,357	527,913	125,491	(872,329)	(673,233)
Defined benefit obligation	11,526,306	5,322,453	3,244,556	1,950,266	1,407,294
Fair value of plan assets	4,026,694	3,214,410	2,099,004	1,497,498	704,567
Deficit in the plan	7,499,612	2,108,043	1,145,552	452,768	702,727

The company expects Rs. 11,112,899 to be paid to its defined benefit plan in the next year (previous year Rs. 646,311)

ix. General description of other long term benefit plan:

Compensated absences plan

The Company operates compensated absences plan, where in every employee is entitled to the benefit equivalent to 21 days leave salary for every completed year of service subject to maximum 42 accumulation of leaves. The salary for calculation of earned leave is last drawn salary. The same is payable during the service, early retirement, withdrawal of scheme, resignation by employee and upon death of employee.

An actuarial valuation of compensated absences has been carried out by an independent actuary on the basis of the following assumptions:

Assumptions	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Discount rate	6.90% per annum	6.85% per annum
Salary escalation rate	10.00% per annum	8.00% per annum

The defined benefit obligation of compensated absences in respect of employees of the Company as at 31 March 2018 amounts to Rs. 12,278,078 (previous year Rs. 9,266,816). Further the same has been classified into non-current portion amounting to Rs. 8,253,111 (previous year Rs. 5,691,808) and current portion amounting to Rs. 4,024,967 (previous year Rs. 3,575,008).

		As at 31 March 2018	**As at 31 March 2017**
2.5	**Trade payables ***		
	Trade payables		
	- Total outstanding due of micro and small enterprises	32,575	29,033
	- Total outstanding due of creditors other than micro and small enterprises	36,219,527	30,679,586
		36,252,102	**30,708,619**

*The Company had sought confirmation from its vendors on their status under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') which came into force from 2 October 2006. Based on the confirmations received till date, the disclosure as required by Section 22 of the MSMED Act are given below:-

Particulars	**As at 31 March 2018**	**As at 31 March 2017**
Principal amount remaining unpaid to supplier as at the end of the year	32,575	29,033
Interest due on the principal remaining outstanding as at the end of the year	-	-
Interest paid under the MSMED Act beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

		As at 31 March 2018	**As at 31 March 2017**
2.6	**Other current liabilities**		
	Current portion of long term borrowings (refer to note 2.3)		
	- From banks	915,449,585	664,224,345
	- From other parties	591,603,629	655,172,139
	- National Housing Bank	105,308,000	10,285,000
	- Redeemable Non Convertible Debentures	58,333,333	-
	Book overdraft	-	1,698,561
	Loans pending disbursement	671,419,362	447,437,633
	Employee benefits payable	30,697,318	23,377,723
	Statutory dues payable	13,740,328	13,397,385
	Interest accrued but not due		
	-on term loan from bank	16,141,433	9,888,042
	-on term loan from other parties	3,014,232	8,282,852
	-on refinance from National Housing Bank	8,925,150	795,900
	-on Non Convertible Debentures	25,960,128	25,270,173
	Amount payable under securitisation	3,952,718	3,666,305
	Amount payable under assignment	4,400,961	6,564,431
	Payable for capital goods	1,793,415	1,520,748
	Lease Equalization Liability	3,978,844	1,947,094
	Advance EMI from customer	3,796,739	-
	Other payables	21,414,495	1,350,909
		2,479,929,670	**1,874,879,240**

(All amounts are in Indian Rupees)

2.7 Fixed Assets

For the years ended 31 March 2018

Description	Gross block				Accumulated depreciation				Net block
	As at 1 April 2017	Additions during the year	Deletions during the year	As at 31 March 2018	As at 1 April 2017	For the year	On deletions	As at 31 March 2018	As at 31 March 2018
Property, plant & equipment									
Computer	34,668,745	7,481,860	225,678	41,924,927	19,053,046	8,512,463	131,267	27,434,242	14,490,685
Furniture and fixtures	8,991,190	427,187	487,296	8,931,081	5,238,979	1,007,471	330,239	5,916,211	3,014,870
Office equipment	12,573,585	1,386,094	559,573	13,400,106	7,076,691	2,806,250	482,783	9,400,158	3,999,948
Other intangible assets									
Software	22,250,555	10,395,604	-	32,646,159	3,228,122	5,978,009	-	9,206,131	23,440,028
Intangible assets under development*	5,846,261	6,666,905	8,674,866	3,838,300	-	-	-	-	3,838,300
Total	**84,330,336**	**26,357,650**	**9,947,413**	**100,740,573**	**34,596,838**	**18,304,193**	**944,289**	**51,956,742**	**48,783,831**

For the year ended 31 March 2017

Description	Gross block				Accumulated depreciation				Net block
	As at 1 April 2016	Additions during the year	Deletions during the year	As at 31 March 2017	As at 1 April 2016	For the year	On deletions	As at 31 March 2017	As at 31 March 2017
Tangible fixed assets									
Computer	22,794,801	12,160,981	287,037	34,668,745	11,438,206	7,808,864	194,024	19,053,046	15,615,699
Furniture and fixtures	8,446,459	1,074,117	529,386	8,991,190	4,350,532	1,189,764	301,317	5,238,979	3,752,211
Office equipment	6,996,921	6,005,521	428,857	12,573,585	4,079,754	3,335,198	338,261	7,076,691	5,496,894
Other intangible assets									
Software	252,086	21,998,469	-	22,250,555	76,983	3,151,139	-	3,228,122	19,022,433
Intangible assets under development*	12,588,248	14,185,756	20,927,743	5,846,261	-	-	-	-	5,846,261
Total	**51,078,515**	**55,424,844**	**22,173,023**	**84,330,336**	**19,945,475**	**15,484,965**	**833,602**	**34,596,838**	**49,733,498**

*Deletion from Intangible assets under development represents capitalisation during the year to Other intangible assets

(All amounts are in Indian Rupees)

		As at 31 March 2018	As at 31 March 2017
2.8	**Deferred tax asset (net)**		
	Deferred tax asset		
	Provision against		
	Housing Loans:		
	Contingent provision against standard assets	7,657,696	7,394,793
	Provision for non-performing assets	25,136,616	23,321,072
	Non Housing Loans:		
	Contingent provision against standard assets	3,119,925	2,927,322
	Provision for non-performing assets	10,474,755	4,486,097
	Provision for gratuity	2,086,392	696,982
	Provision for compensated absences	3,415,761	3,063,887
	Provision for bonus	95,200	2,045,768
	Employee stock option compensation expenses	7,530,580	5,260,217
	Provision for bad and doubtful assets	3,512,591	4,674,032
	Rent equilisation reserve	1,106,914	643,768
	Allowance amount for share issue expenses	12,978,040	-
	Less: Deferred tax liability		
	Difference between written down value of fixed assets as per Companies Act, 2013 and Income-tax Act, 1961	(2,285,117)	(2,176,102)
	Un-amortised processing fees on borrowings	(21,625,514)	(27,237,221)
	Special reserve u/s 36(1)(viii) of The Income-tax Act, 1961	(5,472,750)	(3,519,124)
		47,731,089	**21,581,491**

		Non-current portion		Current portion*	
		As at 31 March 2018	**As at 31 March 2017**	**As at 31 March 2018**	**As at 31 March 2017**
2.9	**Long term loans and advances (refer note 2.9.4)**				
	(Unsecured, considered good unless stated otherwise)				
	To parties other than related parties				
	Housing loans - secured				
	- Considered good	6,956,128,662	5,105,565,164	635,019,136	362,960,317
	- Considered doubtful	75,334,034	59,969,790	15,020,445	10,565,467
	Housing loans - unsecured				
	Individuals				
	- Considered good	4,668,500	5,906,509	453,352	639,220
	Non Housing loans - secured				
	- Considered good	2,610,000,555	2,023,658,947	211,856,974	158,006,730
	- Considered doubtful	30,989,834	11,742,530	6,662,054	1,825,800
	Non Housing loans - unsecured				
	Individuals				
	- Considered good	1,948	86,408	147	1,421
	Minimum retention requirement (against securitization transaction) (also refer note 2.9.2)	23,018,613	23,018,612	-	-
	Minimum retention requirement (against assignment transaction) (also refer note 2.9.3)	25,474,152	33,517,907	2,051,925	1,897,878
	Advance to employees	5,541,522	-	6,343,277	3,214,134
	Security deposits	9,641,130	8,621,536	5,118,129	5,041,833
	Cash collateral against borrowings	19,750,000	21,895,626	-	-
	Advance tax and tax deducted at source {net of provision for income tax amounting to Rs. 61,625,543 (previous year Rs. 36,924,125)}	9,205,693	1,692,276	-	-
	Minimum alternative tax (MAT) recoverable {net of utilisation of Rs. 6,231,276 (previous year Rs. Nil)}	-	-	-	4,761,352
		9,769,754,643	**7,295,675,305**	**882,525,439**	**548,914,152**

* Amount disclosed under "Short-term loans and advances"

(All amounts are in Indian Rupees)

2.9.1 Classification of loans and advances and provisions thereon
(in accordance with the directions issued by the NHB in terms of The Housing Finance Companies (NHB) Directions, 2010)

Particulars	Housing		Non-Housing	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Standard assets				
a) Total outstanding amount *	7,488,520,298	5,369,691,964	2,751,440,460	2,163,442,723
b) Provision made	27,525,865	22,365,766	11,214,683	8,853,771
Sub-standard assets				
a) Total outstanding amount	178,663,405	201,229,258	104,934,248	70,275,034
b) Provision made	28,350,131	32,828,724	15,740,137	10,736,456
Doubtful assets-I				
a) Total outstanding amount	111,933,715	35,508,058	52,501,454	3,790,742
b) Provision made	45,325,657	14,823,245	21,126,822	1,516,297
Doubtful assets-II				
a) Total outstanding amount	27,797,818	38,138,815	1,308,216	2,192,629
b) Provision made	16,678,690	22,883,288	784,929	1,315,577
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total outstanding amount	**7,806,915,236**	**5,644,568,095**	**2,910,184,378**	**2,239,701,128**
b) Provision made	**117,880,343**	**92,901,023**	**48,866,571**	**22,422,101**

*The amount of total outstanding dues includes interest accrued and dues amounting to Rs. 170,963,974 (previous year Rs. 143,340,919).

During the previous year, the Company based on benefit given by National Housing Bank vide circular number NHB(ND)/DRS/Policy Circular No.77/2016-17 dated 21 November 2016 has deferred by 60 days the recognition of a loan account as substandard. Consequently, the Company has not classified outstanding principal of loans amounting to Rs. 100,732,854 as substandard though they are overdue for more than 90 days as at 31 March 2017. Further in respect of the aforesaid loans the Company has accrued interest income amounting to Rs. 8,625,653. Had the Company not considered the deferral of recognition as enunciated by the above mentioned NHB circular, the provision for non-performing assets would have been higher by Rs. 14,691,769 and profit before tax would have been lower by Rs. 23,317,422.

2.9.2 Securitized assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the assets. De-recognition of gain or loss arising on such securitisation is based on the guidance note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

During the year ended 31 March 2014, the Company on 27 March 2014 and on 31 March 2014 has securitised portion of its loan portfolio amounting to Rs.165,347,839 and Rs. 108,063,819 respectively at par. Pursuant to the said securitisation arrangements, the Company has derecognised such loan assets from its books of account. Also, in accordance with the terms and conditions of the securitisation agreements, the Company has retained loan assets amounting to Rs. 23,018,612 as minimum retention requirement ('MRR') and has also given cash collateral in the form of fixed deposits amounting to Rs. 10,802,345. Outstanding MRR has been disclosed under note 2.9 and fixed deposits have been disclosed under note 2.12 of the financial statements. Further, the Company will continue to act on a non-recourse basis to collect and service the monthly EMI collection on the said securitised portfolio. In lieu of rendering the aforesaid services, the Company will charge 0.1% of the total collections for the respective month (the charging of fees is applicable only for the securitisation agreement pertaining to Rs. 165,347,839 portfolio).

Nature of transaction	Date of Transaction	Minimum retention requirement (MRR)	Pool Outstanding As at 31 March 2018	Pool Outstanding As at 31 March 2017
Securitization transaction 1	27-Mar-14	16,534,784	55,572,921	72,936,776
Securitization transaction 2	31-Mar-14	6,483,829	37,016,166	48,497,439

2.9.3 Assigned assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the Assets. De-recognition of gain or loss arising on such direct assignment is based on the guidance note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

During the year ended 31 March 2016, the Company on 29 June 2015 has assigned portion of its loan portfolio amounting to Rs. 441,980,568 at par. Pursuant to the said assignment arrangements, the Company has derecognised such loan assets from its books of account. Also, in accordance with the terms and conditions of the assignment agreements, the Company has retained loan assets amounting to Rs. 44,198,057 as minimum retention requirement ('MRR'). MRR has been disclosed under note 2.9. Further, the Company will continue to act on a non-recourse basis to collect and service the monthly EMI collection on the said assigned portfolio. In lieu of rendering the aforesaid services, the Company will charge 0.05% of the total outstanding at beginning of respective month.

During the year ended 31 March 2017, the Company on 28 April 2016 has assigned portion of its loan portfolio amounting to Rs. 76,839,980 at par. Pursuant to the said assignment arrangements, the Company has derecognised such loan assets from its books of account. Also, in accordance with the terms and conditions of the assignment agreements, the Company has retained loan assets amounting to Rs. 11,525,997 as minimum retention requirement ('MRR'). MRR has been disclosed under note 2.9. Further, the Company will continue to act on a non-recourse basis to collect and service the monthly EMI collection on the said assigned portfolio. In lieu of rendering the aforesaid services, the Company will charge 0.25% of the total outstanding at beginning of respective month.

Nature of transaction	Date of Transaction	Minimum retention requirement (MRR)	Pool Outstanding As at 31 March 2018	Pool Outstanding As at 31 March 2017
Direct assignment 1	29-Jun-15	20,643,042	201,557,017	258,159,448
Direct assignment 2	28-Apr-16	6,883,036	45,827,948	58,175,534

2.9.4 Loans to borrowers are secured by:
a) Equitable mortgage of property and/or
b) Undertaking to create a security by way of equitable mortgage of property.

(All amounts are in Indian Rupees)

		As at 31 March 2018	As at 31 March 2017
2.10	**Other non-current assets**		
	(Unsecured, considered good)		
	Fixed deposits (due to mature after 12 months from the reporting date) (refer note 2.12)	20,000,000	20,000,000
	Unamortised processing fees on borrowings	58,156,527	63,014,825
		78,156,527	**83,014,825**

		As at 31 March 2018	As at 31 March 2017
2.11	**Trade receivables**		
	(Outstanding not exceeding six months)		
	Secured		
	- Considered good	38,055,674	35,894,830
	Unsecured		
	- Considered good	83,238	99,555
		38,138,912	**35,994,385**

		As at 31 March 2018	As at 31 March 2017
2.12	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	13,791,435	10,722,655
	Cheques in hand	765,600	18,809,480
	Balances with bank		
	- on current accounts	248,779,942	175,472,363
	- on deposit accounts (with original maturity of 3 months or less)	100,000,000	825,000,000
	Other bank balances		
	Fixed deposits (with remaining maturity within 12 months from the reporting date)	1,190,115,225	85,656,763
		1,553,452,202	**1,115,661,261**
	Details of bank balances/ deposits		
	Fixed deposits with original maturity of 3 months or less included under "Cash and cash equivalents"	100,000,000	825,000,000
	Fixed deposits due to mature within 12 months of the reporting date included under "Other bank balances" #	1,190,115,225	85,656,763
	Fixed deposits due to mature after 12 months of the reporting date included under "Other non-current assets" #	20,000,000	20,000,000
		1,310,115,225	**930,656,763**

Fixed deposit with bank are under lien and are not available for free use. The details of the same are as follows:-

Pledge with bank for obtaining bank overdraft facilities	79,312,656	75,619,994
Pledge with bank as Cash Collateral for securitization transactions	10,802,345	10,036,769
For obtaining bank guarantee for National Housing Bank (Refinance)	20,000,000	20,000,000
	110,115,001	**105,656,763**

(All amounts are in Indian Rupees)

		As at 31 March 2018	As at 31 March 2017
2.13	**Short term loans and advances**		
	(Unsecured, considered good unless stated otherwise)		
	To parties other than related parties		
	Housing loans - secured		
	-Considered good	635,019,136	362,960,317
	-Considered doubtful	15,020,445	10,565,467
	Housing loans - unsecured		
	-Considered good	453,352	639,220
	Non Housing loans - secured		
	-Considered good	211,856,974	158,006,730
	-Considered doubtful	6,662,054	1,825,800
	Non Housing loans - unsecured		
	-Considered good	147	1,421
	Minimum retention requirement (against assignment transaction) (also refer note 2.9.3)	2,051,925	1,897,878
	Minimum alternative tax (MAT) recoverable	-	4,761,352
	Security deposits	5,118,129	5,041,833
	Goods and service tax receivable	4,074,877	2,661,264
	Service tax refundable	1,268,187	-
	Prepaid expenses	14,142,002	14,835,114
	Advances to employees	6,343,277	3,214,134
	Advances to suppliers	1,576,524	1,130,916
	Advance EMI Payment of borrowing	29,210,561	-
	Other advances	13,937,799	6,863,481
		946,735,389	**574,404,927**
2.14	**Other current assets**		
	Stock of acquired properties (held for sale or disposal) (Net of provision for diminution in the value of acquired properties amounting to Rs. 12,626,135 (previous year Rs. 14,136,746))	236,926,986	103,006,864
	Interest accrued but not due on loans	132,825,062	107,346,534
	Interest accrued but not due on:		
	- Fixed deposits	14,209,259	4,399,858
	- Cash collateral against borrowings	2,199,701	127,635
	Unamortised processing fees on borrowings	19,577,169	19,364,937
		405,738,177	**234,245,828**

(All amounts are in Indian Rupees)

		For the year ended 31 March 2018	For the year ended 31 March 2017
2.15	**Revenue from operations**		
	Interest on housing and non housing loans	1,493,371,476	1,199,068,281
	Processing fees and other charges	185,290,976	135,884,632
	Excess interest spread on securitization	2,756,529	8,446,730
	Income under assignment transaction	18,204,411	26,940,462
		1,699,623,392	**1,370,340,105**
2.16	**Other income**		
	Profit on redemption of mutual funds (net)	29,862,113	30,407,069
	Interest income on fixed deposits	22,973,125	11,423,686
	Miscellaneous income	7,212,764	3,316,287
		60,048,002	**45,147,042**
2.17	**Employee benefits**		
	Salaries, bonus and allowances	430,703,746	332,477,207
	Contribution to provident and other funds	26,109,888	19,466,229
	Gratuity	7,499,612	2,108,043
	Compensated absences	6,300,093	5,864,474
	Employee stock option compensation expense	11,159,265	1,282,442
	Staff welfare	8,295,261	7,172,726
		490,067,865	**368,371,121**
2.18	**Finance costs**		
	Interest on		
	- Term loan	753,033,064	595,022,109
	- Bank overdraft	185,125	161,479
	- Non Convertible Debentures	127,086,937	103,094,658
	Processing fees on loans	20,746,486	16,470,917
	Discount on commercial papers	-	5,422,962
		901,051,612	**720,172,125**
2.19	**Other expenses**		
	Housing Loans:		
	Contingent provision against standard assets	5,248,265	6,804,833
	Provision for non-performing assets	30,901,605	37,111,111
	Non Housing Loans:		
	Contingent provision against standard assets	2,406,675	127,356
	Provision for non-performing assets	24,396,599	11,045,694
	Legal and professional*	23,972,490	14,521,128
	Information technology support	31,177,444	30,807,595
	Customer acquisition cost	59,157,781	43,201,357
	Advertisement	2,417,585	34,497,770
	Brokerage and commission	115,500	1,775,567
	Repair and maintenance - others	11,307,518	8,686,019
	Travelling and conveyance	10,739,254	10,682,359
	Training and development	1,331,192	2,580,174
	Printing and stationery	4,649,364	11,046,640
	Storage charges	1,008,337	843,639
	Electricity	5,252,261	4,517,460
	Communication	6,792,380	10,271,079
	Office supplies	1,354,840	1,404,819
	Postage and courier	5,677,948	5,676,537
	Rent	38,779,262	40,600,718
	Rates and taxes	492,153	511,558
	Loan asset written off {Net of provisions no longer required written back amounting to Rs. 11,529,352 (previous year Rs. 1,433,250)}	18,477,202	6,520,167
	Loss on sale of fixed assets	224,952	227,943
	Insurance	1,755,273	962,049
	CSR expenses	1,358,860	326,917
	Bank charges	3,131,716	2,870,775
	Provision for loss on stock of acquired property	3,673,497	12,715,810
	Loss on sale and settlement of acquired properties {Net of provision Rs. 5,184,108 (previous year Rs. 585,158)}	2,457,717	675,808
	Miscellaneous	3,432,369	2,935,662
		301,690,039	**303,948,544**
	Note 2.20 (a)- Payment to auditors*		
	As auditor		
	- Statutory audit	1,550,000	1,550,000
	- Tax audit #	110,000	90,000
	- Limited review	500,000	600,000
	- Certification charges	272,354	216,215
	- Outlays	150,000	199,900
		2,582,354	**2,656,115**

* excluding Goods and service tax
# paid to another auditor

1A. Background

Shubham Housing Development Finance Company Limited (*formerly known as Shubham housing Development Finance Company Private Limited*) (the 'Company') was incorporated in India on 23 February 2010 as a private limited company under the Companies Act 1956. The Company is registered with the National Housing Bank (NHB) as a Housing Finance Company vide Certificate No. 06.136.16 dated 23 June 2016 (issued in lieu of earlier Certificate No. 01.0090.11 dated 24 January 2011). The Company is in the business of providing housing and non-housing loans.

In financial year 2015-16, the Company was converted into a public limited company pursuant to approval of the Shareholders in an extra-ordinary general meeting held on 28 March 2016 and consequently the name of the Company was changed to Shubham Housing Development Finance Company Limited and a fresh certificate of incorporation consequent upon conversion to Public Limited Company was issued by the Registrar of Companies on 24 May 2016. The corporate identification number of the Company is: U65921DL2010ELC199469.

During the previous year, the Company listed its redeemable non-convertible debentures on Bombay Stock Exchange on 22 June 2016. These debentures are privately placed.

1B. Significant accounting policies

a) Basis of preparation and presentation of financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting, in accordance with the Indian Generally Accepted Accounting Principles (GAAP), Accounting Standards specified under Section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounts) Rules, 2016(as amended) and the provisions of the Companies Act, 2013, as adopted consistently by the Company.

The Company complies with the prudential norms relating to income recognition, accounting standards, asset classification and the minimum provisioning for standard assets, substandard assets, doubtful assets and loss assets, specified in the directions issued by the NHB in terms of The Housing Finance Companies (NHB) Directions, 2010, as applicable to it.

b) Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses and the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Estimates and underline assumptions are reviewed on an ongoing basis. Any revision to the accounting estimates is recognised prospectively in current and future period.

c) Current/ Non-current classification

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

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

a. it is expected to be realised in, or is intended for sale or consumption in, the company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is expected to be realised within 12 months after the reporting date; or
d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

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

a. it is expected to be settled in the company's normal operating cycle;
b. it is held primarily for the purpose of being traded;
c. it is due to be settled within 12 months after the reporting date; or
d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle
Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

d) Revenue recognition

The Company follows the Housing Finance Companies (NHB) Directions, 2010 issued by the NHB and Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 for income recognition. Reversal of income on non-performing assets necessitated by these guidelines, are netted-off from the income from operations.

Interest is accounted on accrual basis except for non-performing assets in respect of which income is recognised on receipt. No income is accrued on accounts delinquent for more than 90 days. Payment received on delinquent accounts is applied first towards principal and then towards interest and other charges.

Income from loan transactions

i. Interest income on loans disbursed is accounted for by applying the Internal Rate of Return (IRR), implicit in the agreement, on the diminishing balance of the financed amount, over the period of the agreement so as to provide a constant periodic rate of return on the net amount outstanding on the contracts.

Processing fee and other charges

i. Loan processing fees is recognized on upfront basis.

ii. Other charges (penal interest, cheque bouncing charges etc.) are recognised on receipt basis.

Interest income on fixed deposits

i. Interest on fixed deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the fixed deposit.

Others

i. Income on account of excess interest spread arising from securitisation and income from assignment transaction is recognised on accrual basis, net of any related losses.

ii. Profit or loss on redemption of investments is determined based on the weighted average cost of the investment redeemed.

iii. Dividend income is recognised when the right to receive payment is established.

(All amounts are in Indian Rupees)

e) Provision for standard and non-performing assets

Provision for standard assets and non-performing assets are created in accordance with prudential norms and guidelines issued by NHB. Also, specific provisions in respect of standard assets and non-performing assets are created based on the management's best estimates, which are determined having regard to overall loan portfolio quality, asset growth, economic conditions and other risk factors.
In accordance with Para 29 of The Housing Finance Company (NHB) Directions, 2010, the Company has separately shown provision for loans under short-term/ long-term provisions (as applicable) without netting off from loans.

During the current year and previous year, the Company has followed the following policy for identification and provisioning in respect of standard assets and provision for non-performing assets:

Asset classification	**Criteria**	**Rate of provision (% of total loan outstanding) ##**
Standard assets		
Standard assets	An asset, in respect of which, no default in repayment of principal or payment of interest is perceived.	0.4
Standard assets	For individual housing loan sanctioned on or after 2nd August 2017- in respect of which, no default in repayment of principal or payment of interest is perceived.	0.25
Standard Assets in respect of Commercial Real Estates (Residential Housing)	An asset, in respect of which, no default in repayment of principal or payment of interest is perceived.	0.75
Non-performing assets (NPA) - An asset, in respect of which, principal/interest has remained overdue for a period of more than 90 days.		
Sub-standard assets	NPA for less than or equal to 12 months	15
Doubtful assets #	NPA for more than 12 months	
	Doubtful for up to 1 year *	25
	Doubtful for more than 1 year but less than or equal to 3 years **	40
	Doubtful for more than 3 years	100
Loss assets	As identified	Written off from books
	If the assets are permitted to remain in the books for any reason	100

In respect of doubtful assets, an additional 100% provision is recorded to the extent to which the loan is not covered by the realisable value of the security to which the Company has a valid recourse.

* Doubtful up to 1 year: additional provision of 15% (i.e. total 40% of outstanding asset in such asset class) (previous year additional provision of 15% (i.e. total 40% of outstanding asset in such asset class))
** Doubtful for more than 1 year but less than or equal to 3 years: additional provision of 20% (i.e. total 60% of outstanding asset in such asset class) (additional provision of 60% (i.e. total 100% of outstanding asset in such asset class))

f) Stock of acquired properties

The assets acquired by the Company under SARFAESI Act, 2002 are classified as 'Stock of Acquired Properties' under other current assets and are valued at outstanding dues or net realisable value, whichever is lower.

g) Expenditure

Interest expense

Interest on borrowings is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing.

Processing fees on borrowings
The Company pays processing fees and arranger fees to obtain borrowings from Banks and other companies. Fee so incurred is recognised as expense over the tenor. The unamortised balance is disclosed as part of other current/ non-current assets.

h) Securitised/Assigned assets

Securitised/Assigned assets are derecognised in the books of the Company based on the principle of transfer of ownership interest over the assets. De-recognition of such assets and recognition of gain or loss arising on such securitisation is based on the Guidance Note on Accounting for Securitisation issued by the Institute of Chartered Accountants of India.

i) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

j) Other intangible assets

Other intangible assets comprise software. Intangible fixed assets that are acquired by the Company are measured initially at cost. Acquired other intangible assets are recorded at the consideration paid for their acquisition. After initial recognition, another intangible asset is carried at its cost less any accumulated amortisation and any accumulated impairment loss.

Other Intangible assets are amortised in the Statement of Profit or Loss over their estimated useful lives, from the date they are available for use based on the expected pattern of consumption of economic benefits of assets. Accordingly, at present these are being amortised on straight line basis. Computer software are amortised at the rate of 10% to 20%.

k) Depreciation and amortisation

With effect from 1 April 2014, tangible fixed assets are depreciated on written down value method basis useful life specified in Part 'C' of Schedule II to the Act, except for Computer and data processing unit, where the management's estimate of the useful life of such fixed asset is higher than the life arrived at on the basis of Schedule II of the Act. Intangible fixed assets are depreciated on straight line method basis over useful life of asset.

Accordingly, based on the internal technical evaluation conducted during the earlier years, the Company depreciated computers and data processing units over a period of 5 years. The management believes that the said useful lives best represent the period over which management expects to use these assets.

Depreciation on additions is being provided on pro rata basis from the date of such additions. Similarly, depreciation on assets sold / disposed off during the year is being provided up to the dates on which such assets are sold / disposed off. Modification or extension to an existing asset, which is of capital nature and which becomes an integral part thereof is depreciated prospectively over the remaining useful life of that asset.

l) Impairment

Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of the future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the assets net selling price and present value as determined above. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is recorded only to the extent that assets carrying cost does not exceed the carrying amount that would have been determined net of depreciation and amortisation, if no impairment loss has been recognised.

m) Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. Dilutive earnings per share is computed and disclosed after adjusting the effects of all dilutive potential equity shares, if any, except when the results will be anti-dilutive.

n) Leases

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term.

o) Income taxes

Income-tax expense comprises current tax (i.e. amount of tax for the year determined in accordance with the income-tax laws) and deferred tax charge or credit (reflecting the tax effect of timing differences between accounting income and taxable income for the year).

Current tax is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the applicable tax rates and tax laws. Deferred tax is recognised in respect of timing differences between taxable income and accounting income i.e. differences that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

In accordance with the provisions of Section 115JAA of the Income-tax Act, 1961, the Company is allowed to avail credit equal to the excess of Minimum Alternate Tax (MAT) over normal income tax for the assessment year for which MAT is paid. MAT credit so determined can be carried forward for set-off for ten succeeding assessment years from the year in which such credit becomes allowable. MAT credit can be set-off only in the year in which the Company is liable to pay tax as per the normal provisions of the Income-tax Act, 1961 and such tax is in excess of MAT for that year. Accordingly, MAT credit entitlement is recognised only to the extent there is convincing evidence that the Company will pay normal tax during the specified period.

p) Transactions in foreign exchange

Foreign currency transactions are accounted for at the exchange rate prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items is recognised in the Statement of Profit and Loss.

Monetary assets and monetary liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/ loss, if any, is recorded as an income or any expense in the period in which they arise.

q) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long-term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long-term investments" in consonance with the current/ non-current classification scheme of Schedule III of the Companies Act, 2013.
Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, mutual funds, preference shares, convertible debentures etc. Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

r) Employee benefits

The Company's obligation towards various employee benefits has been recognised as follows:

Short-term employee benefits
All employee benefits payable/ available within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and bonus etc., are recognised in the Statement of Profit and Loss in the period in which the employee renders the related service.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity scheme is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation carried by an independent actuary at the year-end using the Projected Unit Credit Method at the Balance Sheet date, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows.

The Company has taken a policy from Birla Sun Life Insurance Company Limited to cover its liabilities towards employees' gratuity. Net unfunded / funded obligation is disclosed in the Balance Sheet as the case may be.

Compensated absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Treatment of actuarial gains and losses

Actuarial gains and losses are recognised immediately in the Statement of Profit and loss. Gains or losses on the curtailment or settlement of any defined plan are recognised when the curtailment or settlement occurs.

s) Share-based payments

The Company accounts for equity settled stock options as per the accounting treatment prescribed by Guidance Note issued by The Institute of Chartered Accountants of India.

The Employee Stock Option Scheme ('the Scheme') 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. The Company follows the fair value method to account for its stock-based employee compensation plan. Compensation cost is measured by the excess, if any, of the fair value of the underlying stock over the exercise price as determined under the scheme. The fair value is considered on the basis of valuation report. Compensation cost, if any, is amortised over the vesting period.

t) Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date. The provisions are measured on an undiscounted basis.

u) Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

v) Cash and cash equivalents

Cash and cash equivalents comprises of cash balance with bank and highly liquid investments with maturity period of three months or less from the date of investment.

(All amounts are in Indian Rupees)

2. Segment reporting

The Company provides Housing loans and Non-Housing loans and the entire services are governed by same set of risk and returns. Hence, the Company has been considered to have only one primary segment. The said treatment is in accordance with the guiding principles enunciated in the Accounting Standard-17 on Segment Reporting as specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

The Company provides services only within India and does not have any operations in economic environments with different risks and returns. Hence, it is considered operating in a single geographical segment.

3. Stock option plan

During the financial year 2011-12, the Company issued 119,047 equity shares to the Shubham Employees Welfare Trust for granting the options to employees. A resolution was passed in the Board Meeting of the Company dated 31 October 2013 authorizing the Board/ Compensation Committee to issue 119,047 Employee Stock Options to employees. Each option is exercisable for one (1) equity share or security convertible to one (1) equity share of face value of Rs. 10/- each fully paid up on payment to the Trust for such shares at a price to be determined in accordance with Employee Stock Option Plan 2013 (‘ESOP 2013’). If an Employee Stock Option expires or becomes un-exercisable without having been exercised in full, such options, would be available to the Compensation Committee for granting to other employees.

The Employee Stock Options granted under ESOP 2013 shall vest for a minimum period of one (1) year and a maximum of four (4) years from the date of grant of the option. The exact period for which the options would vest shall be determined by the Compensation Committee, subject to the aforesaid limits regarding the minimum and maximum vesting period. There shall be a minimum period of one year between the grant of options and vesting of option.

During the year, the Company has granted further Employee Stock Options. Further employees have not exercised any vested option, however during the previous year no option were granted.

During the year, the Company has granted 22,800 option to employees under the ESOP 2013, detail is as under:

Date of Grant	Date of Vesting	No. of Options	Fair Value (Rs.)	Exercise price (Rs.)
1 Oct 2017	1 Oct 2018	10,675	1,158.76	10
1 Oct 2017	1 Apr 2019	2,625	1,159.01	10
1 Oct 2017	1 May 2019	500	1159.06	10
1 Oct 2017	1 Apr 2020	3,525	1159.53	10
1 Oct 2017	1 May 2020	975	1159.57	10
1 Oct 2017	1 Apr 2021	3,525	1160.07	10
1 Oct 2017	1 May 2021	975	1160.10	10
Total		**22,800**		

(All amounts are in Indian Rupees)

As at 31 March 2018, the details of ESOP outstanding for series 1 is given below:

Date of Grant	Date of Vesting	No. of Options	Fair Value at Grant date (Rs.)	Exercise price (Rs.)
1 May 2015	1 May 2016	5,072	955.28	10
24 Aug 2015	24Aug 2016	3,594	955.32	10
24 Aug 2015	24 Feb 2017	1,194	955.64	10
1 May 2015	1 May 2017	2,540	955.87	10
1 May 2015	1 Aug 2017	265	956.00	10
24Aug 2015	24 Feb 2018	2,394	956.23	10
1 May 2015	1 May 2018	1,476	956.34	10
1 May 2015	1 Aug 2018	224	956.47	10
1 May 2015	1 Jan 2019	802	956.71	10
24Aug 2015	24 Feb 2019	2,393	956.74	10
Total		**19,954**		

As at 31 March 2017, the details of ESOP outstanding for series 1 is given below:

Date of Grant	Date of Vesting	No. of Options	Fair Value (Rs.)	Exercise price (Rs.)
1 May 2015	1 May 2016	5,072	955.28	10
24 Aug 2015	24Aug 2016	3,594	955.32	10
24 Aug 2015	24 Feb 2017	1,194	955.64	10
1 May 2015	1 May 2017	2,540	955.87	10
1 May 2015	1 Aug 2017	265	956.00	10
24Aug 2015	24 Feb 2018	2,394	956.23	10
1 May 2015	1 May 2018	1,476	956.34	10
1 May 2015	1 Aug 2018	224	956.47	10
1 May 2015	1 Jan 2019	802	956.71	10
24Aug 2015	24 Feb 2019	2,393	956.74	10
Total		**19,954**		

As at 31 March 2018, the details of ESOP outstanding are given below:

Series 2:-

Date of Grant	Date of Vesting	No. of Options	Fair Value at Grant date (Rs.)	Exercise price (Rs.)
1 Oct 2017	1 Oct 2018	10,300	1,158.76	10
1 Oct 2017	1 Apr 2019	2,625	1,159.01	10
1 Oct 2017	1 May 2019	375	1159.06	10
1 Oct 2017	1 Apr 2020	3,525	1159.53	10
1 Oct 2017	1 May 2020	725	1159.57	10
1 Oct 2017	1 Apr 2021	3,525	1160.07	10
1 Oct 2017	1 May 2021	725	1160.10	10
Total		**21,800**		

(All amounts are in Indian Rupees)

The Activity in the ESOP 2013 during the year ended 31 March 2018 is as follow:

Particular	**Year ended 31 March 2018**	
	Shares arising out of options (Nos.)	**Weighted average exercise price (Rs.)**
Outstanding at the beginning of the year	19,954	10
Granted during the year	22,800	-
Voluntarily relinquished/lapsed during the year	1,000	10
Exercised during the year	-	-
Outstanding at the end of the year	41,754	10
Exercisable at the end of the year	15,059	10

The Activity in the ESOP 2013 during the year ended 31 March 2017 is as follow:

Particular	**Year ended 31 March 2017**	
	Shares arising out of options (Nos.)	**Weighted average exercise price (Rs.)**
Outstanding at the beginning of the year	29,529	10
Granted during the year	-	-
Voluntarily relinquished during the year	9,575	10
Exercised during the year	-	-
Outstanding at the end of the year	19,954	10
Exercisable at the end of the year	9,860	10

The fair value of above options is estimated on the date of grant using the Black-Scholes-Merton model with the following assumptions:

Particular	**Option granted during the year**	**Option granted during the financial year 2015-16**
Grant date	1 Oct 2017	1 May 2015 & 24 August 2015
Weighted Average option price (Rs.)	1159.20	955.84 & 955.94
Exercise price (Rs.)	10.00	10.00
Expected volatility (%)	11.67	13.95 & 15.74
Expected life of Option (years)	1 – 7	1 – 7
Expected dividend	Nil	Nil
Risk-free interest rate (%)	6.70 – 7.01	7.90 - 8.03 & 8.05 - 8.30
Fair value of share on grant date (Rs.)	1,156.41	962.56

The expected volatility for grant on 1 Oct 2017 has been calculated based on stock price of BSE 500 for the period 1 Oct 2016 to 1 Oct 2017.

The expected volatility for grant on 1 May 2015 has been calculated based on stock price of BSE 500 for the period 2 May 2014 to 1 May 2015 and for grant on 24 August 2015 has been calculated based on stock price of BSE 500 for the period 22 August 2014 to 25 August 2015.

During the year ended 31 March 2018, the Company recorded an employee compensation expense of Rs. 11,159,265 (Previous year Rs. 1,282,442) in the Statement of Profit and Loss.

(All amounts are in Indian Rupees)

4. Commitments and contingent liability

a) Commitments

Particulars	As at 31 March 2018	As at 31 March 2017
Other commitments		
Undisbursed amount of loans sanctioned	898,350,989	500,953,574
Committed amount against capital assets	5,376,266	3,362,932

b) Contingent liability

Employee benefit payable- Rs. 4,761,689 (Previous year Rs. 4,761,689)

5. Earnings per share

Basic and diluted earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year.

	Particulars	Units	Year ended 31 March 2018	Year ended 31 March 2017
Basic earnings per share				
a.	Profit after tax attributable to equity shareholders	Rs.	45,141,536	5,638,038
	Computation of weighted average number of Equity shares of Rs. 10 each			
	Number of shares at the beginning of the year		943,690	943,690
	Number of shares issued during the year		-	-
	Total number of equity shares outstanding at the end of the year		943,690	943,690
	Weighted number of equity shares outstanding at the end of the year		943,690	943,690
b.	Less: - shares issued ESOP trust (reduced in accordance with paragraph 46 of 'Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India' in computation of EPS and considered as dilutive potential equity shares)		119,047	119,047
c.	Weighted average of number of equity shares used in computing basic earnings per share		824,643	824,643
d.	Basic earnings per equity share of face value of Rs. 10 each (a/c)		54.74	6.84

Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)
Significant accounting policies and notes to the financial statements for the year ended 31 March 2018
(All amounts are in Indian Rupees)

Diluted earnings per share				
	Number of preference shares at the beginning of the year		2,485,640	2,485,640
	Number of preference shares issued during the year		2,014,729	-
	Total number of preference shares outstanding at the end of the year		4,500,369	2,485,640
e.	Number of potential equity shares arising out of conversion of CCPS.		2,855,467	2,485,640
f.	Number of potential equity shares arising out of conversion of ESOP granted.		31,323	-
g.	Diluted weighted average number of equity shares outstanding during the year (based on the date of issue of shares) (g=c+e+f)		2,886,790	3,429,330
h.	Diluted earnings per equity share of face value of Rs. 10 each (a/g)		12.16	1.64

6. Related party transactions

Nature of relationship	**Name of the party**
Key management personnel (KMP)	Late Shri Ajay Mukund Oak## Mr Sanjay Chaturvedi (Director)
Relative of Key management personnel	Ms. Rupa Basu (wife of Late Shri Ajay Mukund Oak)
Entities over which Directors of the Company and their relatives are able to exercise significant influence	Shubham Employees' Welfare Trust

a) Transaction with related parties

Description	**Key management personnel**	
	For the year ended 31 March 2018	**For the year ended 31 March 2017**
Managerial remuneration		
Late Shri Ajay Mukund Oak##	9,184,465	7,022,162
Mr. Sanjay Chaturvedi*	9,215,329	7,022,162
Remuneration*		
Ms. Rupa Basu	10,132,543	7,225,200
Guarantee given to obtain loan during the year		
Late Shri Ajay Mukund Oak##	668,269,230	700,051,324
Mr. Sanjay Chaturvedi	718,269,231	550,051,324

*The amount excludes provision made for gratuity and leave encashment which are provided for a group of employee on overall basis.

(All amounts are in Indian Rupees)

b) Balances outstanding with related parties

Description	Key management personnel	
	Year ended 31 March 2018	Year ended 31 March 2017
#Guarantee outstanding at year end		
Late Shri Ajay Mukund Oak##	2,021,993,177	1,974,460,156
Mr. Sanjay Chaturvedi	2,071,993,177	1,862,844,336
Other payable outstanding at year end		
Salary payable (Late Shri Ajay Mukund Oak)	2,582,881	-

#Net of the guarantee released on borrowings repaid during the year.
Late Shri Ajay Oak, Promoter- Director, died intestate on 26.01.2018. Proceedings to adjudicate successor, is subjudice which shall run its course. Accordingly, balances (debit/credit) representing Late Shri Ajay Mukund Oak in the financials of the Company, shall be settled off with his successor.

7. During the year, the Company has not incurred any expenditure on capital and revenue in foreign currency except below revenue expenditures:

Description	Foreign currency expenditures	
	Year ended 31 March 2018	Year ended 31 March 2017
Revenue expenditure		
Legal and professional	-	1,089,266
Total	**-**	**1,089,266**

8. Capital

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Capital to Risk Assets Ratio (CRAR) (%)	57.77%	34.00%
CRAR - Tier I capital (%)	57.21%	33.37%
CRAR - Tier II Capital (%)	0.56%	0.63%
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

9. Investments

a) Value of investments

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i)	Value of Investments Gross value of Investments*		
	(a) In India	-	-
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net value of Investments		
	(a) In India	-	-
	(b) Outside India	-	-

b) Movement of provisions held towards depreciation on investments

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off/Written back of excess provision during the year	-	-
(iv)	Closing balance	-	-

10. Derivative transactions

Company does not have any Commodity risk or Foreign exchange risk and hedging activities during the year.

11. Securitization

a) Securitization and Minimum Retention Requirement

(Amount in crores)

Particulars		For the year ended 31 March 2018	For the year ended 31 March 2017
		No./Amount	No./Amount
No of SPV's sponsored by the HFC for Securitization transactions		2	2
Total amount of securitized assets as per books of the SPVs sponsored		9.27	12.32
Total amount of exposure retained by the company toward the MRR as on the date of balance sheet			
(I)	Off balance sheet exposure towards credit enhancements		
	a) First loss	-	-
	b) Others	-	-
(II)	On balance sheet exposure towards credit enhancements		
	a) First loss	2.30	2.30
	b) Others	-	-
Amount of exposure to securitization transaction other than MRR			
(I)	Off balance sheet exposure towards credit enhancements		
a)	Exposure to own securitization		
	a) First loss	-	-
	b) Others	-	-
b)	Exposure to third party securitization		
	a) First loss	-	-
	b) Others	-	-
(II)	On balance sheet exposure towards credit enhancements		
a)	Exposure to own securitization		
	a) First loss	1.08	1.00
	b) Others	-	-
b)	Exposure to third party securitization		
	a) First loss	-	-
	b) Others	-	-

b) During the year, the Company has not sold any financial assets to securitization/ reconstruction company for reconstruction.

c) Details of assignment transaction undertaken by Company

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i)	No. of accounts	-	107
(ii)	Aggregate value (net of provisions) of accounts assigned	-	7.68
(iii)	Aggregate consideration	-	6.53
(iv)	Additional consideration realized in respect of accounts transferred in earlier year	-	-
(v)	Aggregate gain/Loss over net book value	-	NA

d) During the year, the Company has not purchased or sold any non-performing financial assets.

12. Exposure

a) Exposure to Real Estate Sector

Category			Year ended 31 March 2018	Year ended 31 March 2017
Direct exposure				
(i)	Residential Mortgages			
	(a)	Individual housing loans up to Rs.15 lakh	6,714,395,915	5,059,543,266
	(b)	Individual housing loans greater than Rs.15 lakh	871,566,177	484,093,325
	(c)	Other loans	2,910,184,378	2,239,701,128
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;			
(ii)	Commercial Real Estate– Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		220,953,144	100,931,504
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –			
	(a)	Residential	-	-
	(b)	Commercial Real Estate	-	-
Total			**10,717,099,614**	**7,884,269,223**
Indirect exposure				
(i)	Fund based exposures			
	(a)	on National Housing Bank (NHB)	-	-
	(b)	on Housing Finance Companies (HFCs)	-	-
(ii)	Non -fund based exposures			
	(a)	on National Housing Bank (NHB)	-	-
	(b)	on Housing Finance Companies (HFCs)	-	-

(All amounts are in Indian Rupees)

b) Exposure to Capital Market

The Company does not have any capital market exposure as on 31 March 2018.

c) The Company does not have any parent company. Hence, disclosure with respect to details of financing of parent company products is not applicable on the Company.

d) During the year ended 31 March 2018 and 31 March 2017, the Company's credit exposure (whether in term of sanctioned amount or entire amount outstanding, whichever is higher) to single borrowers and group of borrowers were within the limit prescribed by National Housing Bank for Housing Finance Companies.

e) The Company has not given any unsecured loan given to borrowers during current year and previous year.

13. The Company has not obtained registration from other financial sector regulators.

14. Details of ratings assigned by credit agencies

During the year, ICRA and CRISIL has affirmed company's Long-Term rating BBB+ with positive Outlook
Company carries following ratings from ICRA & CRISIL:

Instrument	**Rating**	**Rating**
	31 March 2018	**31 March 2017**
Non-convertible Debentures (Unsecured)	[ICRA]BBB+ (Positive outlook)	[ICRA]BBB (Positive)
Term Loans	[ICRA]BBB+ (Positive outlook)	[ICRA]BBB (Positive)
Non-convertible Debentures (Secured issued during the year)	[CRISIL]BBB+ (Positive outlook)	-

15. The Company has given sitting fees to their non-executive (independent) directors.

Particular	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Sitting Fees	1,500,000	1,120,000

16. Asset Liability Management:

Maturity pattern of certain items of assets and liabilities as at 31 March 2018

Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by National Housing Bank.

(Amount in crores)

Maturity Buckets	As at 31 March 2018				As at 31 March 2017			
	Liabilities		Assets		Liabilities		Assets	
	Borrowings from Banks	Market Borrowings*	Advances**	Investments***	Borrowings from Banks	Market Borrowings*	Advances**	Investments***
1 day to 30-31 days (One month)	11.30	4.29	7.29	-	7.55	5.20	3.99	-
Over 1 to 2 months	7.11	5.80	5.25	-	5.29	5.07	3.71	-
Over 2 to 3 months	11.72	4.80	4.87	-	4.81	5.66	3.48	-
Over 3 to 6 months	24.26	15.60	18.48	-	16.98	16.26	11.04	-
Over 6 months to 1 year	47.69	34.51	43.74	-	31.79	34.35	24.57	-
Over 1 to 3 years	173.18	121.58	155.93	-	100.04	123.65	113.12	-
Over 3 to 5 years	96.96	85.10	183.35	-	76.95	83.78	139.04	-
Over 5 to 7 years	31.42	58.61	178.59	-	30.09	76.91	125.93	-
Over 7 to 10 years	8.64	28.38	224.10	-	-	64.24	183.22	-
Over 10 years	-	-	220.22	-	-	3.39	157.58	-
Total	**412.29**	**358.67**	**1048.82**	-	**273.50**	**418.51**	**765.68**	-

*Market borrowings includes long-term borrowings from parties other than banks, non-convertible debentures and commercial paper.
**Advances includes housing and non-housing loans net off provisions for non-performing assets.
***Investment includes investment in mutual funds.

17. Provisions and Contingencies charged during the year:

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i)	Provision made towards Income tax	3.09	1.56
(ii)	Provision towards Non-Performing Assets	5.53	4.82
(iii)	Provision for Standard Assets	0.77	0.69
(iv)	Provision for assets acquired held for sale	0.37	1.27

18. Draw down from reserves:

During the year, there has been no draw down from the statutory reserves (previous year draw down- Rs. Nil).

19. Concentration of Public deposited, Advances, Exposures and Non-performing assets:

The Company did not have any public deposits in current year and previous year. Therefore, disclosure with respect to concentration of public deposits is not applicable on the Company.

20. Concentration of exposures:

a) Concentration of all exposure (including off-balance sheet exposure)

(Amount in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Total exposure to twenty largest borrowers/customers*	42.82	22.58
Percentage of exposures to twenty largest borrowers/customers to Total exposure of company	3.80%	2.75%

b) Concentration of Loan and advances

(Amount in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Total loans and advances to twenty largest borrowers*	29.82	17.49
Percentage of loans and advances to twenty largest borrowers to total advances of the Company*	2.78%	2.22%

*Largest borrowers represent highest loan outstanding at reporting period

c) Concentration of Non-Performing Assets (NPAs):

(Amount in crores)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Total Exposure to top ten NPA accounts	1.98	1.90

d) Sector-wise NPAs

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2018		For the year ended 31 March 2017	
		Rs.	**%**	**Rs.**	**%**
	Housing Loans:				
(a)	Individuals	31.83	4.14%	27.45	4.95%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-
	Non-Housing Loans:				
(a)	Individuals	15.86	5.54%	7.61	3.47%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-

e) Movement of Non-Performing Assets

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
I	**Net NPAs to Net Advances (%)**		
II	**Movement of NPAs (Gross)**		
	a) Opening balance	35.06	12.37
	b) Additions during the year	28.30	27.58
	c) Reductions during the year	15.68	4.89
	d) Closing balance	**47.68**	**35.06**
III	**Movement of Net NPAs**		
	a) Opening balance	26.65	8.65
	b) Additions during the year	19.87	21.51
	c) Reductions during the year	11.64	3.51
	d) Closing balance	**34.88**	**26.65**
IV	**Movement of provisions for NPAs and Contingencies (excluding provisions on standard assets)**		
	a) Opening balance	8.41	3.72
	b) Additions during the year	8.43	6.07
	c) Reductions during the year	4.04	1.38
	d) Closing balance	**12.80**	**8.41**

21. The Company does not hold any overseas assets (previous year- Nil).

22. The Company has not given any Gold Loan/loan against deposition of gold during the year (previous year- Nil).

23. The Company does not have any off balance sheet Special Purpose Vehicle (SPV) sponsored (previous year- Nil).

(All amounts are in Indian Rupees)

24. There are no prior period items (previous year- Rs. Nil) and there are no changes in accounting policy in the current year.

25. Customer complaints

S. No.	Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
(i)	No. of complaints pending at the beginning of the year	Nil	Nil
(ii)	No. of complaints received during the year	17	4
(iii)	No. of complaints redressed during the year	17	4
(iv)	No. of complaints pending at the end of the year	Nil	Nil

26. Pursuant to Section 135 of the Companies Act, 2013 the Company has incurred expenditure (paid) in respect of corporate social responsibility as follows:

(a) Gross amount required to be spent by the Company during the year: Rs. 99,698 (Previous year Rs. 232,144)

(b) Amount Spent during the year on:

For the year ended 31 March 2018 (Amount in Rs.)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/Acquisition of Assets	-	-	-
(ii) On purpose other than (i) above	886,360	472,500	1,358,860
Total	**886,360**	**472,500**	**1,358,860**

For the year ended 31 March 2017 (Amount in Rs.)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/Acquisition of Assets	-	-	-
(ii) On purpose other than (i) above	326,917	-	326,917
Total	**326,917**	-	**326,917**

27. Operating lease obligations

The Company has taken office premises on lease. Operating lease rentals recognised during the year were Rs. 38,779,262 (previous year Rs. 40,600,718). The total of the future minimum lease payments under non-cancellable operating lease are as follows:

(Amount in Rs.)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Not later than one year	12,900,000	12,900,000
Later than one year but not later than five years	78,452,156	57,324,375
Later than five years	17,771,094	51,798,875
Total	**109,123,250**	**122,023,250**

(All amounts are in Indian Rupees)

28. Long-term contracts

The Company has a process whereby periodically all long-term contracts are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law / accounting standards for material foreseeable losses on such long-term contracts has been made in the books of account.

29. The Company is subject to certain legal proceedings and claims by customers, which have arisen in the ordinary course of business. The Company's management does not expect that these legal actions, when ultimately concluded and determined, will have a material and adverse effect on the Company's results of operations or financial conditions.

30. During the year, the Company has written-off loans and has waived off principle on settlement of loans amounting to Rs. 18,477,202 (previous year Rs. 6,520,167) (net of provision no longer required written-back amounting to Rs. 11,529,352 (previous year Rs. 1,433,250). The loans written-off are pertaining to 34 borrowers (previous year 3 borrowers) as the recovery possibility for these borrowers seems remote, despite legal remedies and other actions taken by the Company.

31. During the year, the Company identified six cases (previous year six cases) involving disbursement amount of Rs. 4,808,585 (previous year Rs. 4,837,553), wherein post disbursement of loans, the properties were forged/ multiple loans were obtained on same properties by the borrowers. The Company has not been able to recover any amounts back from such loans except for amount of Rs. 451,719 (previous year Rs. 1,325,703). The entire amount outstanding (net of recovery) in books has been written-off (included in note 30 above) except an amount of Rs. 2,821,967 (previous year 770,492) which is outstanding with Company as repossessed the property under SARFAESI Act, 2002 under head “Other current assets” (refer note no. 2.14)

32. Disclosure relating to Specified Bank Notes* (‘SBN’) held and transacted during the period from 8 November 2016 to 30 December 2016 pursuant to notification no. G.S.R. 308(E) dated 30 March 2017:

The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the period ended 31 March 2017 have been disclosed.

Particulars	SBN*	Other denomination notes	Others#	Total
Closing cash in hand as on 8.11.2016	19,454,500	3,441,521	-	22,896,021
(+) Permitted receipts	2,498,500	21,499,800	12,392,150	36,390,450
(-) Permitted payments	-	-	-	-
(-) Amount deposited in Banks	21,953,000	23,992,691	12,392,150	58,337,841
Closing cash in hand as on 30.12.2016	**-**	**948,630**	**-**	**948,630**

* For the purpose of this clause, the term ‘Specified Bank Notes’ (‘SBN’) means bank notes of denomination of existing series of the value of five hundred rupees and one thousand rupees as defined under the notification of Government of India, in the Ministry of Finance, Department of Economic Affairs No. S.O.3407(E), dated 8 November 2016.

Amount directly deposited by customers into the Company’s bank accounts for which details of denomination were not available.

Out of total deposit of Rs. 58,337,841, the Company had received bank confirmations for Rs. 45,945,691 for deposits in the bank accounts of the Company in SBN/Other denominations. The remaining amount of Rs. 12,392,150 has been disclosed as “Others”.

33. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year ended 31 March 2018:

a. There has been no penalty imposed by National Housing Bank; and
b. There have been no adverse comments in writing from National Housing Bank on regulatory compliances, which require a specific communication by the Company to the public.

As per our report of even date attached

For **B S R & Associates LLP**
Chartered Accountants
Firm Registration Number: 116231W /W-100024

Sd/-
Anant Marwah
Partner
Membership No.: 510549

Place: Gurugram
Date: 30 May 2018

For **and on behalf of the Board of Directors of**
Shubham Housing Development Finance Company Limited
(formerly known as Shubham Housing Development Finance Company Private Limited)

Sd/-
Rahul Garg
Director
DIN No.: 06939695

Sd/-
Sanjay Chaturvedi
Director
DIN No.: 01636432

Sd/-
Neeta Kamra
Company Secretary

Sd/-
Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: 30 May 2018