



NOTICE

Notice is hereby given that the **11th Annual General Meeting (AGM)** of Shubham Housing Development Finance Company Limited will be held on Friday the 26th day of June 2020 at 11 A.M IST at its Registered Office at D-305, Ground Floor, Sarvodaya Enclave, New Delhi – 110017 to transact the following business:

ORDINARY BUSINESS:

Item No. 1 – Adoption of Audited Financial Statements

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2020, together with the Directors' and Auditors' Reports thereon.

Item No. 2 – Re-appointment of Mr. Rahul Chandra, Director

To appoint a Director in place of Mr. Rahul Chandra, DIN: 01213049, Nominee Director of Helion ---, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Item No. 3 – Re-appointment of Mr. Sandeep Marian Farias, Director

To appoint a Director in place of Mr. Sandeep Marian Farias, DIN: 00036043, Nominee Director of Elevar ---, who retires by rotation in terms of Section 152(6) of the Companies Act, 2013 and being eligible, offers himself for re-appointment.

Item No. 4 – To appoint Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the sixteenth Annual General Meeting and to fix their remuneration:

To appoint the Statutory Auditors and fix their remuneration, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to Sections 139, 141, 142 of the Companies Act, 2013 (“Act”) and other applicable provisions, if any, of the said Act and Companies (Audit and Auditors) Rules, 2014 made thereunder and other applicable rules, if any, under the said Act (including any statutory modification(s) or re-enactment thereof for the time being in force) M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Registration No. 101049W/E300004), be and are hereby appointed as the Statutory Auditors of the Company commencing from the conclusion of this 11th Annual General Meeting till the conclusion of 16th Annual General Meeting on a remuneration fixed by the management plus re-imbursement of out of pocket expenses incurred and applicable taxes.

RESOLVED FURTHER THAT the Mr. Sanjay Chaturvedi, Director or Ms. Rupa Basu, Director or Mr. Shashank Jain, CFO or Ms. Neeta Kamra, Company Secretary of the Company, be and are hereby severally authorised to take, perform and execute such further steps, acts, deeds and matters, as may be necessary, proper or expedient to give effect to above resolution, from time to time.”

Shubham Housing Development Finance Company Limited

Corporate and Communication Address: Shubham House, 425, Udyog Vihar, Phase - IV, Gurgaon - 122015

Ph.: +91 124 4212531 • Website: www.shubham.co

Registered Office: D-305, Ground Floor, Sarvodaya Enclave, New Delhi - 110017

Corporate Identity Number (CIN) - U65921DL2010PLC199469



NOTES:

1. Pursuant to Secretarial Standards on General Meetings, in respect of Directors seeking re-appointment at the AGM, details of Directors are furnished as annexure to the Notice.
2. **EVERY MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
3. Members are requested to note that a person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
4. The instrument of proxy in order to be effective should be received by the company not less than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Notice.
5. Relevant documents, if any, referred to in the Notice and the accompanying Statements are open for inspection by the Members at the Registered Office and the Corporate Office of the Company during working hours on all working days, up to the date of the Annual General Meeting and at the Meeting also.
6. The Register of Members, Register of Directors and Key Managerial Personnel and their shareholding and the Register of Contracts or Arrangements in which the directors are interested, maintained under Sections 88, 170 and 189 respectively of the Companies Act, 2013, shall be available for inspection by the Members at the AGM.
7. The road map to the venue of the annual general meeting is enclosed to this Notice.

By Order of the Board

For Shubham Housing Development Finance Company Limited

(Neeta Kamra)

Company Secretary

Membership No.: ACS 22892

Place: Delhi

Date: 17.06.2020

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ANNEXURE TO THE NOTICE

Details of the Directors seeking re-appointment at the forthcoming Annual General Meeting [Pursuant to Secretarial Standards on General Meetings]

DETAILS OF MR. RAHUL CHANDRA

- **Date of first appointment on the Board of Company**

Mr. Rahul Chandra was appointed as a Member of Board of Shubham Housing Development Finance Company Ltd. with effect from April 18, 2012.

- **Age, experience and qualification that qualify him for Board membership**

He aged 48 and a co-founder and Managing Director of Helion. Mr. Chandra 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 various companies and manages investments in Cucumber Town, EzeTap, Spandana and Equitas.

Between 2000 and 2006, 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.

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

- **Shareholding in the Company**

He does not hold any share of the Company in individual capacity.

- **Disclosure of Relationship inter-se between Directors, Manager and other Key Managerial Personnel**

There is no inter-se relationship between him and other members of the Board and Key Managerial Personnel of the Company.

- **Board Meeting Attendance and Remuneration during the FY 2019-20**

He attended 3 (Three) out of 7 (Seven) Board Meetings held during the year. He was not paid any remuneration during his term with the Company.

- **Companies in which he holds Directorships and Committee memberships as on 31st March 2020.**

(other than Shubham Housing Development Finance Company Ltd.)

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**Directorships**

1. Unitary Investment Management LLP
2. Seclore Technology Private Limited
3. Steeling Technologies Private Limited
4. Toppr Technologies Private Limited
5. Skookum Education Consultants Private Limited
6. Moengage Inc.
7. RC Holding International Ltd.

- **Terms and conditions of re-appointment**

Being a Director liable to retire by rotation, he is retiring in the ensuing AGM. Being eligible, he seeks re-appointment as a Director on the Board of Directors of the Company as a nominee of an Investor-Shareholder of the Company (i.e., Helion Venture Partners II, LLC). He shall hold his office in the Company at the pleasure of the Investor-Shareholder who nominated him and shall be liable to retire by rotation. His re-appointment in the Board is sought at nil remuneration.

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DETAILS OF MR. SANDEEP MARIAN FARIAS

- **Date of first appointment on the Board of Company**

Mr. Sandeep Marian Farias was appointed as a Member of Board of Shubham Housing Development Finance Company Limited with effect from April 18, 2012.

- **Age, experience and qualification that qualify him for Board membership**

He, aged 47, co-founded Elevar Equity in 2008. Mr. Sandeep has over 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. Sandeep has led Series A investments in what are now some of India's best known 'low income community' focused companies. These companies include Ujjivan (a highly respected small finance bank), Vistaar (a leading micro and small enterprise lender), Madura (one of the most efficient microfinance institutions), Indifi (an innovative technology integrated lending marketplace for SMEs) and LEAD School (a 'school-in-a-box' solution designed for students in underserved communities). He currently sits on the board of various companies. 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, what are now some of India's leading microfinance institutions/banks.

Sandeep started his career in 1996 after completing an integrated law and arts degree from the National Law School of India University. Over the next eight years, he worked at two leading corporate law firms, Amarchand and Nishith Desai Associates (NDA), where he worked with clients such as Google, Amazon, Singapore Telecom and Temasek and founded NDA's development sector practice. He 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.

- **Shareholding in the Company**

He does not hold any share of the Company in individual capacity.

- **Disclosure of Relationship inter-se between Directors, Manager and other Key Managerial Personnel**

There is no inter-se relationship between him and other members of the Board and Key Managerial Personnel of the Company.

- **Board Meeting Attendance and Remuneration during the FY 2019-20**

He attended 5 (Five) out of 7 (Seven) Board Meetings held during the year. He was not paid any remuneration during his term with the Company.

- **Companies in which he holds Directorships as on 31st March 2020
(other than Shubham Housing Development Finance Company Ltd.)**

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**Directorships**

1. Elevar Advisors Private Limited
2. Vistaar Financial Services Private Limited
3. Indifi Technologies Private Limited
4. Crediwatch Information Analytics Private Limited
5. Leadership Boulevard Private Limited
6. Vikara Services Private Limited
7. Elevar Venture Partners LLP
8. Impactus Venture Partners LLP
9. Moonshot Venture Partners LLP
10. Elevar Corporate GP II Ltd.
11. Elevar Corporate GP III Ltd.
12. Elevar Corporate GP IV Ltd.
13. Elevar Equity Management Limited
14. Elevar C-IV Investments GP Ltd.
15. EE Deep Ventures Ltd.

- **Terms and conditions of re-appointment**

Being director liable to retire by rotation, he is retiring in the ensuing AGM. He seeks his re-appointment as nominee of an Investor-Shareholder of the Company (i.e., Elevar Equity Mauritius), on the Board. He shall hold his office in the Company at the pleasure of the Investor-Shareholder who nominated him and shall be liable to retire by rotation. His re-appointment in the Board is sought at nil remuneration.

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Form No. MGT-11
Proxy form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U65921DL2010PLC199469

Name of the company: Shubham Housing Development Finance Company Ltd.

Registered office: D-305, Ground Floor, Sarvodaya Enclave, New Delhi-110017

Name of the member (s)	:	
Registered address	:	
E-mail Id	:	
Folio No/ Client Id	:	
DP ID	:	

I/We, being the member(s) of _____ Equity shares and _____ Compulsory Convertible Preference Shares of the above named company, hereby appoint:

1. Name:

Address:

E-mail Id:

Signature :,

or failing him/her

2. Name:

Address:

E-mail Id:

Signature :,

or failing him/her

3. Name:

Address:

E-mail Id:

Signature :

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as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 11th Annual General Meeting of the company, to be held on Friday the 26th day of June 2020 at 11:00 A.M IST at Registered Office of the company at D-305, Ground Floor, Sarvodaya Enclave, New Delhi – 110017 and at any adjournment thereof in respect of resolutions as indicated below:

Resolution No: 1

To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended 31st March 2020, together with the Directors' and Auditors' Reports thereon.

Resolution No.2

To re-appoint Mr. Rahul Chandra as a Director, who retires by rotation and being eligible, offers himself, for re-appointment.

Resolution No.3

To re-appoint Mr. Sandeep Marian Farias as a Director, who retires by rotation and being eligible, offers himself, for re-appointment.

Resolution No. 4

To appoint Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the sixteenth Annual General Meeting and to fix their remuneration

Signed this 2020

Affix
Revenue
Stamp

Signature of shareholder

Signature of Proxy holder(s)

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

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DIRECTORS' REPORT

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

The Board of Directors of your Company take pleasure in presenting the report on the operational and business performance, along with the audited financial statement for the financial year ended March 31, 2020.

1. FINANCIAL RESULTS:

A brief summary of the audited financials of the Company for the year ended March 31, 2020 is as follows:

(Figures in Rs. lakhs)

Particulars	Year ended 31 st March 2020	Year ended 31 st March 2019
Revenue from Operations	27,953.59	21,050.68
Other Income	488.00	195.38
Total Income	28441.59	2,1246.06
Profit before Depreciation	5,046.27	2,494.52
Less: Depreciation	481.67	392.70
Profit after depreciation	4,564.60	2,101.82
Provision for Tax including Deferred Tax	1,103.16	540.99
MAT credit entitlement	-	-
Total Tax Expense	1,103.16	540.99
Profit after Tax	3,461.44	1,560.83

2. STATE OF COMPANY'S AFFAIRS:

Start of the FY 2019-20 was quite promising aided by the fiscal measures implemented by GOI in latter part of the FY. However, due to the sudden and unprecedented COVID-19 pandemic, country was put under full lockdown and thus the Company lost 7-8 productive days of March. Despite this, the full financial year seen in totality was a good show with growth in assets, new loans, new customer acquisition and franchise. The Company is happy to inform you that it has reported excellent profits for the said FY 2019-20, PAT is Rs. 3,461.44 lakhs, after providing Rs.1103.16 lakhs for tax (as compared to PAT of Rs. 1,560.83 lakhs after providing Rs. 540.99 lakhs for tax for the previous year).

Reserves and Surplus as at March 31, 2020 stood at Rs. 45,597.04 lakhs (as against Rs. 41,827.45 lakhs as at March 31, 2019).

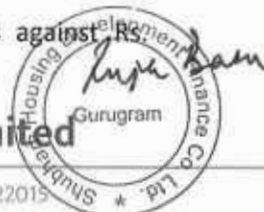
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3. **DIVIDEND:**

Your Directors do not recommend any dividend for the year ended March 31, 2020.

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. 691.70 lakhs to special reserve in accordance with the regulations as prescribed by National Housing Bank (NHB) in this regard.

6. **DEBENTURES:**

a) NON-CONVERTIBLE DEBENTURES:

The Company's consolidated outstanding borrowings including accrued interest from Non-Convertible Debentures ("NCDs") stood at Rs.10,673.82 lakhs of which NCDs amounting to Rs. 8,673.82 lakhs are listed on Debt Segment of Bombay Stock Exchange as on March 31, 2020. The composition of outstanding borrowings as on 31st March 2020 and the ratings assigned by the rating agencies is as under:

- (a) Rating on NCDs amounting to Rs. 95 crores stood at "ICRA A-/Stable".
- (b) Rating on remaining NCDs amounting to Rs. 9.17 crores stood at "CRISIL A-/Stable".

The instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments are carrying low credit risk.

The Company is regular in making payment of principal and interest on the NCDs and there had been no instance of default(s) during the year under review.

b) OPTIONALLY CONVERTIBLE DEBENTURES (OCDs)

During the year under review, the holders of Optionally Convertible Debentures ("OCDs") who were allotted 57,304 OCDs in Tranche 1A and 57,308 OCDs in Tranche 1B exercised their respective rights to redeem these OCDs and all the OCDs were thus redeemed by the Company.

Subsequently during the year under review, the company raised funds amounting to Rs. 71,51,760/- through the issue of 1,19,196 Unsecured Optionally Convertible 8% Debentures (OCDs) issued at Rs. 1,215/- each, partly paid up at Rs. 60/- each on private placement basis pursuant to the special resolution passed by shareholders in their extra-ordinary general meeting held on 30th March 2020.



7. DEPOSITS:

Your Company is registered as a non-deposit taking Housing Finance Company with National Housing Bank and hence does not accept deposits. No deposits were accepted from the public in the financial year ended March 31, 2020.

8. SHARE CAPITAL:

Authorized Share Capital

During the financial year under review, there has been no change in the authorized share capital of the company. The Authorized Share Capital of the Company as at March 31, 2020 stands at Rs. 7,50,00,000/- divided into -

- (i) 25,00,000 Equity Shares of Rs. 10/- each aggregating to Rs. 2,50,00,000; and
- (ii) 50,00,000 Compulsory Convertible Preference Shares of Rs. 10/- each aggregating to Rs. 5,00,00,000/-.

Issued and Paid up Share Capital

Equity Shares

The issued and paid up equity share capital of the Company as at March 31, 2020 was Rs. 94,36,900/- divided into 943,690 equity shares of Rs. 10/- each. No equity shares were issued by the company, during the financial year 2019-20.

Compulsorily Convertible Preference Shares

The issued and paid up preference share capital of the company as at March 31, 2020 was Rs. 450,03,690/- divided into 45,00,369 preference shares of Rs. 10/- each. No preference shares were issued by the company, during the financial year 2019-20.

9. REFINANCE FROM NATIONAL HOUSING BANK (NHB)

During the financial year under review, NHB sanctioned the company Rs. 150 crores under NHB's refinance scheme and Rs. 100 crores under NHB's Liquidity Infusion Facility Scheme (LIFT).

10. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review, there are some changes in the composition of Board of the Company elaborated hereinafter. However, detailed composition of Board and the meetings of Board held during the year with attendance of the Directors in meetings etc., have been discussed in Corporate Governance Report.

Your Company had appointed Mr. Shashank Jain as Chief Financial Officer (CFO) since November 16, 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. Rahul Chandra and Mr. Sandeep Farias, Directors 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 & Cessation

(i) **Appointment of Ms. Latika Thukral as Independent Directors w.e.f. 7th February 2020**

During the year under review, Ms. Latika Thukral was appointed as Independent Director on the Board of the Company w.e.f. 7th February 2020 for a period of five years.

(ii) **Cessation of Ms. Ranjana Agarwal, as Independent Director w.e.f. 3rd December 2019**

During the year under review, Ms. Ranjana Agarwal an Independent Director, in view of her other commitments opted not to continue with the directorship of the Company and therefore, resigned w.e.f. 3rd December 2019. Company place on record appreciation for her good work in the Company.

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).

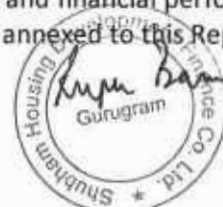
11. DIRECTORS' RESPONSIBILITY STATEMENT:

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.

12. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, a detailed discussion on the Company's operational and financial performance are given in the Management Discussion and Analysis Report which is annexed to this Report.



13. AUDITORS:

Statutory Auditors

During the year under review, M/s. BSR & Associates, LLP (Firm Registration No. 101248W/W-100022) tendered their resignation from the position of Statutory Auditors as they felt that the audit fee wasn't commensurate with their time and efforts involved in carrying out the audit. It resulted into a casual vacancy in the office of the Statutory Auditors of the Company as envisaged under Section 139(8) of the Companies Act, 2013.

In order to fill such Casual vacancy, M/s. S.R. Batliboi & Associates, LLP (Firm Registration No. 101049W/E300004), were appointed by the shareholders of the Company at the Extra Ordinary General Meeting held on 16th September 2019 as statutory auditors for the financial year 2019-20, in accordance with section 139 of the Act.

The Statutory Auditors being retiring and eligible for appointment have conveyed their consent for being appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013. Board of Directors of your company, therefore, recommends the appointment of M/s. S.R. Batliboi & Associates, LLP (Firm Registration No. 101049W/E300004) as the Statutory Auditors of the Company in the ensuing Annual General Meeting (AGM) for a period of 5 years commencing from this 11th AGM till 16th AGM.

Further, in pursuance of NHB regulations, your Company has in place the policy/guidelines 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 2019-20, is shared separately.

Secretarial Auditors

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 your Company 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 2019-20. Being eligible, they have been re-appointed for the FY 2020-21.

The Report of Secretarial Auditor for Financial Year 2019-20 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 2019-20. Being eligible, they have been re-appointed for the FY 2020-21.

Auditor's qualification/reservation/adverse remark

Neither of the aforesaid auditors have expressed any adverse qualification/ reservation/ remark in their Report for financial year 2019-20 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.

14. LOAN / GUARANTEE / INVESTMENTS:

Your Company, being a housing finance company, the disclosures regarding particulars of loans made, guarantees given and securities provided in the ordinary course of its business, are exempted as per the provisions of section 186(11) of the Companies Act, 2013.

15. 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. It describes the related party transactions requiring requisite approvals, reporting and disclosure of transaction between the company its related parties. The said policy has also been uploaded on the Company's website www.shubham.co.

All the related party transactions entered into by the Company, during the financial year, were in its ordinary course of business and on an arm's length basis. There are no materially significant related party transactions entered by the Company with its Promoters, Key Management Personnel or other designated persons which may have potential conflict with the interest of the Company at large. None of the transactions with related parties fall under the scope of Section 188(1) of the Act and hence the information on transactions with related parties pursuant to Section 134(3) (h) of the Act read with rule 8(2) of the Companies (Accounts) Rules, 2014 required to be given in the prescribed form AOC 2 are not applicable.

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.

16. 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.

Only 3 employees of the Company were in receipt of remuneration in excess of Rs. 1.02 crores per annum during the year under review.

The statement containing particulars of employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and Rule 5(3) of the amended Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms part of this Board's report. However, having regard to the provisions of the first proviso to Section 136(1) of the Act and second proviso of Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Report and Financial Statements are being sent to the Members of the Company excluding the aforesaid statement. Any Member interested in obtaining a copy of the said statement may write to the Company Secretary at the Corporate Office of the Company up to the date of Annual General Meeting.



17. 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	46,700
Options Vested during the year	5,949
Options Exercised during the year	0
Total number of shares arising out of exercise of options	0
Options lapsed during the year	4,500
Exercise Price	Rs. 10/-
Variation of Terms of Options	No
Money realized by exercise of options	Nil
Total number of options in force	97,354
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:	27,400
(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

18. EMPLOYEE STOCK OPTION SCHEME

The stock options granted to eligible employees operate under the Employee Stock Option Plan 2013. There have been no material variations in the terms of the option granted under the scheme.

During the year under review, the Board of Directors at its meeting held on February 7th, 2020, upon the recommendation of Recruitment, Compensation and Nomination Committee of the Company, approved a new Employee Stock Option Scheme titled "Employee Stock Option Scheme 2020 (ESOP Scheme 2020) to create, offer, issue and allot from time to time to the eligible employees stock options exercisable into equity shares not exceeding 1,27,889 equity shares of Rs. 10 each of the Company. Subsequently, members of the Company with requisite majority, passed the special resolution and approved the ESOP Scheme 2020 on March 30th, 2020.



19. 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 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:

(i)	Foreign Exchange Earnings	:	Rs. Nil
(ii)	Foreign Exchange Outgo	:	Rs. 0.48 lakhs /-

20. COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Companies Act, 2013 are not applicable for the business activities carried out by the Company.

21. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company has in place Corporate Social Responsibility policy (CSR Policy), as per the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. 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.

The Corporate Social Responsibility Committee assists the Board in fulfilling its duty towards the community and society at large by identifying the activities and programs that can be undertaken by the Company, in terms of the CSR Policy of the Company. The composition of the CSR Committee and its terms of reference are given in the Report on Corporate Governance forming part of this Annual Report. The Annual Report on CSR activities forms part of this Board's report



22. VIGIL MECHANISM:

Pursuant to the provisions of Section 177 (9) & (10) of the Companies Act, 2013 read with Rule 7 of Companies (Meetings of Board and its Powers) Rules, 2014, the Company has in place a Whistle Blower Policy, which provides for a vigil mechanism that encourages and supports its Directors and employees to report instances of illegal activities, unethical behavior, actual or suspected, fraud or violation of the Company's Code of Conduct and Code of Business Ethics. It also provides for adequate safeguards against victimization of persons who use this mechanism and direct access to the Chairman of the Audit Committee in exceptional cases. 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.

23. PREVENTION, PROHIBITION & REDRESSAL OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and has a robust mechanism to redress the complaints reported thereunder. A Sexual Harassment Committee has been constituted, which comprises of internal members who have experience in the subject field.

Pursuant to the provisions of Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the complaints received thereunder and the details relating thereto are as follows:

- a) Number of complaints received in the year : Nil
- b) Number of complaints disposed of during the year : Nil
- c) Number of cases pending more than ninety days : Nil
- d) Number of workshops or awareness program against sexual harassment carried out: Your Company on a regular basis sensitizes its employees on prevention of sexual harassment through various workshops, awareness programs.
- e) Nature of action taken by the employer or district officer: Nil

It may be mentioned here that the Company has zero tolerance towards any action on the part of any executive / staff which may fall under the ambit of 'Sexual Harassment' at workplace, and is fully committed to upholding and maintaining the dignity of every women executive / staff working in the Company.

24. MARKETING AND BRANDING

Your Company through its focused branding and marketing effort has been continuously working towards fulfilling the vision of the company to enabling home ownership to every Indian. Your Company has also strengthened its reach and services, especially among the Lower and Middle Income (LMI) customer segment. Your Company believes in handholding the consumer in his journey of owning a home of his own.



25. EVALUATION

Pursuant to the provisions of the Act and Rules made thereunder, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of the Committees of the Board. The Board performance was evaluated based on the feedback received from each Independent Director about their views on the performance of the Board covering various criteria such as degree of fulfilment of key responsibilities, Board structure and composition, establishment and delineation of responsibilities to various Committees, effectiveness of Board processes, information and functioning, Board culture and quality of relationship between the Board and the Management etc. A separate meeting of the Independent Directors was held during the year for the evaluation of the performance of non-independent directors and performance of the Board as a whole. Performance evaluation of each of Independent Directors was done in the Board.

26. NATIONAL HOUSING BANK GUIDELINES

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions as prescribed by National Housing Bank (NHB) and has been in compliance with the various Circulars, Notifications and Guidelines issued by NHB from time to time. The Circulars, Notifications and Guidelines issued by NHB are also placed before the Board of Directors at regular intervals to update the Board members on the status of compliance with the same. NHB has levied a penalty of Rs. 340,000/- as the Company did not re-classify 68 plot plus construction loans as Non-Housing loans as on 31.03.2017 despite no construction having been commenced even after lapse of 3 years of availing such loans.

Your Company has been maintaining capital adequacy as prescribed by the NHB. Which was 45.61percent (as against 12 percent prescribed by the NHB) as at 31st March 2020 after considering the loan to value ratio for deciding risk weightage.

27. RESERVE BANK OF INDIA COMPLIANCE

During the year under review your Company has complied with all regulatory notifications, guidelines, circulars, rules and directions laid down by the Reserve Bank of India (RBI). There have been no delays in filing the necessary disclosures, returns and necessary forms in this regard for the year under review. No Fines/Penalties have been levied by the RBI during the year 2019-20.

28. SECRETARIAL STANDARDS

Your Company complies with all the applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.



29. COMMITTEES

Details on composition of various Committees of the Board and number of meetings of the Board and Committees are given in the Corporate Governance Report Annexure to Board Report.

30. RISK MANAGEMENT

The Company has to manage various risks such as credit risk, liquidity risk, interest rate risk and operational risk. Your Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor various elements of risk involved in the business and strengthen controls to mitigate risks. As mandated under the Directions issued by the National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, the Company has a Risk Management Committee which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company. The Risk Management Committee periodically reviews the robustness the Risk Management Policy.

At present the Company has not identified any element of risk which may threaten the existence of the Company.

31. 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 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 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 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.

32. NOMINATION AND REMUNERATION POLICY:

The Recruitment, Compensation and Nomination Committee has put in a place a policy on Board diversity for appointment of Directors, Key Managerial Personnel (KMP) and Senior Management Employees taking into consideration qualification and wide experience of the Directors, KPM and Senior Management Employees in the fields of banking, Finance, regulatory, administration, legal, commercial segment apart from compliance of legal requirements of the Company. The Company has laid down remuneration criteria for the Directors in the Remuneration Policy. Further, the 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.

33. 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, 2020	Previous Year ended March 31, 2019
1	No. of complaints pending at beginning of the year.	1	0
2	No. of Complaints received during the year.	42	35
3	No. of Complaints redressed during the	42	34



	year		
4	No. of complaints pending at end of the year.	1	1

34. ANNUAL RETURN:

The Annual Return of the Company for the financial year ended 31.03.2020 is placed on website of the Company, www.shubham.co.

35. REPORTING OF FRAUDS BY AUDITORS:

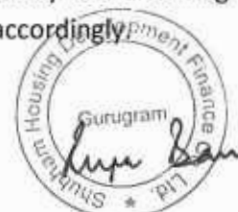
During the year under review, neither the statutory auditors nor the secretarial auditors has reported any instances of fraud against the Company by its officers or employees under Section 143(12) of the Act, details of which would need to be mentioned in the Board's Report.

36. CORPORATE GOVERNANCE

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

37. GENERAL:

- a) 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.
- b) Your Company does not have any Subsidiary, Joint Venture or Associate Companies as on March 31, 2020.
- c) 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.
- d) 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.
- e) 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.
- f) As mandated in RBI Circular, your Company has obtained Legal Entity Identifier Registration Number which is valid till September 2020 and shall be renewed accordingly.



38. APPRECIATION:

Your Directors take this opportunity to place on record their appreciation to all employees for their hard work, spirited efforts, dedication and loyalty to Shubham. The employees have worked based on principles of honesty, integrity and fair play and this has helped Shubham in maintaining its growth.

The Directors also wish to place on record their appreciation to shareholders, referral associates, NHB, rating agencies, auditors, financial institutions and banks for their continued support.

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



Sanjay Chaturvedi
Director
DIN: 01636432



Rupa Basu
Director
DIN: 08068918

Place: New Delhi
Date: 17.06.2020



ANNEXURE TO THE DIRECTORS' REPORT MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. ECONOMY AND INDUSTRY OVERVIEW

India has a diversified financial sector undergoing rapid expansion, both in terms of growth of existing financial services providers/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. RBI has allowed new entities such as payments banks to be created recently thereby adding and strengthening of entities/service operators operating in the sector. However, the financial sector in India is predominantly a banking sector with commercial banks accounting for more than 64 per cent of the total assets held by the financial system.

The housing finance companies operating in the affordable housing segment, are growing at a much faster pace than the normal Housing Finance Companies. This faster pace of growth would not have been possible but for the increase in supply of affordable housing projects. According infrastructure status to the housing projects by Govt. of India/RBI and the improved borrower credibility/affordability and pass through of capital subsidy through credit linked subsidy scheme under the PMAY scheme of Government of India by including the middle income groups in the Scheme, has significantly improved the demand of the affordable housing throughout the country. Thus the policies and the programs as initiated by the Govt. has not only encouraged the FIs to enhance their credit for affordable housing but also is a step forward to mitigate the growing housing requirements in the country.

However, the Housing market in India is currently in the midst of challenging times due to pile-up of unsold inventory particularly in seven major cities due to degrowth in some sectors of the economy which has resulted in subdued demand coupled with liquidity crises in NBFC/HFC. The two major structural reforms including RERA and GST have brought much needed relief/transparency in the system which has enhanced the buyer's confidence. The green shoots to support sector include various tax incentives given by the Government of India, as well as measures taken by the RBI to support the liquidity of NBFCs/HFCs, has resulted in marked improvement in the flow of credit for the sector development.

INITIATIVES BY THE GOVERNMENT

While efforts to provide low cost housing have been made for many years, the Pradhan Mantri Awas Yojana (PMAY) launched in 2015 provided a fresh impetus for development of the housing sector in a desired manner to meet its objective of providing housing to all. The PMAY-Urban (PMAY-U) subsumes all the previous urban housing schemes and aims at 'Housing for All' to be achieved by the year 2022. The total housing shortage envisaged to be addressed through the PMAY-U is 20 million. The mission has following four major components:

- a) In-situ slum redevelopment (ISSR): using land as resource, the scheme aims to provide houses to eligible slum dwellers by redeveloping the existing slums on public/ private land. Under this



scheme, a grant of Rs. 1 lakh per house is provided by the central government to the planning and implementing authorities of the states/UTs.

- b) Credit-linked subsidy scheme (CLSS): under this scheme, easy institutional credit is provided to EWS, LIG and MIG households for purchase of homes with interest subsidy credited upfront to the borrower's account through primary lending institutions (PLIs), effectively reducing housing loan and equated monthly instalments (EMI).
- c) Affordable housing in partnership (AHP): it aims to provide financial assistance to private developers to boost private participation in affordable housing projects; central assistance is provided at the rate of Rs. 1.5 lakh per EWS house in private projects where at least 35 per cent of the houses are constructed for the EWS category.
- d) Beneficiary-led construction or enhancement (BLC): this scheme involves central assistance of Rs. 1.5 lakh per family for new construction or extension of existing houses for the EWS/ LIG.

The central government's aggressive push to affordable housing is evidenced from the three-fold increase in the stock of houses completed under PMAY-U since April 2017.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

Housing finance market in India has had a sound, stable and sustainable growth. The housing loan disbursements to individuals have increased from Rs. 1,800 crores in FY1991 to more than Rs. 5 lakh crore now. Housing credit growth is likely to be in the range of 15-20%, with banks showing a higher growth than housing finance companies in FY 2020. H2 of FY19 was a challenging part for the housing sector, due to liquidity tightening in the sector. A lot of players felt pressure in terms of raising fresh long-term funding and rolling over of CPs, resulting in Asset liability mismatch for them. However, players with pedigree in terms of brand, management and quality portfolio were able to raise funds. However, given that the long-term prospects for the sector remaining vibrant, has enabled easing of the liquidity conditions in the market.

The demand for housing in India continues to grow due to rapid urbanisation, increasing income levels and emergence of nuclear families. This growth has been given a further impetus by the Pradhan Mantri Awas Yojana [PMAY] for affordable housing.

Risk Factors for Housing Finance Companies (HFCs):

- Significant delays in construction by developers
- Treatment of homebuyers as financial creditors under the Insolvency and Bankruptcy Code (IBC). Any delay in handover of the property can be grounds for initiating corporate insolvency resolution proceeding under the IBC
- As liquidity remains tight, self-employed segment could face pressure on their borrowing costs



Regulatory Developments

To strengthen the Housing finance sector, National Housing Bank (NHB) proposed to raise:-

- Capital Adequacy Ratio (CAR) to 13% from March 2020 from 12% currently and raising it to 15% in a staggered manner by 2022
- Cap on borrowing at 14 times of Net Owned Funds (NOF) by March 2020, 13 time of NOF by March 2021 and 12 times by March 2022
- The maximum public deposits that the HFCs can hold will also be restricted up to three times their net-owned funds by March 2022

We believe that the growth of housing sector would provide Shubham Housing considerable opportunity to achieve scale and robust growth.

3. OPPORTUNITIES AND THREATS

OPPORTUNITIES:

While the mid-income and affordable housing category continued to outperform other segments, established developers could take advantage of the same as homebuyers considered execution and delivery track record as the foremost factor. This year, new launches have come down leading to reduction in inventory. Sales have been better year-on-year and this demand is being shared by a limited number of real estate developers due to consolidation in the market. Affordable housing is expected to lead the demand for housing in 2020 with ready apartments occupying the centre stage. However, full recovery hinges on the liquidity crisis and an early solution of the same.

Home loan borrowers now need not worry whether they should choose fixed or floating interest rates. The Reserve Bank of India has introduced a new policy measure with regards to loan pricing. From April 2019, it will be mandatory for banks to link all floating rate loans using external benchmarks. This benchmark can be the RBI's repo rate, yield on the 91-day or 182-day Treasury Bill, or any other yardstick produced by the Financial Benchmarks of India. This means for home loan pricing rates will now be decided by the markets and not the banks. The move is in favour of home loan borrowers, as they can now get more transparent deals with the process bringing more standardisation and ease of understanding. There will be a uniform benchmark for the loan category. Existing borrowers will also switch their loans to the new benchmark.

Reduction in GST to five percent from 12 percent, has eased the burden on home-buyers significantly. The decision to lower GST will remove the final barriers for fence-sitters from investing in real estate. The government has been taking bold and supportive steps and initiatives in order to revive market sentiment and allow a more balanced sale of inventory between under-construction and ready-to-move-in apartments, thus providing relief to developers, buyers and lenders. These initiatives have also impacted significantly home buyers's decision. For an under-construction apartment sized 1,000 sq. ft. and price tagged at Rs. 5,000 / sq. ft., a homebuyer's GST liability has fallen from Rs. 4.2 lakh to Rs. 2.5 lakh. Thus, a saving of Rs. 1.7 lakh on a home that costs an Rs. 50 lakhs can boost sales thereby help in arresting residential inventory.

Shubham Housing Development Finance Company Limited

Corporate and Communication Address: Shubham House, 425, Udyog Vihar, Phase - IV, Gurgaon - 122013

Ph: +91 124 4312331 • Website: www.shubham.co

Registered Office: D-105, Ground Floor, Sarvodaya Enclave, New Delhi - 110017

Corporate Identity Number (CIN) - U65921DL2010PLC199469

**THREATS:**

Tight liquidity conditions since September 2018 have pushed housing finance companies (HFCs) to lower their disbursements and meet a sizable portion of their fund requirements through portfolio sell-down route, resulting in banks availing of this opportunity to increase their portfolios. However, our Company has not adopted any such method since it has had never faced liquidity problem. As some HFCs aim to go slow on construction finance to conserve liquidity, the growth in non-housing loan segment is expected to slacken. However, given the positive long-term prospects for the housing sector, the housing credit growth for FY2020 is around 14 – 16 percent. While asset quality indicators have remained stable so far some of the emerging risk factors that need to be watched out are home loans extended to borrowers where the underlying projects have been significantly delayed and/or under-construction properties sold by builders under subvention schemes or buyback / assured return schemes. Gross NPA in the HFC home loan segment are likely to increase to 1.1 – 1.3 percent over the medium term from the current level of 1 percent. Further, tight liquidity faced by some developers where projects are delayed could lead to some stress on the construction finance portfolio of HFCs, leading to an increase in the overall gross NPAs for HFC to 1.4 – 1.8 percent over the medium term.

Stress Points in HFC:

- Significant increase in non-housing loan lending. High LAP, builder loans and Lease Rental Discounting;
- Slump in rural economy post demonetization;
- Lending in untested markets has backfired for some HFCs;
- Excessive lending to non-salaried, low income earners with unpredictable cash flows;
- Some cases of 'dummy borrowing' and document fudging by developers in affordable housing segment;
- Small HFCs have low capital base and their cost of funding is high;
- GST implementation has impacted earning capabilities of low-income, non-salaried borrowers.

4. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE -

In terms of lending operations, cumulative loan sanctions aggregated ₹ 3250.32 Cr. (from ₹ 2461.17 Cr. at end of the previous financial year) – all to middle and lower income urban families who are generally excluded from the mainstream banking sector. The total loans outstanding figure was ₹ 1682.32 Cr. (over ₹ 1320.29 Cr. at end of the previous financial year). The Company currently operates in 9 states – Delhi, Gujarat, Haryana, Madhya Pradesh, Maharashtra, Punjab, Rajasthan, Uttarakhand and Uttar Pradesh.

In terms of portfolio quality, the Company had 24939 loan accounts as on year end - March 31, 2020 - which were classified as non-performing assets ("NPAs") per the prudential guidelines issued by the NHB. The amount of such Gross NPAs was ₹ 2902.49 lakhs. (PY ₹ 2908.27 lakhs) which was 1.78% (PY 2.32%) of the total loan portfolio of the Company as at March 31, 2020. The Company has created necessary provisions in accordance with the NHB Directions, after which Net NPAs stood at ₹ 2016.64lakhs (PY ₹ 2176.72lakhs) and 1.24% (PY 1.74%) of the total loan portfolio as at



March 31, 2020. This represents a significant improvement over the previous year. We believe this is continued evidence and support for the Company's belief that lower income customers are equally (if not more so) conscious and disciplined in repaying housing loans as this number is very much in line with that of all the mainstream HFCs.

In terms of funding, the Company did not raise any fresh equity during the year, and with retained profits, net worth increased to ₹ 46138.66 lakhs (PY ₹ 42371.80 lakhs). Lenders to your Company include the largest nationalized bank, State Bank of India, and the leading private sector housing finance provider, HDFC Ltd, and commercial banks such as HDFC Bank Ltd., Kotak Mahindra Bank Ltd., DCB Bank Ltd., Yes Bank Limited, ICICI Bank Limited. The Company's entire loan portfolio continues to qualify as priority sector as defined by the Reserve Bank of India ("RBI"). Based on our excellent relationships with our current bankers and the company's financial and portfolio performance we are confident of arranging additional debt to cover projected growth plans.

The Company is very well capitalized with capital adequacy ratio at 45.61% of risk weighted assets, as against the minimum requirement of 12%

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 2019-20, the Company has also raised significant amount of funds through borrowing from banks/NHB etc., which reinforces the Company's financial and operational strengths and abilities.

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 2019-20, 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

HFCs have been one of the major drivers of housing finance growth in India over the past decade on the back of their multi-pronged distribution model and their last-mile connectivity in tier II and tier III cities. Demand for housing is expected to increase driven by improving affordability, under-penetrated mortgage market, stabilised property prices, increasing urbanisation and favourable demographics. According to CRISIL - Assets Under Management (AUM) of HFCs is expected to increase at a CAGR of 20% over the medium term as the higher demand will be backed by their efficient loan processing capabilities and faster loan turnaround time.

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



6. RISK AND CONCERNS

The Company has to manage various risks such as credit risk, liquidity risk, interest rate risk and operational risk etc. Shubham Housing has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor various elements of risk involved in the business and strengthen controls to mitigate risks. As mandated under the Directions issued by the National Housing Bank vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9th February 2017, the Company has constituted a Risk Management Committee which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company.

The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at regular intervals. Major risks identified by the businesses and functions and functions are systematically addressed through mitigating actions on a continuing basis.

The Company manages its credit risk through stricter credit norms in line with the business requirements and continues to follow the time-tested practice of personally assessing every borrower, before committing credit exposure. This process ensures that the expertise in lending operations acquired by the Company over the past years is put to best use and acts to mitigate credit risks.

Successful mortgage lending requires/calls for timely identification, careful assessment and effective management of the credit, operational, market (interest-rate and liquidity) and reputation risks. The Company has adopted efficient risk-management policies, systems and processes that seek to strike an appropriate balance between risk and returns. The Company has also introduced appropriate risk management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent loan/value ratio and analysis of the borrower's debt-service capacity in addition to in-house scrutiny of the legal documents, lending majorly against approved properties, risk-based loan pricing and property insurance. The Company has employed qualified personnel to value properties and track property price movements. A separate recovery vertical has been set up to monitor recovery of dues from the borrowers. The Recovery Team constantly follows up with the borrowers for the collection of outstanding dues.

The Company monitors its Asset Liability Mismatch on an ongoing basis to mitigate the liquidity risk, while interest rate risks arising out of Maturity Mismatch of assets and liabilities are managed through regular monitoring of the maturity profiles.

Operational risks arising from inadequate internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. The Senior Management Team regularly assesses the risks and takes appropriate measures to mitigate them. Process improvements and quality control are ongoing activities and are built into the employees' training modules as well. The Company has well documented systems to ensure better control over transaction processing and regulatory compliance



7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company has a well-placed, proper, adequate and documented internal control system commensurate with the size and nature of its business. The primary objective of the internal control system is to ensure that all its assets are safeguarded and protected and to prevent any revenue leakage and losses to the Company. Such controls also enable reliable financial reporting.

The Company has an Internal Auditor which conducts regular internal audits to examine the adequacy and compliance with policies, plans and statutory requirements. The Internal Audit Team directly reports to the Audit Committee of the Company. Significant audit observations and follow-up actions thereon are reported to the Audit Committee. The Audit Committee reviews the adequacy and effectiveness of the Company's internal control environment and monitors the implementation of audit recommendations, including those relating to strengthening of the Company's risk management policies and systems.

The Audit Committee oversees the functioning of the audit team and reviews the effectiveness of internal control at all levels apart from laying down constructive suggestions for improving the audit function in the Company. The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices.

8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCES -

Financial Performance during FY 2019-20

The financial performance during the period under review is as:

- i. The Company earned an income of Rs. 27,953.59 lakhs from its operations (Rs. 21050.68 lakhs crores during the previous year).
- ii. The Company made a profit before tax (PBT) of Rs.4564.60 lakhs (Rs. 2102.82 lakhs25.12 crores during the previous year).
- iii. After providing Rs. 1106.11 lakhs for tax, net profit (PAT) with the company is Rs. 3458.49 lakhs during the year under review (Rs. 1,560.83 lakhs (PAT) in the previous year after providing Rs. 540.99 lakhs crores for tax).
- iv. Reserves and Surplus as at March 31, 2020 for your Company is Rs. 45,597.04 lakhs (Rs. 41,827.45 lakhs in the previous financial year). Your Company has transferred Rs. 692.29 lakhs to Special Reserve u/s 29C of National Housing Bank Act.
- v. Your Company has availed of Rs. 150 Crores from NHB as refinance (out of the refinance limit of Rs. 250 Crores sanctioned by the NHB during the financial year 2019-20).



Business Update/Operational Performance

Shubham continues to be one of the fastest growing housing finance companies servicing the low and medium income customers in the informal segment. During FY 2020 the assets under management grew by about 29% over FY2019. The number of active loans grew by over 20%. The business has witnessed a disbursement momentum of more than Rs. 70 crores per month and achieved high monthly disbursement of Rs. 85.87 crores in February month. However, Mar'20 disbursements were significantly impacted by country wide lockdown due to COVID pandemic.

Portfolio Quality

As a HFC, Company is exposed to credit risks along with risks associated with the real estate sector. It has been our endeavor 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 significantly enhance our collateral underwriting and real estate monitoring bench strength by expanding our internal team of qualified legal and technical professionals. We also fortified our recovery team with specialized and experienced employees resulting in steady reduction in NPA through the year.

We introduced an analytics driven balanced scorecard model as an effective tool to monitor branch performance. This has enabled data driven decisions on branch rationalization to optimized portfolio size and quality. We also launched a comprehensive underwriter performance dashboard to monitor and drive underwriting quality in the centralized team.

We have been quick to respond to changes in the external environment and have implemented credit policy restrictions at the onset of the pandemic after our experienced risk & credit policy leaders conducted exhaustive research and impact assessment of COVID-19 and associated lockdown on various industry and portfolio segments.

Company's portfolio originated in the last three years continues to show significantly lower risk as compared to the historical portfolio. While the pandemic is expected to cause increase in portfolio delinquency in the coming financial year, the expertise and strength of our collections, recovery, sales and service teams combined with the superior quality of our recent portfolio is expected to stand us in good stead in future.

Company ended the year with a NNPA of 0.41% and continues to follow a provisioning policy that is more conservative than the norms prescribed by regulations. Company has adopted expected credit loss forecasting model for provisions in accordance with IndAS norms that accounts for credit losses expected to arise over the life of the asset.

Asset Liability Management

Company had total borrowing of Rs. 1279.17 crores as of March 31, 2020. The Company borrowing is classified in terms of term loans from Banks, NHB, 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 31 bps. The Company follows a prudent asset liability monitoring norm, in line with the guidelines laid down by NHB. CAR continues to be at comfortable 45.60% for the year ended March 31, 2020.



Technology

The significant dependence of company operations on its IT system Shubham Housing also takes initiative in maintaining adequate control for data integrity and its confidentiality. The Application Software and IT System at Shubham Housing are upgraded from time to time. A decline in manual intervention has enhanced information accuracy, reduced rework, eliminated process duplication, rationalized the turnaround time in responding to loan requests and strengthened the MIS with real-time transparency leading to proactive remedial action.

Customer Service

The Company continues to keep the customer at the center of all its processes and policies. The disintermediation initiative taken by the company enabling faster resolution of customers' queries has been welcomed by at large by our customers. This has also resulted in overall reduction in the number of complaints.

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

Employees' contribution is vital to the Company's performance both qualitative and quantitative. Accordingly, the Company's performance management system is used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. An exclusive Training and Development Department, headed by a senior officer, has been setup to give additional impetus to the growing training needs of the employees. In-house on-the-job coaching and enhanced training programmes in various other functional areas were conducted during the year to upgrade the skills of employees and achieve functional effectiveness.

In addition, executives were seconded to various external training programmes and seminars on risk management, regulatory know-your-customer guidelines, anti-money laundering and the fair practices code. These training programmes enabled the staff members to sharpen their knowledge in their areas of responsibility. New employees are put through an induction programme covering business requirements, Company's processes, regulatory prescriptions and contours of personality development. There are no material developments in the human resources/industrial relations front adversely affecting the Company's business.

The number of permanent employees on the rolls of Company as on 31st March 2020 was 1842.

10. Cautionary Statement

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**


Sanjay Chaturvedi
Director
DIN: 01636432
D-305, Ground Floor,
Sarvodaya Enclave,
New Delhi




Rupa Basu
Director
DIN: 08068918
S-10 A, Windsor Court,
DLF, Phase IV,
Gurugram- 122009



Place: New Delhi
Date: 17.06.2020

Shubham Housing Development Finance Company Limited

Corporate and Communication Address: Shubham House, 425, Udyog Vihar, Phase - IV, Gurugram - 122013

Ph.: +91 124 4312531 • Website: www.shubham.co

Registered Office: D-305, Ground Floor, Sarvodaya Enclave, New Delhi - 110017

Corporate Identity Number (CIN) - U65921DL2010PLC199469



ANNEXURE TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE REPORT

1. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY:

At Shubham Housing, Corporate Governance is all about maintaining a valuable relationship and trust with all our stakeholders i.e. regulators, shareholders, creditors, government agencies, bankers, employees, lenders. We consider stakeholders as partners in our success and therefore remain committed towards maximizing stakeholders' value. The Company firmly believes that corporate governance is a set of principles, systems and practices through which the Board of Directors of the Company ensures integrity, transparency, fairness and accountability in the Company's relationship with all its stakeholders. The code of corporate governance is based on the principle of making all the necessary decisions and disclosures, accountability and responsibility towards various stakeholders, complying with all the applicable laws and a continuous commitment of conducting business in a transparent and ethical manner. These principles are ingrained in the Company's culture and the corporate governance practices of the Company revolve around these principles.

Shubham Housing has, over the years, built goodwill by nurturing long-term relationships with its stakeholders including bankers, regulators, government agencies, employees, investors, creditors, customers and shareholders. The Company strives to provide all its stakeholders an access to clear, adequate and factual information relating to the Company. The Company endorses timely and balanced disclosure of all material information concerning the Company to all its stakeholders and protection of its rights and interest. It also promotes accountability of its management and the Board of Directors of the Company acknowledges its responsibility towards all the stakeholders for creation and safeguarding their wealth.

The Company is also in compliance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 as amended from time to time [hereinafter referred as "NHB CG Directions"].

2. BOARD OF DIRECTORS

Composition and size of the Board

The Board of Directors comprises of nine directors, all professionals who bring in a wide range of skills and experience to the Board. All the directors of the Company, except the two Whole Time Directors are non-executive directors. Out of the seven non-executive directors, three are independent directors. The independent directors have confirmed that they satisfy the criteria prescribed for an independent director as stipulated in the provisions of the Section 149(6) of the Companies Act, 2013. None of the directors have any pecuniary relationships or transactions vis-à-vis the Company. None of the directors of the Company are related to each other. All directors are appointed by the members of the Company. 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.



The Composition of Board is as follow: -

EXECUTIVE DIRECTORS
1. Mr. Sanjay Chaturvedi was appointed on February 23, 2010 as CEO and Promoter Director 2. Ms. Rupa Basu was appointed on November 13, 2018 as Promoter and Whole Time Director
NON-EXECUTIVE DIRECTORS (NOMINEE DIRECTORS)
1. Mr. Sandeep Marian Farias was appointed on April 18, 2012 2. Mr. Rahul Chandra was appointed on April 18, 2012 3. Mr. Rahul Garg was appointed on January 24, 2018 4. Mr. Vishal Tulsyan was appointed on November 13, 2018
NON- EXECUTIVE AND INDEPENDENT DIRECTORS
1. Ms. Latika Thukral was appointed on February 7, 2020 2. Mr. Rakesh Rewari was appointed on November 06, 2015 3. Mr. Vinod Rai was appointed on November 06, 2015

*** Ms. Ranjana Agarwal has resigned from the Board with effect from 3rd December 2019.**

Board meetings and attendance

The meetings of the Board of Directors are scheduled in advance. The Company Secretary prepares the agenda for the meetings in consultation with the CFO & CEO. Members of the Senior Management team are invited in the meetings to provide additional information and clarification, if required. During the FY 2019-20, seven (7) Board meetings were held and the gap between two consecutive Board meetings did not exceed 120 days.

The agenda and the papers for consideration at the Board meeting are usually circulated at least fifteen days prior to the meeting. 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, 2020 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	23 rd May 2019	9	6
2	21 st August 2019	9	8
3	14 th October 2019	9	3
4	13 th December 2019	8	7

Shubham Housing Development Finance Company Limited

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5	7 th February 2020	8	7
6	27 th March 2020	9	5
7	30 th March 2020	9	7

Board Meeting wise attendance of each director during the financial year ended March 31, 2020 given as follows:-

Name of Director	No. of Board Meetings held during the tenure	No. of Board Meeting attended*
Executive Directors		
Mr. Sanjay Chaturvedi	7	7
Ms. Rupa Basu	7	7
Non-Executive Directors (Nominee Directors)		
Mr. Sandeep Marian Farias	7	5
Mr. Rahul Chandra	7	3
Mr. Rahul Garg	7	6
Mr. Vishal Tulsyan	7	2
Non-Executive & Independent Directors		
Mr. Vinod Rai	7	4
Mr. Rakesh Rewari	7	6
Ms. Ranjana Agarwal ¹	3	1
Ms. Latika Thukral ²	2	2

- ¹ Ms. Ranjana Agarwal ceased to be a director of Company with effect from 3rd December 2019
- ² Ms. Latika Thukal was appointed as Independent Director with effect from 7th February 2020

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 February 07th, 2020 without the attendance of non-independent directors and members of the management. All the 2 independent directors were present at the meeting, wherein they 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.

Number of shares held by Directors

Except Mr. Sanjay Chaturvedi and Ms. Rupa Basu, who hold 250,000 equity shares each, none of the Directors of the Company are holding any equity shares of the Company.



Sitting Fee

Sitting fee is paid to the Independent Directors for every Board and Committee meetings attended by them.

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. Rahul Chandra and Mr. Sandeep Marian Farias shall 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. 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 Board of Seclere, Shubham, UnitedLex, Netambit, Mindworks and manages investments in Cucumber Town, EzeTap, Spandana and Equitas.

Between 2000 and 2006, 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.

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. 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.

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

Mr. Sandeep Marian Farias-

Mr. Sandeep Farias co-founded Elevar Equity in 2008. Mr. Sandeep has over 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. Sandeep has led Series A investments in what are now some of India's best known 'low income community' focused companies. These companies include Ujjivan (a highly respected small finance bank), Vistaar (a leading micro and small enterprise lender), Madura (one of the most efficient microfinance institutions), Indifi (an innovative technology integrated lending



marketplace for SMEs) and LEAD School (a 'school-in-a-box' solution designed for students in underserved communities). He currently sits on the board of Madura, Vistaar, Shubham, Indifi, LEAD, Bankingly and The Better India. 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, what are now some of India's leading microfinance institutions/banks.

Sandeep started his career in 1996 after completing an integrated law and arts degree from the National Law School of India University. Over the next eight years, he worked at two leading corporate law firms, Amarchand and Nishith Desai Associates (NDA), where he worked with clients such as Google, Amazon, Singapore Telecom and Temasek and founded NDA's development sector practice. He 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

3. COMMITTEES OF THE BOARD

The Board has constituted various committees to facilitate a more focused attention on important issues. The Committees deliberate and decide on the issues falling within their terms of reference and make recommendations to the Board wherever necessary.

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

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

The Audit Committee is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and as per the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.

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:

- (i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.



- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (iv) Approval of the Changes made in the Accounting Policy.
- (v) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - ✓ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the provisions of Section 134 of the Companies Act, 2013.
 - ✓ Major accounting entries involving estimates based on the exercise of judgment by management
 - ✓ Significant adjustments made in the financial statements arising out of audit findings.
 - ✓ Compliance with listing and other legal requirements relating to financial statements.
 - ✓ Disclosure of any related party transactions.
 - ✓ Qualifications in the draft audit report.
- (vi) Reviewing, with the management, the quarterly /half yearly, as applicable, from time to time, financial statements before submission to the board for approval.
- (vii) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (viii) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (ix) Reviewing the adequacy of internal audit function, if any, 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.
- (x) Discussion with internal auditors any significant findings and follow up there on.
- (xi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (xii) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xiii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non -payment of declared dividends) and creditors.
- (xiv) To review the functioning of the Whistle Blower mechanism, in case the same is exists.
- (xv) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- (xvi) Review of KYC policy, procedure and mechanism of the company and ensure compliance of the company with Statutory KYC Guidelines.
- (xvii) Further, the Audit Committee shall mandatorily review the following information
 - ✓ Management discussion and analysis of financial condition and results of operations;



- ✓ Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - ✓ Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - ✓ Internal audit reports relating to internal control weaknesses;
 - ✓ The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 - ✓ Transactions of Inter-corporate loans and investments, if any.
 - ✓ Valuation of undertakings or assets of the company, wherever it is necessary
- (xviii) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee as per section 177 of the Companies Act 2013.

Details of 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 3 times on 23.05.2019, 21.08.2019 and 13.12.2019. Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2020 are given below:

Name of the Members	Designation	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Rakesh Rewari	Chairman	Non-Executive & Independent Director	3	3
Ms. Ranjana Agarwal ¹	Member	Non-Executive & Independent Director	2	2
Mr. Rahul Garg	Member	Nominee Director	3	3
Mr. Vinod Rai ²	Member	Non-Executive and Independent Director	1	1

¹ Ms. Ranjana Agarwal ceased to be the member of the committee with effect from 3rd December 2019 due to resignation.

² Mr. Vinod Rai was appointed as member of the committee with effect from 06th December 2019.

II. Assets Liability Management Committee (ALM Committee)

The Company had constituted the Asset Liability Management Committee (ALCO) as per the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016.



Terms of Reference

The terms of reference for the ALM Committee includes:

- ✓ To assess of various types of risks and altering the asset-liability portfolio in a dynamic way in order to manage risks.
- ✓ To review liquidity, cost of borrowings, interest rate and yield on deployment of funds
- ✓ To review ALM Statements and investments of funds

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 23.05.2019, 21.08.2019, 13.12.2019 and 07.02.2020. Constitution of the Assets Liability Management Committee and attendance details during the financial year ended March 31, 2020 are given below:

Name of the Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjay Chaturvedi	4	4
Mr. Rakesh Rewari	4	4
Mr. Rahul Chandra	4	1

III. 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. During the period under review, this Committee met 3 times on 05.06.2019, 09.09.2019 and 04.12.2019.

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 and attendance of the Anti-Sexual Harassment Committee are as follows:

Designation	No. of Meetings held during the tenure	No. of Meetings attended
HR Head (Member)	3	3
Executive Director	3	3
Head- Risk Containment Unit	3	3



NGO Member and Social Worker	3	3
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Details of the Sexual Harassment Complaints received during the year under review

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

IV. Banking & Borrowing Committee

The Banking and Borrowing Committee is authorized by the Board to do all such acts, deeds and things and decide on all such matters as may be delegated to the Committee from time to time. Such authorizations inter-alia includes to decide on matters w.r.t direct assignment deal with various banks from time to time, acceptance of term loans, credit facilities of any type, other borrowings etc., opening and closing of current/cash credit account and inclusion and deletion of the authorized signatories to the said current/ cash credit account opened in the name of the Company.

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 12 times on 30.05.2019, 15.06.2019, 29.07.2019, 29.08.2019, 24.09.2019, 30.09.2019, 22.10.2019, 26.11.2019, 13.12.2019, 27.12.2019, 31.12.2019 and 27.02.2020. Constitution of the Banking & Borrowing Committee and attendance details during the financial year ended March 31, 2020 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	12	12
Ms. Rupa Basu	Executive Director	12	12
Mr. Rahul Chandra	Nominee Director	12	5
Mr. Shashank Jain	Member	12	12

V. Corporate Social Responsibility Committee (CSR Committee)



The Corporate Social Responsibility (CSR) committee monitors implementation of the CSR Policy and appraises the Board accordingly. The CSR budget of the company and actual spent on CSR activity during the FY year 2019-20 is enclosed hereto in CSR report of the Company.

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 2 times on 23.05.2019 and 07.02.2020. Constitution of the CSR Committee and attendance details during the financial year ended March 31, 2020 are given below:

Name of the Member	Designation	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended during the tenure
Mr. Sanjay Chaturvedi	Member	Executive Director	2	2
Mr. Ranjana Agarwal ¹	Member	Non- Executive and Independent Director	1	1
Mr. Sandeep Marian Farias	Member	Nominee Director	2	1
Ms. Rupa Basu	Member	Executive Director	2	2
Mr. Vinod Rai ²	Member	Non-Executive and Independent Director	1	1
Ms. Latika Thukral ³	Member	Non-Executive and Independent Director	0	NA

¹ Ms. Ranjana Agarwal ceased to be a member of the committee with effect from 3rd December 2020.

² Mr. Vinod Rai appointed as member of the committee w.e.f. 06th December 2019 and ceased to be a member of the Committee w.e.f. 07th February 2020.

³ Ms. Latika Thukral was appointed as member of the Committee w.e.f. 07th February 2020

VI. IT Committee



Information is a valuable asset and information pertaining to customers is also a great responsibility. Safeguarding business information and IT Infrastructure from any kind of cyber security threat is a top priority and this is done through effective monitoring and implementation of risk mitigation measures.

Your company is having the proper IT framework that covers all IT processes and is aligned with the best available security measures. Our Information Technology Policy and Information Security Management System Framework provides complete protection of business information at all level.

Your company has established the IT committed in pursuance of the NHB circular no. NHB/ND/DRS/Policy Circular No. 90/2017-18 in Board Meeting 13th November 2018 to enhance the safety, security and efficiency of the Company and their customers.

During the period under review, the IT Committee met 2 times on 30.07.2019 and 22.01.2020.

Terms of Reference

The terms of reference for the IT Committee includes:

- Approving IT strategy and policy documents.
- Ascertaining that management has implemented processes and practices that ensures that IT delivers value to the business.
- Ensuring IT investments represents a balance of risks and benefits.
- Other IT governance items

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

Name of the Member	Designation	No. of Meetings held during the tenure	No. of Meetings attended during the tenure
Ms. Ranjana Agarwal ¹	Member	1	1
Mr. Rahul Chandra	Member	2	2
Ms. Rupa Basu	Member	2	1
Mr. Sanjay Chaturvedi	Member	2	1
Mr. Rakesh Rewari ²	Member	1	1
Mr. Abhinav Arya	IT-Head	2	2

¹ Ms. Ranjana Agarwal ceased to be member of the committee w.e.f. 03rd December 2019.

² Mr. Rakesh Rewari was appointed as of the committee w.e.f. 06th December 2019.

VII. Risk Management Committee



The Company has set up Risk Management Committee to identify the risks impacting the business of the Company and to take appropriate measures to mitigate the same.

Terms of Reference

The terms of reference for the Risk Management Committee includes:

- ✓ 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.
- ✓ Portfolio analysis wrt AUM growth & PAR, Static pool analysis, collections performance, etc.
- ✓ Key Risk Indicators
- ✓ Mark to Market update
- ✓ Other insights on business

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 2 times on 21.08.2019 and 07.02.2020. Constitution of the Risk Management Committee and attendance details during the financial year ended March 31, 2019 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	2	1
Mr. Sanjay Chaturvedi	Executive Director	2	2
Ms. Rupa Basu	Executive Director	2	2
Mr. Sandeep Marian Farias ¹	Nominee Director	1	1
Mr. Rahul Garg	Nominee Director	2	2

¹ Mr. Sandeep Marian Farias ceased to be the member of the Committee w.e.f. 13th December 2019

VIII. Recruitment, Compensation and Nomination Committee (RCNC)

Recruitment, Compensation and Nomination Committee comprises three non-executive directors and one executive director the Chairman of the committee is the Non-executive director.

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 in light of these goals and objectives and other factors it deems appropriate and based on this review and evaluation, recommend to the Board the compensation of the Chief Executive Officer/Chief Operation Officer;

- ✓ To formulate and oversee the Company's compensation plans, equity-based plans and employee loan policy and recommend changes in such plans/policy to the Board if deemed fit. The Committee shall exercise all the authority of the Board with respect to the administration of such plans, including the granting of awards under the Company's compensation plans and equity-based plans.
- ✓ To review and approve compensation, benefits and terms of employment of the Company's executive officers and such other senior executives identified by the Committee after consultation with the Company's Chief Executive Officer/Chief Operation Officer and other members of management.
- ✓ To devise a policy on Board diversity, composition, size.
- ✓ To review the Company's recruitment, retention, compensation, termination and severance policies for directors, key managerial personnel and senior management.
- ✓ To identify persons who are qualified to become directors, key managerial personnel and senior management personnel and recommend to the Board their appointment/re-appointment and removal and to formulate criteria for determining qualifications, positive attributes and independence of a director.
- ✓ To review and assist with the development of executive succession plans and to consult with the Chief Executive Officer/Chief Operation Officer regarding the selection of senior executives.
- ✓ To review the compensation of non-executive directors (including sitting fee) for service on the Board and its committees and recommend changes in compensation to the Board.
- ✓ To review the Company's compensation policies and practices to determine whether they create risk-taking incentives that are reasonably likely to have a material adverse impact on the Company.
- ✓ To periodically review and assess the adequacy of this policy and recommend any proposed changes to the Board for approval; and
- ✓ To perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee shall deem appropriate

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 22.05.2019, 31.05.2019, 21.08.2019, 13.12.2019 and 07.02.2020. Constitution of the Committee and attendance details during the financial year ended March 31, 2020 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 1	Chairperson	Non-Executive & Independent Director	3	2

Mr. Vinod Rai	Member	Non-Executive & Independent Director	5	4
Mr. Rakesh Rewari ²	Member	Non-Executive & Independent Director	2	2
Mr. Sandeep Marian Farias	Member	Nominee Director	5	4
Mr. Sanjay Chaturvedi	Member	Executive Director	5	5
Ms. Latika Thukral ³	Member	Non-Executive and Independent Director	0	NA

¹ Ms. Ranjana Agarwal ceased to be the member of the Committee w.e.f. 03rd December 2019 due to resignation.

² Mr. Rakesh Rewari was appointed as member of the committee w.e.f. 06th December 2019 and ceased to be member of the Committee w.e.f. 07th February 2020.

³ Ms. Latika Thukral was appointed as member of the committee w.e.f. 07th February 2020

EXTRACTS OF POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION, Full policy may be accessed on the website of Shubham www.shubham.co

1. Policy on Directors' Appointment

- (i) RCNC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director 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, he 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.

2. Policy on Remuneration to Directors

A. Remuneration to Managing Director / Whole-time Directors:

- (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 Committee 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) ESOP and other share based payments shall be given as per applicable provisions of Companies Act.

B. Remuneration to 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 Committee 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 Committee 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 base 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 Para (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) ESOP and other share base payments shall be granted to Directors (other than Independent Directors) as per ESOP scheme.

4. SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the year, 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 February 7, 2020 without the attendance of non-independent directors and members of the management. Both the 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.

5. RELATED PARTY TRANSACTION POLICY

The policy on the related party transactions is annexed herewith.



6. CODE OF CONDUCT:

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

7. 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 2020-. 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, 2019 in Board Meeting dated 13th December 2020. 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, Gurugram – 122015 Phone: 0124-4762545 Email id: neeta.kamra@shubham.co
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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**

Sanjay Chaturvedi

Director

DIN: 01636432

D-305, Ground Floor,
Sarvodaya Enclave,
New Delhi

Rupa Basu

Director

DIN: 08068918

S-10 A, Windsor Court,
DLF, Phase IV,
Gurugram- 122009

Place: New Delhi

Date: 17.06.2020

Shubham Housing Development Finance Company Limited

Corporate and Communication Address: Shubham House, 425, Udyog Vihar, Phase - IV, Gurugram - 122013

Ph.: +91 124 4312531 • Website: www.shubham.co

Registered Office: D-305, Ground Floor, Sarvodaya Enclave, New Delhi - 110017

Corporate Identity Number (CIN) - U65921DL2010PLC199469



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:-

- i. Repetitiveness of the transactions (in past or in future)
 - ii. Justification for the need of omnibus approval.
- d) 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.

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.

Shubham Housing through its Corporate Social Responsibility initiatives aims to be a catalyst that enables the marginalized community to be empowered and self-reliant.

We have embodied the principles of corporate responsibility in our business philosophy and operations. In our journey so far, we have built a sustainable business model and created value for our stake holders.

We are confident that we will be able to improve the lives of under privileged and reinforce our humble collective efforts towards nation building.

Our CSR Policy

The Company's Corporate Social Responsibility Policy was initially formulated on November 10, 2016, recommended by CSR committee and approved by Board of Directors. Thereafter, it has been reviewed from time to time. The Policy aligns with the provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.

The CSR policy of the Company ensures an effective and sustained CSR programme, which manifests in the form of a progressive, socially responsible and enlightened attitude. At a conceptual level, Company's policies on CSR are oriented towards stakeholder-participation approach, where the target groups are seen as stakeholders in the community.

The CSR policy of the Company is based on three guiding principles:

- Sustainability
- Transparency
- Accountability

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
Ms. Rupa Basu	Executive Director	Chairperson
Mr. Sanjay Chaturvedi	Executive Director	Member
Ms. Ranjana Agarwal ¹	Independent Director	Member
Mr. Sandeep Marian Farias	Nominee Director	Member
Mr. Vinod Rai ²	Independent Director	Member
Ms. Latika Thukral ³	Independent Director	Member

¹ Ms. Ranjana Agarwal ceased to be the member of the committee with effect from 3rd December 2019.

² Mr. Vinod Rai was appointed as member of the committee with effect from 6th December 2019 and ceased to be the member of the committee with effect from 7th February 2020.

³ Ms. Latika Thukral was appointed as member of the committee with effect from 7th February 2020.

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

The average net profit of the Company for the last three financial years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, was Rs. 7,15,23,011/-.

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

Rs. 14,30,460/--.

5. Details of CSR spent during the financial year:

i. Total amount spent for the financial year:

Rs. 14,60,000/

ii. Amount unspent, if any:

Nil



iii. Manner in which the amount spent during the financial year is detailed below:

S. No.	Particulars	Amount (in Rs.)
1	CSR Project or activity identified	- To support the development of underprivileged children with special needs. - To support the under privileged children born with Congenital Heart Disease (CHD). - To support the socially and economically weaker sections of society for affordable Housing.
2	Sector in which the Project is covered	- Education for differently abled children from underprivileged families. - Healthcare support for underprivileged cancer Children. - Housing support to socially and economically weaker sections of the society.
3	Projects or Programs: (i) Local area or other (ii) Specify the State and district where projects or programs was undertaken	Programs were carried out in NCT of Delhi, where the registered office of the Company is situated and in Haryana through the various implementing agencies.
4	Amount outlay (budget) project or programs wise	1. Education, NCT of Delhi – Rs. 4,10,000/- 2. Healthcare, Haryana- Rs. 7,50,000/- 3. Housing for all, Haryana- Rs. 3,00,000/-
5	Amount spent on the projects or programs (i) Direct Expenditure on projects or programs (ii) Overheads	Rs. 14,60,000/- 0.00
6	Cumulative expenditure up to 31st March 2020	Rs. 14,60,000/-
7	Amount spent: (i) Direct	Through Implementing Agencies*

Shubham Housing Development Finance Company Limited

Corporate and Communication Address: Shubham House, 425, Udyog Vihar, Phase - IV, Gurgaon - 122013

Ph: +91 124 4312531 • Website: www.shubham.co

Registered Office: D-105, Ground Floor, Sarvodaya Enclave, New Delhi - 110017

Corporate Identity Number (CIN) - U65921DL2010PLC199469



	(ii) Through implementing agency	
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* Implementing Agencies are

- (i) "Asha Hai" for Education support for differently able children from underprivileged families,
- (ii) "Sri Sathya Sai Sanjeevani" for medical support for the under privileged children born with Congenital Heart Disease (CHD) and "
- (iii) UnATHI- Housing for all" to support the socially and economically weaker sections of the society by providing them access to affordable and sustainable housing through Micro and Macro level activities.

Details of the Implementing Agencies

1. Asha Hai (www.ashahai.com), Delhi

Asha Hai, as a society has a strong support system for children with special needs. However, for the parents coming from EWS (economically weaker section) it is difficult to find such high-quality institution for their children and even if they do, the financial limitations discourage them to avail the facilities. To overcome this dilemma, Asha Hai looks for sponsors who are willing to take a step ahead in order to nurture a life full of hope and abundance. During the year under review, Shubham, through Asha Hai, sponsored the cost for one child from under-privileged family.

2. Sri Sathya Sai Sanjeevani:

It is a charitable trust whose aim is to provide free of cost treatment for under-privileged children suffering from congenital heart disease. Trust runs hospitals located at different locations in India. Free treatment includes diagnostics, open heart surgery, post-operative care & diet to the patients and accommodation and food to accompanying parents/relatives. During the year under review, Shubham, through this trust, sponsored the free treatment for 5 children from under-privileged families.

3. UnATHI- Housing for all:

The object of this NGO is to reduce the inequalities faced by socially and economically weaker sections of society in India in accessing housing and basic services (including sanitation and drinking water supply). And to build an ecosystem that enables low-income communities in India to access affordable and sustainable housing stock with adequate sanitation and safe drinking water supply, while improving accountability and transparency in the housing sector, by pursuing opportunities to build collaborations among varied stakeholders. During the year under review, Shubham has sponsored one of the project which is expected to leave an impact on thousands of families.



6. In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in Board's report

During the financial year 2019-20, the Company has contributed its entire CSR expenditure aggregating to, Rs. 14,60,000/- to various implementing agencies, for undertaking CSR projects, on its behalf.

7. CSR Committee Responsibility Statement

The Company understands that for it to continue to prosper over the long term, the community, environment and society at large must also prosper. During the financial year 2019-20, the implementation and monitoring of CSR Policy of the Company were environmental friendly and in compliance with the applicable laws, CSR objectives and Policy of the Company.

For Shubham Housing Development Finance Company Limited


(Rupa Basu)
Chairperson, CSR Committee


(Sanjay Chaturvedi)
Chief Executive Officer

Date: 17.06.2020

Place: New Delhi

Shubham Housing Development Finance Company Limited

Corporate and Communication Address: Shubham House, 425, Udyog Vihar, Phase - IV, Gurgaon - 122013

Ph.: +91 124 4312531 • Website: www.shubham.co

Registered Office: D-105, Ground Floor, Sarvodaya Enclave, New Delhi - 110017

Corporate Identity Number (CIN) - U65921DL2010PLC199469

FORM NO. AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Justification for entering into such contracts or arrangements or transactions'	NIL
f)	Date of approval by the Board	NIL
g)	Amount paid as advances, if any	NIL
h)	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

2. Details of contracts or arrangements or transactions at Arm's length basis.

Sl. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	NIL
b)	Nature of contracts/arrangements/transaction	NIL
c)	Duration of the contracts/arrangements/transaction	NIL
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
e)	Date of approval by the Board	NIL
f)	Amount paid as advances, if any	NIL

Rupa Sam
 *Chet. & ed.*

SECRETARIAL AUDIT REPORT
For the financial year ended 31st March, 2020

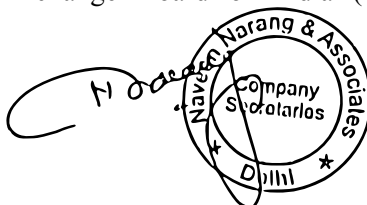
To,
The Members,
Shubham Housing Development Finance Company Limited
D-305, Ground Floor, Sarvodaya Enclave,
New Delhi 110017

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Shubham Housing Development Finance Company Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye Laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: (Not applicable to the Company during the audit period)
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;



- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not applicable to the Company during the audit period)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the audit period) and
 - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely:
1. National Housing Bank Act, 1987

We have also examined compliance with the applicable clauses of the following:

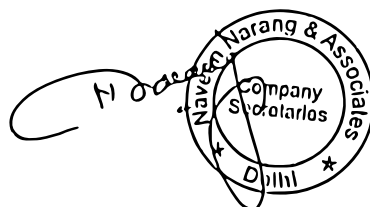
- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited read with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.



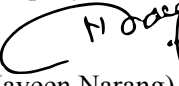
Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

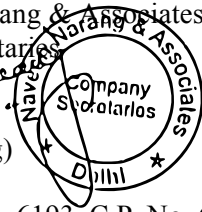
We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc

- (a) The Company issued 119,196 (One Lakh Nineteen Thousand One Hundred Ninety Six) Optionally Convertible Debentures (OCD) of Rs. 1215.00 (Rupees One Thousand Two Hundred Fifteen) on 30th day of March 2020 on which Rs. 60.00 per OCD has been paid up;

For Naveen Narang & Associates
Company Secretaries


(Naveen Narang)
Partner
Membership No. 6193, C.P. No. 6621
UDIN: F006193B000302601



Place: Delhi
Date: 30.05.2020

(This report is to be read with our letter of even date, which is annexed as Annexure A and forms an integral part of this report.)

‘Annexure A’

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

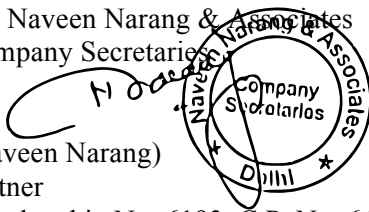
Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis of our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Naveen Narang & Associates
Company Secretaries

(Naveen Narang)
Partner

Membership No. 6193, C.P. No. 6621
Place: Delhi
Date: 30.05.2020



INDEPENDENT AUDITOR'S REPORT

To the Members of Shubham Housing Development Finance Company Limited

Report on the Audit of the Ind AS Financial Statements**Opinion**

We have audited the accompanying Ind AS financial statements of Shubham Housing Development Finance Company Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2020, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 48 of the financial statements which describes the extent to which COVID-19 Pandemic impact the Company's operations and its financial results including the expected credit loss on financial assets will depends on future developments, which are highly uncertain.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.



Key audit matters	How our audit addressed the key audit matter
• Staging of the financial assets (i.e. classification in 'significant increase in credit risk' ("SICR") and 'default' categories); • Grouping of borrowers based on homogeneity by using appropriate statistical techniques; • Estimation of behavioral life; • Determining macro-economic factors impacting credit quality of receivables; • Estimation of losses for financial assets with no/ minimal historical defaults. Additional considerations on account of COVID-19 The Company has recorded a management overlay of around Rs. 804.83 lakhs as part of its total ECL of Rs. 2,419.27 lakhs, to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic. Given the unique nature and scale of the economic impact of this pandemic, and its timing being close to the year-end, the management overlay is based on various uncertain variables, which could result in actual credit loss being different than that being estimated. In view of the high degree of management's judgement involved in estimation of ECL, accentuated by the COVID-19 pandemic, it is a key audit matter.	• Inquired with the Company's management and its risk management function to assess the impact of lock-down on the business activities of the Company. • Reviewed the Company's policy with respect to moratorium pursuant to the RBI circular and tested the implementation of such policy on a sample basis. • Assessed the additional considerations applied by the management for staging of loans as SICR/default in view of factors caused by COVID-19 (such as policy on moratorium referred above) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Tested assumptions used by the management in determining the overlay for macro-economic factors (including COVID-19 pandemic) in accordance with the governance framework approved by the Board of Directors pursuant to Reserve Bank of India guidelines issued on March 13, 2020. • Compared the disclosures included in the Ind AS financial statements in respect of ECL with the requirements of Ind AS 107 and 109. Reviewed specific disclosures made in the Ind AS financial statements with regards to the impact of COVID-19 on ECL estimation.
(c) IT systems and controls	How our audit addressed the key audit matter
Financial accounting and reporting processes, especially in the financial services sector, are fundamentally reliant on IT systems and IT controls to process significant transaction volumes, hence we identified IT systems and controls over financial reporting as a key audit matter for the Group. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations, are required to be designed and to operate effectively to ensure reliable financial reporting.	We performed the following procedures for testing IT general controls and for assessing the reliability of electronic data processing, assisted by specialized IT auditors: • Tested the design and operating effectiveness of the IT access controls over the information systems that are important to financial reporting and various interfaces, configuration and other identified application controls. • Tested IT general controls (logical access, changes management and aspects of IT operational controls). This included testing requests for access to systems were reviewed and authorized. • Tested the periodic review of access rights. We also tested requests of changes to systems for approval and authorization. • In addition to the above, we tested the design and operating effectiveness of certain automated controls that were considered as key internal controls over financial reporting. Where deficiencies were identified, we tested compensating controls or performed alternate procedures.

We have determined that there are no other key audit matters to communicate in our report.



Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to comply with the relevant applicable requirements of the standard on auditing for auditor's responsibility in relation to other information in documents containing audited financial statements.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with [the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS 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.

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

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

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

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

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



estimates and related disclosures made by management.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The comparative Ind AS financial statements of the Company for the year ended March 31, 2019 included in these Ind AS financial statements, are based on the previously issued financials which were prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act read with the Companies (Accounts) Rules, 2014 and the applicable guidelines issued by the National Housing Bank for the year then ended, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 23, 2019, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) The matter described in Emphasis of Matter above, in our opinion, may have an adverse effect on the functioning of the Company.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
- (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (h) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Amit Kabra

Partner

Membership Number: 094533



UDIN: 20094533AAAADN4794

Gurugram

June 17, 2020

Annexure referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date

Re: Shubham Housing Development Finance Company Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under clause 3 (ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to Sales tax, service tax, customs duty, excise duty, value added taxes and employees' state insurance are not applicable to the Company.
- (b) 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, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, service tax, customs duty, excise duty, value added tax and cess which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders.



Annexure referred to in paragraph 1 under the heading 'Report on other legal and regulatory requirements' of our report of even date (continued)

- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of term loans were applied for the purpose for which those were raised, though idle/surplus funds which were not required for immediate utilization were gainfully invested in liquid assets payable on demand.

- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per **Amit Kabra**

Partner

Membership Number: 094533



UDIN: 20094533AAAAADN4794

Gurugram

June 17, 2020

Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date

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

We have audited the internal financial controls over financial reporting of Shubham Housing Development Finance Company Limited ("the Company") as of March 31, 2020 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 issued by the Institute of Chartered Accountants of India. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 judgement, 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 internal financial controls over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these 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 control over financial reporting with reference to these 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



Annexure 2 referred to in paragraph 2 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date (continued)

Inherent Limitations of Internal Financial Controls over Financial Reporting with Reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

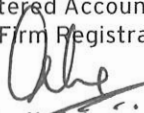
Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004


per Amit Kabra

Partner

Membership Number: 094533

UDIN: 20094533AAAADN4794

Gurugram

June 17, 2020



Shubham Housing Development Finance Company Limited
Balance Sheet as at March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Particulars	Note	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
ASSETS				
Financial assets				
Cash and cash equivalents	6A	16,550.50	13,950.81	3,633.48
Bank balance other than cash and cash equivalents	6B	4,646.15	891.40	12,462.64
Loans	7	1,62,813.99	1,25,753.60	1,04,948.04
Other financial assets	8	1,673.48	1,480.16	439.44
Non-financial assets				
Current tax assets (net)		93.84	56.00	92.06
Deferred tax assets (net)	32	1,143.65	979.27	888.07
Property, plant and equipment	9	348.46	248.83	215.06
Intangible assets	10	182.43	186.10	234.40
Right-of-use assets	47	591.61	598.31	686.93
Capital work-in-progress	11	11.65	-	-
Intangible assets under development	11	30.95	34.99	38.38
Other non-financial assets	12	333.12	195.28	303.84
Non-current assets held for sale	13	3,338.46	3,185.52	2,213.32
Total assets		1,91,758.29	1,47,560.27	1,26,155.66
LIABILITIES AND EQUITY				
LIABILITIES				
Financial liabilities				
Payables	14			
Trade payables				
a) Total outstanding dues of micro enterprises and small enterprises		17.44	0.86	0.33
b) total outstanding dues of creditors other than micro enterprises and small enterprises		479.61	475.56	362.19
Debt securities	15	10,435.41	11,403.92	11,870.79
Borrowings (other than debt securities)	16	1,17,528.53	79,417.00	64,393.38
Other financial liabilities	17	16,484.69	13,422.84	8,427.27
Non-financial liabilities				
Provisions	18	345.47	238.27	238.30
Other non-financial liabilities	19	325.70	229.97	262.75
Total liabilities		1,45,616.85	1,05,188.42	85,555.01
Equity				
Equity share capital	20	94.37	94.37	94.37
Instruments entirely equity in nature	21	450.03	450.03	450.03
Other equity	22	45,597.04	41,827.45	40,056.25
Total equity		46,141.44	42,371.85	40,600.65
Total Liabilities and Equity		1,91,758.29	1,47,560.27	1,26,155.66

Significant accounting policies

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI Firm Registration No. 101049W/E300004

Chartered Accountants

per Amit Kabra

Partner

Membership No. 094533



Place: Gurugram

Date: June 17, 2020

For and on behalf of the Board of Directors of

Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi

Sanjay Chaturvedi

Director

DIN : 01636432

Shashank Jain

Shashank Jain

Chief Financial Officer

Place: Gurugram

Date: June 17, 2020

Rupa Basu

Rupa Basu

Director

DIN : 08068918

Neeta Kamra

Neeta Kamra

Company secretary

(M. No.: ACS 22892)

Shubham Housing Development Finance Company Limited
Statement of profit and loss for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations			
Interest income	23	25,611.21	20,087.78
Fee and commission income	24	1,281.31	637.95
Net gain on derecognition of financial instruments at amortised cost	25	605.68	-
Net gain on fair value changes	26	455.39	324.95
Total revenue from operations		27,953.59	21,050.68
Other income	27	488.00	195.38
Total income		28,441.59	21,246.06
Expenses			
Finance costs	28	12,019.22	9,545.09
Impairment on financial instruments	29	901.76	1,137.71
Employee benefits expenses	30	8,030.66	5,744.56
Depreciation and amortization	9,10	481.67	392.70
Other expenses	31	2,443.68	2,324.18
Total expenses		23,876.99	19,144.24
Profit before tax		4,564.60	2,101.82
Tax expense:	32		
(1) Current tax		1,254.85	589.59
(2) Tax for earlier years		-	44.83
(3) Deferred tax (credit)		(151.69)	(93.43)
Profit for the year		3,461.44	1,560.83
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability		(50.57)	7.74
Income tax impact		12.73	(2.25)
Other comprehensive income (net of tax)		(37.84)	5.49
Total comprehensive income for the year		3,423.60	1,566.32
Earnings per equity share	33		
Basic (Rs.)		63.58	28.67
Diluted (Rs.)		63.36	28.44
Nominal value per share (Rs.)		10.00	10.00

Significant accounting policies

1-5

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI Firm Registration No. 101049W/E300004

Chartered Accountants

per Amit Kabra
Partner

Membership No. 094533



For and on behalf of the Board of Directors of

Shubham Housing Development Finance Company Limited

Sanjay Chaturvedi

Director

DIN : 01636432

Shashank Jain

Chief Financial Officer

Rupa Basu

Director

DIN : 08068918

Neeta Kamra

Company secretary

(M. No.: ACS 22892)

Place: Gurugram

Date: June 17, 2020

Place: Gurugram

Date: June 17, 2020

Shubham Housing Development Finance Company Limited
Statement of changes in equity for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

A. Equity Share Capital

Equity shares of Rs. 10 each issued, subscribed and fully paid

	No.	Amount
At April 1, 2018	9,43,690	94.37
Issued during the year	-	-
At March 31, 2019	9,43,690	94.37
Issued during the year	-	-
At March 31, 2020	9,43,690	94.37

B. Instruments entirely equity in nature

Compulsorily convertible preference shares ('CCPS')

CCPS of Rs. 10 each issued, subscribed and fully paid

	No.	Amount
At April 1, 2018	45,00,369	450.04
Issued during the year	-	-
At March 31, 2019	45,00,369	450.04
Issued during the year	-	-
At March 31, 2020	45,00,369	450.04

C. Other equity

	Securities premium	Reserves and Surplus Special Reserve	Share based payment reserve	Retained earnings	Other Comprehensive Income Equity Component of compound financial Instrument	Total
Balance as at April 1, 2018	39,690.27	237.06	270.69	(141.77)	-	40,056.25
Profit for the year	-	-	-	1,560.83	-	1,560.83
Other comprehensive Income for the year	-	-	-	5.49	-	5.49
Total comprehensive Income for the year	-	-	-	1,566.32	-	1,566.32
Share Based Payments	-	-	204.88	-	-	204.88
Transfer to special reserve*	-	348.12	-	(348.12)	-	-
Balance as at March 31, 2019	39,690.27	585.18	475.57	1,076.43	-	41,827.45
Profit for the year	-	-	-	3,461.44	-	3,461.44
Other comprehensive income for the year	-	-	-	(37.84)	-	(37.84)
Total comprehensive Income for the year	-	-	-	3,423.60	-	3,423.60
Equity component of compound financial Instrument	-	-	-	-	7.09	7.09
Share Based Payments	-	-	338.90	-	-	338.90
Transfer to special reserve*	-	692.29	-	(692.29)	-	-
Balance as at March 31, 2020	39,690.27	1,277.47	814.47	3,807.74	7.09	45,597.04

*under Section 29C of the NHB Act, 1987 read with 36(i) (viii) of Income Tax Act, 1961.

The accompanying notes are an integral part of the financial statements
As per our report of even date

For S.B. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

per Amrit Kabra
Partner
Membership No. 094533



Place: Gurugram
Date: June 17, 2020

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

Sanjay Chaturvedi
Director
DIN : 01636432

Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: June 17, 2020

Rupa Basu
Director
DIN : 08068918

Neeta Kamra
Company secretary
(M. No.: ACS 22892)

Shubham Housing Development Finance Company Limited
Cash Flow Statement for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Particulars	March 31, 2020	March 31, 2019
Cash flow from operating activities		
Profit before tax	4,564.57	2,101.82
<i>Adjusted for:</i>		
Depreciation and amortisation	481.67	392.70
Interest in lease liability	73.60	68.64
Provision for expected credit loss	811.20	(279.94)
EIR Adjustment under Ind AS	(135.53)	254.44
Interest on fixed deposits	(188.20)	(295.57)
Net gain on sale of investments	(455.39)	(324.95)
Provision for loss on asset held for sale	219.07	3.25
Loss on sale of fixed assets	3.69	3.72
Loan Assets written off	90.56	550.29
Acquired properties written off	-	109.69
Loss on sale of loan assets	-	867.36
Loss on sale/settlement of acquired properties	49.80	102.96
OIC impact of Gratuity	(50.57)	7.74
Share based payments expense	338.90	204.88
Operating profit before working capital changes	5,803.37	3,767.03
<i>Adjusted for net changes in working capital:</i>		
Increase in financial assets and other assets	(42,815.94)	(21,824.11)
Decrease in financial liability and other liabilities	3,219.28	4,403.75
Taxes paid (net of refunds)	(1,289.54)	(598.36)
Net Cash used in from operating activities	(35,082.83)	(14,251.69)
Cash flows from investing activities		
Purchase of financial assets	(71,700.00)	(52,642.72)
Proceeds from sale of mutual funds	72,155.39	51,710.51
Proceeds from sale of financial assets to assets reconstruction company	434.44	76.32
Purchase of property, plant and equipment including intangible assets under development	(322.66)	(168.95)
Proceeds from sale of property, plant and equipment	4.52	2.89
Increase in fixed deposit with remaining within 12 months from reporting date (net)	132.16	11,088.57
Interest received on fixed deposits	200.90	424.52
Net Cash generated from investing activities	904.75	10,491.14
Cash flows from financing activities		
Proceeds from borrowings	63,831.48	34,466.97
Repayment of borrowings	(26,720.15)	(20,155.21)
Payment of principal portion of lease liabilities	(259.97)	(165.24)
Payment of interest on lease liabilities	(73.60)	(68.64)
Net Cash generated from financing activities	36,777.76	14,077.88
Net increase in cash and cash equivalents	2,599.68	10,317.33
Cash and cash equivalents at the beginning of the year	13,950.81	3,633.48
Cash and cash equivalents at the end of the year	16,550.49	13,950.81



Shubham Housing Development Finance Company Limited
Cash Flow Statement for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Particulars	March 31, 2020	March 31, 2019
Cash and bank balance include:		
Cash-on-hand	42.42	228.89
Cheques in hand	80.57	50.42
Balance with banks		
In current accounts	4,020.80	6,158.93
Deposits with original maturity of less than three months	12,406.71	7,512.57
Cash and cash equivalents at the end of the year	16,550.50	13,950.81

Note : Fixed deposit balances does not include which has lien marked. Refer Note 6B for details.

Supplementary Information:

Interest received	23,779.32	18,946.99
Interest paid	11,517.00	8,852.79

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Associates LLP
ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

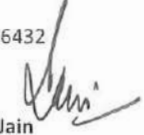
per Anil Kabra
Partner
Membership No. 094533



Place: Gurugram
Date: June 17, 2020

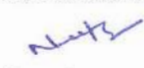
For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited


Sanjay Chaturvedi
Director
DIN : 01636432


Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: June 17, 2020


Rupa Basu
Director
DIN : 08068918


Neeta Kamra
Company secretary
(M. No.: ACS 22892)

Note 1: Corporate information

Shubham Housing Development Finance Company Limited (CIN:U65921DL2010PLC199469) ("the Company") is a public limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is registered as a housing finance company registered with National Housing Bank (NHB) vide registration No. 06.136.16 and is engaged in the long term financing activity in the domestic markets to provide housing finance. The Company's redeemable non-convertible debentures are listed on Bombay Stock Exchange in India.

Note 2: Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

For all periods up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). These financial statements for the year ended March 31, 2020 are the first the Company has prepared in accordance with Ind AS.

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

Disclosures as required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018, which have been presented solely based on the information compiled by the Management.

Note 3: Presentation of financial statements

The Company presents its balance sheet in order of liquidity. Financial assets and financial liabilities are generally reported gross in the balance sheet. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Notes to financials. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the company and/or its counterparties.

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

Note 4: Significant accounting policies

4.1. Recognition of income and expense

4.1.1 Interest income

The Company earns revenue primarily from giving loans. Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest revenue is recognized using the effective interest method (EIR). The effective interest method calculates the amortized cost of a financial instrument and allocates the interest income. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the gross carrying amount of the financial asset or liability. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the EIR, but not future credit losses.

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates the interest only if it is considered recoverable. If the financial assets cures and is no longer credit-impaired, the Group reverts to calculating interest income.

4.1.2 Interest expense

Interest expense includes borrowing costs that are initially recognized as part of the carrying value of the financial liability and amortized over the expected life using the effective interest method. These include fees and commissions payable to arrangers and other expenses such as external legal costs, provided these are incremental costs that are directly related to the issue of a financial liability.

4.1.3 Other fees

Other charges including application fees (penal interest, cheque bouncing charges, etc.) are recognised on realization basis.

4.1.4 Dividend income

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



4.2. Financial Instruments

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

4.2.1 Financial Assets

4.2.1.1 Initial recognition and measurement

Financial assets, with the exception of loans and advances to customers, are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. The classification of financial instruments at initial recognition depends on their purpose and characteristics and the management's intention when acquiring them. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

4.2.1.2 Classification and Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

4.2.1.3. Debt instruments at amortised costs

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment.

4.2.1.4. Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

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

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

4.2.1.5. Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

4.2.1.6. Equity Investments at FVTPL and FVOCI

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.



4.2.2. Financial Liabilities

4.2.2.1. Initial recognition and measurement

Financial liabilities are classified and measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading or it is designated as such on initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

4.2.2.2. Classification and Subsequent measurement - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss.

4.2.2.3. Financial Liabilities held at amortised cost

The Company's loans and borrowings are generally classified in this category. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

4.2.2.4. Financial guarantees and undrawn loan commitments

Financial guarantees are initially recognised in the financial statements (within Provisions) at fair value, being the premium/deemed premium received. Subsequent to initial recognition, the Company's liability under each guarantee is measured at the higher of the amount initially recognised and the amount initially recognised less cumulative amortisation recognised in the statement of profit and loss.

The premium/deemed premium is recognised in the statement of profit and loss on a straight-line basis over the life of the guarantee.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Undrawn loan commitments are in the scope of the ECL requirements.

The nominal contractual value of undrawn loan commitments, where the loan agreed to be provided is on market terms, are not recorded in the balance sheet.

4.2.3. Reclassification of financial assets and liabilities

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

4.2.4. De-recognition of financial assets and liabilities

4.2.4.1. Financial Assets

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

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

- It has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement.

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

- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates.
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.
- The Company must remit any cash flows it collects on behalf of the eventual recipients without material delay.



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

A transfer only qualifies for derecognition if either:

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

4.2.4.2. Financial Liabilities

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

4.3. Impairment of financial assets

4.3.1. Overview of the ECL principles

The Company is recording the allowance for expected credit losses for all loans and other debt financial assets not held at FVTPL, together with loan commitments and financial guarantee contracts, (in this section all referred to as 'financial instruments'). Equity instruments are not subject to impairment under Ind AS 109.

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

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on collective basis, depending on the nature of the underlying portfolio of financial instruments.

The Company has established a policy to perform an assessment, at the end of each reporting year, of whether a financial instrument's credit risk has increased significantly since initial recognition.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3, as described below:

Stage 1: When loans are first recognised, the company recognises an allowance based on 12mECLs.

Stage 1 loans also include facilities where the credit risk has improved, and the loan has been reclassified from Stage 2 or Stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved, and the loan has been reclassified from Stage 3.

Stage 3: Loans considered credit-impaired. The company records an allowance for the LTECLs.

For financial assets for which the Company has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition or write off of the financial asset.



4.3.2 The calculation of ECLs

The Company calculates ECLs based on a probability-weighted scenarios and historical data to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed year, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an exposure at a reporting date.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The maximum year for which the credit losses are determined is the expected life of a financial instrument.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to an EAD and multiplied by the expected LGD.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

Stage 3: For loans considered credit-impaired, the Company recognizes the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.

Loan commitments: When estimating LTECLs for undisbursed loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For loan commitments, the ECL is recognised within Provisions.

4.3.3. Forward looking information

While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, Property Price Index, Unemployment rates, Benchmark rates set by the Reserve Bank of India, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

4.4. Collateral valuation

To mitigate its credit risks on financial assets, the Company seeks to use collateral, where possible. The collateral comes in forms of underlying property. Collateral, unless repossessed, is not recorded on the Company's balance sheet. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed on a half-yearly basis for repossessed stock.

To the extent possible, the Company uses active market data and value assessed by certified third party valuers for valuing financial assets held as collateral.

4.5. Collateral repossessed

In its normal course of business, the Company does not physically repossess properties or other assets in its portfolio, but generally engages external or internal agents to recover funds generally at auctions to settle outstanding debt. Any surplus funds are returned to the customers/obligors. The residential properties under legal repossession processes are treated as assets held for sale at (i) fair value less cost to sell or (ii) principle outstanding, whichever is less, at the repossession date.

4.6 Write-offs

Financial assets are written off either partially or in their entirety only when the recovery possibility from these properties seems remote, despite legal remedies and other actions taken by the Company. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to Statement of profit and loss account.



4.7. Forborne and modified loans

The Company sometimes makes concessions or modifications to the original terms of loans as a response to the borrower's financial difficulties, rather than taking possession or to otherwise enforce collection of collateral. The Company considers a loan forborne when such concessions or modifications are provided as a result of the borrower's present or expected financial difficulties and the Company would not have agreed to them if the borrower had been financially healthy. Indicators of financial difficulties include defaults on covenants, or significant concerns raised by the Credit Risk Department. Forbearance may involve extending the payment arrangements and the agreement of new loan conditions. Once the terms have been renegotiated, any impairment is measured using the original EIR as calculated before the modification of terms. It is the Company's policy to monitor forborne loans to help ensure that future payments continue to be likely to occur. Derecognition decisions and classification between Stage 2 and Stage 3 are determined on a case-by-case basis. If these procedures identify a loss in relation to a loan, it is disclosed and managed as an impaired Stage 3 forborne asset until it is collected or written off.

When the loan has been renegotiated or modified but not derecognised, the Company's also reassesses whether there has been a significant increase in credit risk. The Company also considers whether the assets should be classified as Stage 3. Once an asset has been classified as forborne, it will remain forborne for a minimum 12-month probation period. In order for the loan to be reclassified out of the forborne category, the customer has to satisfy the performance of the loan during probation period.

4.8. Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

4.9 Leases:

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

Company as a lessee

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

i) Right-of-use assets

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

The right-of-use assets are also subject to impairment. (Refer to the accounting policies on Impairment of non-financial assets.)



ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the transition date. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Company's lease liabilities are included in Other financial liabilities.

iii) Short-term leases and leases of low-value assets

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

4.10. Cash and cash equivalents

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

4.11. Property, plant and equipment

Property, plant and equipment (PPE) 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. Subsequent expenditure related to PPE is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of item can be measured reliably. Other repairs and maintenance costs are expensed off as and when incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised. The date of disposal of an item of property, plant and equipment is the date the recipient obtains control of that item in accordance with the requirements for determining when a performance obligation is satisfied in Ind AS 115.

Depreciation is provided over the useful life of the asset as per "Part C" of Schedule-II of Companies Act 2013 and depreciation rates have been worked out by applying written down value method. The Company has used the following useful lives to provide depreciation on its PPE.

- Computers Including peripherals	5 years
- Office equipment	5 years
- Furniture and fixtures	10 years

4.12. Intangible assets

The Company's other intangible assets mainly include the value of computer software and Brand and Trade Marks

An intangible asset is recognised only when its cost can be measured reliably, and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortization is calculated using the straight-line method to the cost of intangible assets to their residual values over their estimated useful life of 3, 5 and 10 years.

4.13. Impairment of non-financial assets

The carrying amount of assets is reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets, net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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



4.14. Retirement and other employee benefits

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

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

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the Projected Unit Credit Method.

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

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

Past service costs are recognised in profit or loss on the earlier of:

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

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absence as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long term employee benefit for measurement purposes.

4.15. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

4.16. Taxes

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities in accordance with Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date.

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



Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

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

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

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

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

Minimum Alternate Tax (MAT)

In accordance with the provision 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 years 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 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 recognized only to the extent there is convincing evidence that the Company will pay normal tax during the specified period.

4.17. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset or disposal group to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated,
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Non-current assets held for sale to owners are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

4.18. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss attributable to equity holder of the company by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period.

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



4.19. Foreign currency

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

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

Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction.

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

4.20. Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The fair value determined at the grant date of the equity-settled share based payments is expensed on a straight line basis over the vesting year, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in Statement of Profit and Loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the Share Based Payments Reserve.

4.21. Contingent liabilities and assets

The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent liability is disclosed in the case of:

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

Contingent liabilities are reviewed at each balance sheet date. Contingent assets are not recognised. A contingent asset is disclosed, as required by Ind AS 37, where an inflow of economic benefits is probable.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the Company's accounting policies, management has made the following Significant judgements and estimates, which have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5.1. Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company considers the frequency, volume and timing of sales in prior years, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an holistic assessment of how company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Company considers information about past sales in the context of the reasons for those sales, and the conditions that existed at that time as compared to current conditions.

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principle and interest ('the 'SPPI criterion').



5.2. Fair value of financial instruments

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

5.3. Effective Interest Rate (EIR) method

The Company's EIR methodology, recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

5.4. Impairment of financial asset

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

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Company's model, which assigns Probability of default (PDs).
- The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when their ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, and the effect on PDs, EADs and LGDs.
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

It has been the Company's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

5.5 Defined employee benefit assets and liabilities

The cost of the defined benefit gratuity plan and other post-employment benefits and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

5.6 Share based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

5.7 Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the probability of outflow is considered to be remote, or probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.



5.8 Determining the lease term of contracts with renewal and termination options – Company as lessee

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

The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease.



Note 6: Cash and cash equivalents

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
6A. Cash and cash equivalents			
Cash-on-hand	42.42	228.89	137.91
Cheques in hand	80.57	50.42	7.66
Balance with banks			
In current accounts	4,020.80	6,158.93	2,487.80
Deposits with original maturity of less than three months	12,406.71	7,512.57	1,000.11
Total	16,550.50	13,950.81	3,633.48

Balances with banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

6B: Bank balance other than above

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Bank deposits (more than 3 months & upto 12 months)	692.40	823.71	12,042.89
Bank deposits with maturity of more than 12 months	3,953.75	-	200.25
Cash collateral against borrowings	-	67.69	219.50
Total	4,646.15	891.40	12,462.64

The above bank deposits include deposits under lien as per following details:

Pledge with bank for obtaining bank overdraft facilities	259.21	503.37	804.60
Pledge with bank as cash collateral for securitization transactions	123.64	115.58	108.02
For bank guarantee to National Housing Bank for refinance	3,953.75	200.25	200.25



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Note 7: Loans

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
At Amortised cost:			
Term loans	1,65,206.68	1,27,291.23	1,06,737.21
Staff loans	26.58	50.09	82.20
Total Gross	1,65,233.26	1,27,341.32	1,06,819.41
Less: Impairment loss allowance	2,419.27	1,587.72	1,871.37
Total Net	1,62,813.99	1,25,753.60	1,04,948.04
Secured by tangible assets (hypothecation of equitable mortgage of immovable property etc.)	1,65,157.85	1,27,236.80	1,06,667.99
Covered by bank/government guarantees	5.61	6.23	16.63
Unsecured	69.80	98.29	134.79
Total Gross	1,65,233.26	1,27,341.32	1,06,819.41
Less: Impairment loss allowance	2,419.27	1,587.72	1,871.37
Total Net	1,62,813.99	1,25,753.60	1,04,948.04
Loan in India			
Public sector	-	-	-
Others	1,65,233.26	1,27,341.32	1,06,819.41
Total Gross	1,65,233.26	1,27,341.32	1,06,819.41
Less: Impairment loss allowance	2,419.27	1,587.72	1,871.37
Total Net	1,62,813.99	1,25,753.60	1,04,948.04

i) Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

ii) Loans granted by the Company are secured by equitable mortgage/registered mortgage of the property and/or undertaking to create a security and/or personal guarantees and/or hypothecation of assets and/or assignments of life insurance policies.

iii) Loan commitment amount is Rs. 5,081.66 as on March 31, 2020 (Rs.14,846.24 as on March 31, 2019, Rs. 8,983.50 as on April 1, 2018) (Refer note 18.1)

iv) The Company is not granting any loans against gold jewellery as collateral.

v) Breakup of term loans

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Term Loans	1,64,281.60	1,26,202.60	1,06,231.76
Minimum retention requirement ("MRR") of securitised loans	230.19	230.19	230.19
Minimum retention requirement ("MRR") of assigned loans	694.89	858.45	275.26
Total Term loans	1,65,206.68	1,27,291.24	1,06,737.21

vi) Breakup of Impairment loss allowance on term loans

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Impairment loss allowance			
On term Loans	2,402.47	1,576.25	1,864.42
On MRR of securitised loans	2.89	2.70	3.94
On MRR of assigned loans	13.91	8.77	3.01
Total ECL on term loans	2,419.27	1,587.72	1,871.37



Note 7.1 Credit Quality of assets

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of companies risk assessment model and ECL allowances are calculated on individual/collective basis are set out in Note 41.

i) Loans to customers as of March 31, 2020

Risk categorisation	Home loans and Self Construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction	Total
Stage 1	1,11,982.59	36,831.66	2,332.59	1,593.52	1,52,740.36
Stage 2	5,032.85	3,362.38	266.87	-	8,662.10
Stage 3	1,312.40	1,503.35	63.39	-	2,879.14
Total	1,18,327.84	41,697.39	2,662.85	1,593.52	1,64,281.60

ii) Loans to customers as of March 31, 2019

Risk categorisation	Home loans and Self Construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction	Total
Stage 1	81,052.00	31,619.98	1,814.70	1,188.35	1,15,675.03
Stage 2	4,239.74	3,086.91	316.10	-	7,642.75
Stage 3	1,303.76	1,505.38	75.68	-	2,884.82
Total	86,595.50	36,212.27	2,206.48	1,188.35	1,26,202.60

iii) Loans to customers as of March 31, 2018

Risk categorisation	Home loans and Self Construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction	Total
Stage 1	61,603.10	29,858.88	1,514.20	1,177.36	94,153.54
Stage 2	3,287.74	2,731.48	291.36	1,038.07	7,348.65
Stage 3	2,635.16	1,813.21	281.20	-	4,729.57
Total	67,526.00	34,403.57	2,086.76	2,215.43	1,06,231.76

iv) Impairment allowance for loans to customers as of March 31, 2020

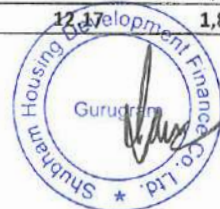
Risk categorisation	Home loans and Self construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction	Total
Stage 1	533.01	455.24	21.81	8.76	1,018.82
Stage 2	281.47	139.15	17.78	-	438.40
Stage 3	432.28	492.25	20.73	-	945.26
Total	1,246.76	1,086.64	60.32	8.76	2,402.48

v) Impairment allowance for loans to customers as of March 31, 2019

Risk categorisation	Home loans and Self construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction	Total
Stage 1	218.66	222.95	12.15	6.53	460.29
Stage 2	80.33	44.80	17.83	-	142.96
Stage 3	444.31	503.48	25.21	-	973.00
Total	743.30	771.23	55.19	6.53	1,576.25

vi) Impairment allowance for loans to customers as of March 31, 2018

Risk categorisation	Home loans and Self construction	Home Improvement and LAP	Plot plus Self Construction	LAP for Construction	Total
Stage 1	169.23	168.10	14.31	6.47	358.11
Stage 2	35.05	28.14	31.27	5.70	100.16
Stage 3	783.49	539.06	83.60	-	1,406.15
Total	987.77	735.30	129.18	12.17	1,864.42



Note: 7.1.1 Home Loans and self construction

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.1.1 Analysis of risk categorisation

As at March 31, 2020

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	92,379.69	2,152.85	4.37	94,536.91
Medium risk	19,228.47	211.39	-	19,439.86
High risk	374.43	2,668.61	1,308.03	4,351.07
Total	1,11,982.59	5,032.85	1,312.40	1,18,327.84

As at March 31, 2019

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	63,569.62	967.51	-	64,537.13
Medium risk	17,236.34	1,160.90	-	18,397.24
High risk	246.04	2,111.33	1,303.76	3,661.13
Total	81,052.00	4,239.74	1,303.76	86,595.50

As at April 1, 2018

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	29,724.14	135.38	49.73	29,909.25
Medium risk	29,185.78	768.46	273.12	30,227.36
High risk	2,693.18	2,383.90	2,312.31	7,389.39
Total	61,603.10	3,287.74	2,635.16	67,526.00

7.1.1.2 Reconciliation of gross carrying amount

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	81,052.00	4,239.74	1,303.76	86,595.50
New assets originated or purchased	46,274.65	7.96	1.67	46,284.28
Assets derecognised or repaid (excluding write offs)	(10,051.02)	(674.19)	(421.95)	(11,147.16)
Transfers from Stage 1	(2,578.95)	2,211.15	367.80	-
Transfers from Stage 2	545.17	(992.41)	447.24	-
Transfers from Stage 3	78.59	252.10	(330.69)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(3,337.85)	(11.50)	(92.30)	(3,441.65)
Amounts written off	-	-	36.87	36.87
Gross carrying amount as at March 31, 2020	1,11,982.59	5,032.85	1,312.40	1,18,327.84

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	61,603.10	3,287.74	2,635.16	67,526.00
New assets originated or purchased	36,413.65	135.06	7.80	36,556.51
Assets derecognised or repaid (excluding write offs)	(7,021.35)	(746.62)	(2,067.36)	(9,835.33)
Transfers from Stage 1	(2,924.63)	2,302.39	622.24	-
Transfers from Stage 2	319.82	(695.87)	376.05	-
Transfers from Stage 3	61.49	142.17	(203.66)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(7,400.08)	(185.13)	(389.79)	(7,975.00)
Amounts written off	-	-	323.32	323.32
Gross carrying amount as at March 31, 2019	81,052.00	4,239.74	1,303.76	86,595.50



7.1.1.3 Impairment allowance for loans to customers

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	218.66	80.33	444.31	743.30
Assets derecognised or repaid	(27.76)	(12.13)	(150.31)	(190.20)
New assets originated	82.27	0.09	0.51	82.87
	235.33	137.91	237.55	610.79
Impact on year end ECL of Exposures transferred between stages during the year*				
Transfers from Stage 1	(11.59)	9.86	1.73	-
Transfers from Stage 2	9.93	(18.55)	8.62	-
Transfers from Stage 3	26.17	83.96	(110.13)	-
Impairment allowance for loans to customers as at March 31, 2020	533.01	281.47	432.28	1,246.76

*The increase in ECL of the portfolio in during the year is driven majorly because of the impact of COVID in the economy as a whole and in turn Company's business as well. Totals ECL increased by Rs. 450.66 lakhs because of COVID impact. Increase in Stage 1, Stage 2 and Stage 3 ECL are Rs. 291.77 lakhs, Rs. 134.93 Lakhs and Rs. 23.96 Lakhs respectively.

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2018	169.23	35.05	783.49	987.77
Assets derecognised or repaid	(21.90)	(7.97)	(614.24)	(644.11)
New assets originated	70.85	1.66	2.60	75.11
	(7.14)	4.55	327.12	324.53
Impact on year end ECL of Exposures transferred between stages during the year				
Transfers from Stage 1	(14.06)	12.15	1.91	-
Transfers from Stage 2	3.41	(7.35)	3.94	-
Transfers from Stage 3	18.27	42.24	(60.51)	-
Impairment allowance for loans to customers as at March 31, 2019	218.66	80.33	444.31	743.30



7.1.2 Home Improvement and LAP

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.2.1 Analysis of risk categorisation

As at March 31, 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	28,507.84	1,469.54	5.36	29,982.74
Medium risk	8,163.69	154.38	-	8,318.07
High risk	160.13	1,738.46	1,497.99	3,396.58
Total	36,831.66	3,362.38	1,503.35	41,697.39

As at March 31, 2019

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	23,263.91	863.75	5.44	24,133.10
Medium risk	8,177.59	922.36	-	9,099.95
High risk	178.48	1,300.80	1,499.94	2,979.22
Total	31,619.98	3,086.91	1,505.38	36,212.27

As at April 1, 2018

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	9,143.09	108.70	59.78	9,311.57
Medium risk	18,814.21	821.38	298.62	19,934.21
High risk	1,901.58	1,801.40	1,454.81	5,157.79
Total	29,858.88	2,731.48	1,813.21	34,403.57

7.1.2.2 Reconciliation of gross carrying amount

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	31,619.98	3,086.91	1,505.38	36,212.27
New assets originated or purchased	13,131.93	22.81	8.41	13,163.15
Assets derecognised or repaid (excluding write offs)	(5,083.22)	(561.90)	(442.58)	(6,087.70)
Transfers from Stage 1	(1,793.43)	1,555.49	237.94	-
Transfers from Stage 2	304.97	(728.74)	423.77	-
Transfers from Stage 3	37.64	134.30	(171.94)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(1,386.21)	(146.49)	(109.98)	(1,642.68)
Amounts written off	-	-	52.35	52.35
Gross carrying amount as at March 31, 2020	36,831.66	3,362.38	1,503.35	41,697.39

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	29,858.88	2,731.48	1,813.21	34,403.57
New assets originated or purchased	11,452.04	22.79	5.44	11,480.27
Assets derecognised or repaid (excluding write offs)	(5,432.71)	(670.06)	(1,116.89)	(7,219.66)
Transfers from Stage 1	(2,372.08)	1,947.94	424.14	-
Transfers from Stage 2	259.30	(824.87)	565.57	-
Transfers from Stage 3	45.45	52.46	(97.91)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(2,190.90)	(172.83)	(300.71)	(2,664.44)
Amounts written off	-	-	212.53	212.53
Gross carrying amount as at March 31, 2019	31,619.98	3,086.91	1,505.38	36,212.27



7.1.2.3 Impairment allowance for loans to customers

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	222.95	44.80	503.48	771.23
Assets derecognised or repaid	(37.42)	(8.09)	(148.69)	(194.20)
New assets originated	74.39	0.38	2.60	77.37
Impact on Year end ECL of Exposures transferred between stages during the year*	193.13	54.97	184.14	432.24
Transfers from Stage 1	(14.76)	12.87	1.89	-
Transfers from Stage 2	4.42	(10.51)	6.09	-
Transfers from Stage 3	12.53	44.73	(57.26)	-
Impairment allowance for loans to customers as at March 31, 2020	455.24	139.15	492.25	1,086.64

*The increase in ECL of the portfolio during the year is driven majorly because of the impact of COVID in the economy as a whole and in turn Company's business as well. Totals ECL increased by Rs. 326.61 lakhs because of COVID impact. Increase in Stage 1, Stage 2 and Stage 3 ECL are Rs. 232.33 lakhs, Rs. 66.75 Lakhs and Rs. 27.53 Lakhs respectively.

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2018	168.10	28.14	539.06	735.30
Assets derecognised or repaid	(31.43)	(6.93)	(331.84)	(370.20)
New assets originated	68.88	0.34	1.81	71.03
Impact on Year end ECL of Exposures transferred between stages during the year	16.00	4.52	314.58	335.10
Transfers from Stage 1	(14.67)	11.82	2.85	-
Transfers from Stage 2	2.57	(8.68)	6.11	-
Transfers from Stage 3	13.50	15.59	(29.09)	-
Impairment allowance for loans to customers as at March 31, 2019	222.95	44.80	503.48	771.23



7.1.3 Plot plus self construction

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.3.1 Analysis of risk categorisation -loan balances

As at March 31, 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	1,739.47	110.81	-	1,850.28
Medium risk	587.18	19.07	-	606.25
High risk	5.94	136.99	63.39	206.32
Grand Total	2,332.59	266.87	63.39	2,662.85

As at March 31, 2019

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	1,183.22	50.97	3.77	1,237.96
Medium risk	597.94	90.55	-	688.49
High risk	33.54	174.58	71.91	280.03
Total	1,814.70	316.10	75.68	2,206.48

As at April 1, 2018

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	373.94	3.25	-	377.19
Medium risk	904.86	40.61	8.69	954.16
High risk	235.40	247.50	272.51	755.41
Total	1,514.20	291.36	281.20	2,086.76

7.1.3.2 Reconciliation of gross carrying amount

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	1,814.71	316.11	75.67	2,206.49
New assets originated or purchased	955.11	-	-	955.11
Assets derecognised or repaid (excluding write offs)	(423.14)	(89.60)	(24.93)	(537.67)
Transfers from Stage 1	(84.77)	62.32	22.45	-
Transfers from Stage 2	16.75	(41.87)	25.12	-
Transfers from Stage 3	-	27.60	(27.60)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	53.93	(7.69)	(7.93)	38.31
Amounts written off	-	-	0.61	0.61
Gross carrying amount as at March 31, 2020	2,332.59	266.87	63.39	2,662.85

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	1,514.20	291.36	281.20	2,086.76
New assets originated or purchased	692.31	5.33	3.77	701.41
Assets derecognised or repaid (excluding write offs)	(285.17)	(50.17)	(234.29)	(569.63)
Transfers from Stage 1	(153.87)	146.60	7.27	-
Transfers from Stage 2	49.21	(78.12)	28.91	-
Transfers from Stage 3	5.56	2.53	(8.09)	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(7.54)	(1.43)	(13.05)	(22.02)
Amounts written off	-	-	9.96	9.96
Gross carrying amount as at March 31, 2019	1,814.70	316.10	75.68	2,206.48



7.1.3.3 Impairment allowance for loans to customers

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	12.15	17.83	25.21	55.19
Assets derecognised or repaid	(2.41)	(4.40)	(8.30)	(15.11)
New assets originated	3.97	-	-	3.97
Impact on year end ECL of Exposures transferred between stages during the year*	7.79	(3.15)	11.63	16.27
Transfers from Stage 1	(0.54)	0.45	0.09	-
Transfers from Stage 2	0.85	(2.14)	1.29	-
Transfers from Stage 3	-	9.19	(9.19)	-
Impairment allowance for loans to customers as at March 31, 2020	21.81	17.78	20.73	60.32

* The increase in ECL of the portfolio in during the year is driven majorly because of the impact of COVID in the economy as a whole and in turn Company's business as well. Totals ECL increased by Rs. 21.24 lakhs because of COVID impact. Increase in Stage 1, Stage 2 and Stage 3 ECL are Rs. 11.40 lakhs, Rs. 8.68 Lakhs and Rs. 1.16 Lakhs respectively.

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2018	14.31	31.27	83.60	129.18
Assets derecognised or repaid	(2.48)	(5.01)	(69.61)	(77.10)
New assets originated	2.74	0.05	1.26	4.05
Impact on year end ECL of Exposures transferred between stages during the year	(9.23)	(1.10)	9.38	(0.95)
Transfers from Stage 1	(1.35)	1.29	0.06	-
Transfers from Stage 2	6.51	(9.42)	2.92	-
Transfers from Stage 3	1.65	0.75	(2.40)	-
Impairment allowance for loans to customers as at March 31, 2019	12.15	17.83	25.21	55.18



7.1.4 LAP for construction

An analysis of risk categorisation, changes in the gross carrying amount and the corresponding ECL allowances

7.1.4.1 Analysis of risk categorisation

As at March 31, 2020

Risk categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	309.92	-	-	309.92
Medium risk	1,283.60	-	-	1,283.60
High risk	-	-	-	-
Total	1,593.52	-	-	1,593.52

As at March 31, 2019

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	1,188.35	-	-	1,188.35
Medium risk	-	-	-	-
High risk	-	-	-	-
Total	1,188.35	-	-	1,188.35

As at April 1, 2018

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	1,177.36	1,038.07	-	2,215.43
Medium risk	-	-	-	-
High risk	-	-	-	-
Total	1,177.36	1,038.07	-	2,215.43

7.1.4.2 Reconciliation of gross carrying amount

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2019	1,188.35	-	-	1,188.35
New assets originated or purchased	1,584.08	-	-	1,584.08
Assets derecognised or repaid (excluding write offs)	(1,160.08)	-	-	(1,160.08)
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(18.83)	-	-	(18.83)
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2020	1,593.52	-	-	1,593.52

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	1,177.36	1,038.07	-	2,215.43
New assets originated or purchased	-	-	-	-
Assets derecognised or repaid (excluding write offs)	(140.36)	(1,038.72)	-	(1,179.08)
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	151.35	0.65	-	152.00
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2019	1,188.35	-	-	1,188.35



7.1.4.3 Impairment allowance for loans to customers

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2019	6.53	-	-	6.53
Assets derecognised or repaid	(6.37)	-	-	(6.37)
New assets originated	8.70	-	-	8.70
Impact on year end ECL of Exposures transferred between stages during the year*	(0.10)	-	-	(0.10)
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Impairment allowance for loans to customers as at March 31, 2020	8.76	-	-	8.76

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Impairment allowance for loans to customers as at April 1, 2018	6.47	5.70	-	12.17
Assets derecognised or repaid	(0.77)	(5.70)	-	(6.47)
New assets originated	-	-	-	-
Impact on year end ECL of Exposures transferred between stages during the year	0.83	-	-	0.83
Transfers from Stage 1	-	-	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Impairment allowance for loans to customers as at March 31, 2019	6.53	-	-	6.53



Note 7.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in these notes. It should be read in conjunction with the Summary of significant accounting policies.

- Definition of default and cure

The Company considers a financial instrument as defaulted and classifies it as Stage 3 (credit-impaired) for ECL calculations typically when the borrower becomes 90 days past due on contractual payments. The Company may also classify a loan in Stage 3 if there is significant deterioration in the loan collateral, deterioration in the financial condition of the borrower or an assessment that adverse market conditions may have a disproportionately detrimental effect on the loan repayment.

- Probability of default ('PD')

The account level delinquency has been considered while assigning Probability of Default (PD) at a portfolio level. The PDs are computed for homogenous portfolio segments.

- Exposure at default ('EAD')

The outstanding balance as at the reporting date is considered as EAD by the Company. Considering that PD determined above factors in amount at default, there is no separate requirement to estimate EAD.

- Loss given default ('LGD')

The Company uses historical loss data/external agency LGD for identified homogenous pools for the purpose of calculating LGD. The estimated recovery cash flows are discounted such that the LGD calculation factors in the NPV of the recoveries.

- Significant increase in credit risk

The Company evaluates the loans on an ongoing basis. The Company also assesses if there has been a significant increase in credit risk since the previously risk taking into consideration both qualitative and quantitative information. One key factor that indicates significant increase in credit risk is when contractual payments are more than 30 days past due.

- Grouping financial assets measured on a collective basis

The Company calculates ECLs on a collective basis on the following asset classes:

- Home Loans and self construction
- Home Improvement and Loans against properties
- Plot plus self construction
- LAP for construction

The Company has designed and operates its risk assessment model that factors in both quantitative as well as qualitative information on the loans and the borrowers. The model uses historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogenous portfolios from the perspective of credit behaviour.

The Company groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans. Asset class such as Home Loans and self construction, Home Improvement and Loans against properties and LAP for constructions are mix of Housing and Non Housing loans and based on customer profiling and associated risk attached.

Note 7.3 Collateral

The Company is in business of secured lending and all loans are adequately covered by either residential collateral or commercial collateral. The collaterals are assessed at the time of origination and are being reassessed as and when required. The illustrative factors considered while evaluation of collateral are liquidity, enforceability, marketability, ease and efficiency in custody & settlement and free from all encumbrances in the relevant jurisdictions and complied with local by laws. The assessment of collateral is undertaken by empanelled team of independent and qualified technical / legal agencies. The company has specified the maximum loan-to value ratio for various types of asset to be accepted as collateral. Such ratios commensurate with the relative risk of the assets as prescribed by NHB and provides an adequate buffer against potential losses.

The Company did not hold any financial instrument for which no loss allowance is recognised because of collateral as at March 31, 2020 and March 31, 2019. There was no change in the Company's collateral policy during the year.



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Note 8: Other financial assets

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Excess Interest Spread (EIS) Receivable*	540.11	73.84	216.42
Security deposit	191.47	160.49	96.79
Receivable against loan sold to assets reconstruction company	746.39	1,180.83	-
Receivables from employees	49.18	20.61	24.67
Other receivables	153.10	45.26	105.26
Gross	1,680.25	1,481.03	443.14
Less: Impairment loss allowance on EIS Receivable	6.77	0.87	3.70
Net	1,673.48	1,480.16	439.44

*Under Ind AS, with respect to Assignment deals, Company has created an EIS receivable, with corresponding credit to statement of profit and loss, which has been computed by discounting EIS to present value.



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Note 9: Property, plant and equipment

Particulars	Computers	Office equipment	Furniture and fittings	Total
Cost:				
As at April 1, 2018	144.91	40	30.15	215.06
Additions	103.43	26.90	19.57	149.90
Disposals	(1.34)	(1.98)	(4.89)	(8.21)
As at March 31, 2019	247.00	64.92	44.83	356.75
Additions	156.24	27.96	60.05	244.25
Disposals	(3.20)	(2.36)	(4.51)	(10.07)
As at March 31, 2020	400.04	90.52	100.37	590.93
Accumulated Depreciation:				
As at April 1, 2018	-	-	-	-
Depreciation charge for the year	76.49	23.99	9.05	109.53
Disposals	(0.33)	(0.38)	(0.90)	(1.61)
As at March 31, 2019	76.16	23.61	8.15	107.92
Depreciation charge for the year	94.54	25.19	16.68	136.41
Disposals	(0.84)	(0.32)	(0.70)	(1.86)
As at March 31, 2020	169.86	48.48	24.13	242.47
Net book value"				
At April 1, 2018	144.91	40	30.15	215.06
At March 31, 2019	170.84	41.31	36.68	248.83
At March 31, 2020	230.18	42.04	76.24	348.46



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Note 10: Intangibles

Particulars	Softwares	Brand and Trade Marks	Total
Cost:			
As at April 1, 2018	234.40	-	234.40
Additions	1.65	-	1.65
Capitalised during the year	26.29		
As at March 31, 2019	262.34	-	262.34
Additions	5.15	0.32	5.47
Capitalised during the year	71.89		
As at March 31, 2020	339.38	0.32	339.70
Accumulative amortisation:			
As at April 1, 2018	-	-	-
Amortisation charge for the year	76.24		76.24
As at March 31, 2019	76.24	-	76.24
Amortisation charge for the year	80.97	0.06	81.03
As at March 31, 2020	157.21	0.06	157.27
Net book value:			
At April 1, 2018	234.40	-	234.40
At March 31, 2019	186.10	-	186.10
At March 31, 2020	182.17	0.26	182.43

Note 11: Capital Work in Progress and intangible assets under development

Particulars	Intangible assets under development	Capital work in progress	Total
Cost:			
As at April 1, 2018	38.38	-	38.38
Additions	22.90	-	22.90
Capitalised during the year	(26.29)	-	(26.29)
As at March 31, 2019	34.99	-	34.99
Additions	67.85	11.65	79.50
Capitalised during the year	(71.89)		(71.89)
As at March 31, 2020	30.95	11.65	42.60



Note 12: Other non-financial assets

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Prepaid expenses	166.71	56.08	141.42
Advances to vendors	51.70	14.52	15.77
Other advances	67.08	50.27	47.18
Deferred lease expenses	47.63	47.21	46.04
Balance with statutory and government authorities	-	27.20	53.43
Total	333.12	195.28	303.84

Note 13: Non current assets held for sale

The Company obtained the following assets during the year by taking possession of collateral held as security against loans and advances and held at the year end. The Company's policy is to realise collateral on a timely basis. The Company does not use non-cash collateral for its operations.

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Properties	3,338.46	3,185.52	2,213.32
Total	3,338.46	3,185.52	2,213.32

Note 14: Payables

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Trade payables	497.05	476.42	362.52
Total outstanding dues of Micro Enterprises and Small Enterprises*	17.44	0.86	0.33
Total outstanding dues of Creditors other than Micro Enterprises and Small Enterprises	479.61	475.56	362.19
Total	497.05	476.42	362.52

*The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on information received and available with the Company, there are no amounts payable other than disclosed above to Micro and Small Enterprises as at March 31, 2020, March 31, 2019 and April 1, 2018.

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Principal amount remaining unpaid to supplier as at the end of the year	17.44	0.86	0.33
Interest due on the principal remaining outstanding as at the end of the year	-	-	-
Interest paid under the Micro, Small and Medium Enterprises Development Act, 2006 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 Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
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 Micro, Small and Medium Enterprises Development Act, 2006	-	-	-



Note 15: Debt Securities

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
At Amortised Cost:			
Secured			
Redeemable non-convertible debentures	913.57	1,904.14	2,473.11
Unsecured			
Optionally convertible debentures#	76.38	80.71	-
Redeemable non-convertible debentures	9,445.46	9,419.07	9,397.68
Total	10,435.41	11,403.92	11,870.79
Debt securities in India	10,435.41	11,403.92	11,870.79
Debt securities outside India	-	-	-
Total	10,435.41	11,403.92	11,870.79

Detail of Redeemable Non-Convertible Debentures (inclusive of Interest accrued on debentures)

Particulars/ISIN No.	INE967Q07015	INE967Q08013	INE967Q08021
Date of allotment	23-Feb-2018	28-Mar-2016	21-Jun-2016
Date of redemption	23-Feb-2021	15-Apr-2022	21-Jun-2023
Nominal value per debenture (Rs.)	1	10	10
Total number of debentures (Nos.)	2500	200	750
Face value (Rs.)	1	10	10
Rate of Interest P.A.	1 year MCLR**+2%	13.00%	12.30%+ withholding tax
Interest Type	Floating	Fixed	Fixed
Listed/unlisted	Listed on BSE	Unlisted	Listed on BSE
Secured/unsecured	Secured*	Unsecured	Unsecured
Outstanding as at March 31, 2020 (Rs. lakhs)	919.21	2,000.00	7,754.61
Outstanding as at March 31, 2019 (Rs. lakhs)	1,920.56	2,000.00	7,752.74

*Secured Non convertible debentures are secured by first pari passu and continuing charge on all current and future standard book debts/receivables of the company.

**MCLR of State Bank of India

#The Company had Issued optionally convertible debentures which has been treated as Compound financial instrument and split accounting is followed. Interest component is classified as "liability" and residual amount is classified as "Equity".

All Non convertible debentures are redeemable at par. All the debentures are privately placed.



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Note 16: Borrowings (other than debt securities)

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
At Amortised Cost			
Secured			
Term loans			
- from National Housing Bank	33,647.65	18,350.93	4,380.49
- from Banks	54,548.24	32,031.31	36,370.33
- from Financial institutions	28,731.23	27,048.50	23,642.56
Others			
Cash credit facilities with scheduled banks	601.41	1,986.26	-
Total	1,17,528.53	79,417.00	64,393.38
Borrowings in India	1,17,528.53	79,417.00	64,393.38
Borrowings outside India	-	-	-
Total	1,17,528.53	79,417.00	64,393.38

Secured term loans from National Housing Bank carry rate of interest in the range of 4.86% to 8.55% p.a. The loans are having tenure of 5 to 15 years from the date of disbursement and are repayable in quarterly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company. Loans from National Housing Bank to the extent of Rs 28,647.65 lakhs (Previous year Rs 18,350.93 lakhs) have been guaranteed by Bank guarantee of HDFC Bank Limited (Rs. 200.00 lakhs) and AU Small Finance Bank Limited (Rs. 3,750.00 lakhs).

Secured term loans from Banks include loans from various FIs and carry rate of interest in the range of 9.25% to 13% p.a. The loans are having tenure of 3 to 10 years from the date of disbursement and are repayable in monthly or quarterly or Half yearly instalments or yearly instalments. These loans are secured by hypothecation (exclusive charge) of the loans given by the Company.

Cash credit borrowings from bank are secured against hypothecation of housing loans given by the Company, are repayable on demand and carry interest rates ranging from 11% to 12%

Defaults

There are no defaults as on balance sheet date in repayment of borrowing & debt security and interest thereon.



Note 16: Borrowings (other than debt securities) (continued)

Terms of repayment of term loans as at March 31, 2020

Repayments	Monthly repayment schedule		Quarterly repayment schedule		Total	
	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount
Due within 1 Year	699	15,457.50	116	9,678.20	815	25,135.70
Due 1 to 3 Years	1180	26,063.19	209	20,065.14	1389	46,128.33
Due 3 to 5 Years	405	11,628.29	167	15,995.88	572	27,624.17
>5 Years	78	4,933.01	236	13,595.55	314	18,528.56
Total	2362	58,081.99	728	59,334.77	3090	1,17,416.76

- Interest rate ranges from 4.26% p.a. to 13.00% p.a. as at March 31, 2020.

Terms of repayment of borrowings outstanding as at March 31, 2019

Repayments	Monthly repayment schedule		Quarterly repayment schedule		Total	
	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount
Due within 1 Year	572	14,057.29	86	3,381.67	658	17,438.96
Due 1 to 3 Years	886	23,054.58	155	5,570.85	1041	28,625.43
Due 3 to 5 Years	427	12,190.46	114	3,554.88	541	15,745.34
>5 Years	135	5,939.16	293	10,120.17	428	16,059.33
Total	2020	55,241.49	648	22,627.57	2668	77,869.06

- Interest rate ranges from 4.86% p.a. to 14.50% p.a. as at March 31, 2019.

Terms of repayment of borrowings outstanding as at April 1, 2018

Repayments	Monthly repayment schedule		Quarterly repayment schedule		Total	
	No. of instalments	Amount	No. of instalments	Amount	No. of instalments	Amount
Due within 1 Year	513	12,403.98	76	3,516.78	589	15,920.76
Due 1 to 3 Years	792	21,329.18	107	4,980.63	899	26,309.81
Due 3 to 5 Years	484	10,938.12	131	2,268.32	615	13,206.44
>5 Years	204	8,385.75	57	1,069.60	262	9,455.35
Total	1993	53,057.03	371	11,835.33	2365	64,892.36

- Interest rate ranges from 4.86% p.a. to 14.00% p.a. as at April 1, 2018.



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Note 17: Other financial liabilities

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Interest accrued but not due			
On debentures	257.39	258.77	259.60
On term loans from Banks	247.39	130.05	161.43
On term loans from Financial institutions	141.44	36.77	30.14
On refinance from National Housing Bank	470.36	411.41	-
Loan pending disbursement	13,908.48	9,954.52	6,714.19
Advances from customers	172.49	1,381.91	126.76
Payable towards collections in derecognised assets	112.40	169.17	83.54
Employee benefits payable	470.28	370.61	306.97
Lease liability	699.47	700.11	726.71
Others	4.99	9.52	17.93
Total	16,484.69	13,422.84	8,427.27

Note 18: Provisions

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Provision for employee benefits			
- Compensated absences (refer note 34)	239.86	151.87	122.78
- Gratuity (refer note 34)	84.80	39.34	75.00
ECL for undisbursed loan commitment (refer note 18.1)	20.81	47.06	40.52
Total	345.47	238.27	238.30

Note 18.1: Loan commitment

The table below shows the credit quality and the maximum exposure for credit risk based on the Company's internal credit rating system and year-end stage classification for loan commitments. For computation of ECL on loan commitment, 61.16% (2019: 67.65%, 2018:66.2%) credit conversion factor has been considered.

Note 18.1.1: Credit quality of exposure

As at March 31, 2020

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	2,996.60	5.78	-	3,002.38
Medium risk	2,046.30	4.19	-	2,050.49
High risk	-	22.19	6.60	28.79
Total	5,042.90	32.16	6.60	5,081.66

As at March 31, 2019

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	12,920.20	45.15	6.60	12,971.95
Medium risk	1,732.92	17.44	-	1,750.36
High risk	9.13	48.03	66.78	123.94
Total	14,662.25	110.62	73.38	14,846.25

As at April 1, 2018

Risk Categorisation	Stage 1	Stage 2	Stage 3	Total
Low risk	6,752.40	4.02	0.80	6,757.22
Medium risk	1,941.78	29.86	22.18	1,993.82
High risk	77.05	42.86	112.55	232.46
Total	8,771.23	76.74	135.53	8,983.50



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Note 18.1.2: An analysis of changes in the gross carrying amount and the corresponding ECLs in relation to other undrawn commitments is, as follows:

Reconciliation of gross carrying amount

As at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at March 31, 2019	14,662.25	110.62	73.38	14,846.25
New assets originated or purchased	4,385.66	-	-	4,385.66
Assets derecognised or repaid (excluding write offs)	(13,611.12)	(110.61)	(66.78)	(13,788.51)
Transfers from Stage 1	(32.66)	32.66	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
Changes to contractual cash flows due to modifications not resulting in derecognition	(361.23)	(0.51)	-	(361.74)
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2020	5,042.90	32.16	6.60	5,081.66

As at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	8,771.23	76.74	135.53	8,983.50
New assets originated or purchased	13,763.71	5.88	-	13,769.59
Assets derecognised or repaid (excluding write offs)	(6,675.33)	(24.55)	(71.08)	(6,770.96)
Transfers from Stage 1	(97.88)	79.77	18.11	-
Transfers from Stage 2	2.86	(21.41)	18.54	(0.01)
Transfers from Stage 3	21.64	1.45	(23.10)	(0.01)
Changes to contractual cash flows due to modifications not resulting in derecognition	(1,123.98)	(7.26)	(4.62)	(1,135.86)
Amounts written off	-	-	-	-
Gross carrying amount as at March 31, 2019	14,662.25	110.62	73.38	14,846.25

Reconciliation of ECL balance as at March 31, 2020

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2019	28.53	1.32	17.21	47.06
Assets derecognised or repaid	(26.40)	(1.32)	(15.74)	(43.46)
New assets originated	8.94	-	-	8.94
Impact on year end ECL of exposures transferred between stages during the year*	8.03	0.41	(0.17)	8.27
Transfers from Stage 1	(0.09)	0.09	-	-
Transfers from Stage 2	-	-	-	-
Transfers from Stage 3	-	-	-	-
ECL allowance as at March 31, 2020	19.01	0.50	1.30	20.81

*The increase in ECL of the portfolio in FY20 is driven majorly because of the impact of COVID in the economy as a whole and in turn Company's business as well. Totals ECL increased by Rs. 9.19 lakhs because of COVID impact.

Reconciliation of ECL balance as at March 31, 2019

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL allowance as at April 1, 2018	12.60	1.49	26.44	40.53
Assets derecognised or repaid	(7.24)	(0.55)	(13.87)	(21.66)
New assets originated	25.83	0.04	-	25.87
Impact on year end ECL of exposures transferred between stages during the year	(6.75)	0.32	8.75	2.32
Transfers from Stage 1	(0.26)	0.24	0.03	0.01
Transfers from Stage 2	0.13	(0.50)	0.37	-
Transfers from Stage 3	4.22	0.28	(4.51)	(0.01)
ECL allowance as at March 31, 2019	28.53	1.32	17.21	47.06

Note 19: Other non-financial liabilities

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Statutory dues payable	151.31	174.21	137.40
Other payables	174.39	55.76	125.35
Total	325.70	229.97	262.75

Note 20: Equity Share Capital

Details of authorized, issued, subscribed and paid up share capital

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Authorised:			
25,00,000 (P.Y. 25,00,000) Equity Shares of Rs.10/- Each	250.00	250.00	250.00
	250.00	250.00	250.00
Issued, Subscribed and Paid-up:			
Issued and Subscribed Capital			
9,43,690 (P.Y. 9,43,690) Equity Shares of Rs.10/- Each Fully paid	94.37	94.37	94.37
Called-Up and Paid Up Capital - Fully Paid-Up			
9,43,690 (P.Y. 9,43,690) Equity Shares of Rs.10/- Each Fully paid	94.37	94.37	94.37
Total	94.37	94.37	94.37

Note 20.1 The reconciliation of equity shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
Equity shares at the beginning of year	9,43,690	94.37	9,43,690	94.37	9,43,690	94.37
Add: shares issued during the year	-	-	-	-	-	-
Equity share at the end of year	9,43,690	94.37	9,43,690	94.37	9,43,690	94.37

Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Promoters:						
Mr. Sanjay Chaturvedi	2,50,000	26.49	2,50,000	26.49	2,50,000	26.49
Ms. Rupa Basu	2,50,000	26.49	2,50,000	26.49	2,50,000	26.49
Non-Promoters:						
Shubham Employees Welfare Trust	1,19,047	12.62	1,19,047	12.62	1,19,047	12.62
Helion Venture Partners II LLC	93,763	9.94	93,763	9.94	93,763	9.94
Elevar Equity Mauritius	93,763	9.94	93,763	9.94	93,763	9.94
PI Opportunities Fund I	76,818	8.14	76,818	8.14	76,818	8.14
Total	8,83,391	93.62	8,83,391	93.62	8,83,391	93.62

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Rights, preferences 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 shareholding.



Note 21: Instruments entirely equity in nature

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Authorised :			
50,00,000 Preference Shares of Rs.10/- Each	500.00	500.00	500.00
	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>
Issued, Subscribed and Paid-up:			
5,71,328 Compulsorily convertible preference shares of Rs. 10 each-Series A	57.13	57.13	57.13
5,29,414 Compulsorily convertible preference shares of Rs. 10 each-Series B	52.94	52.94	52.94
13,84,888 Compulsorily convertible preference shares of Rs. 10 each-Series C	138.49	138.49	138.49
20,14,729 Compulsorily convertible preference shares of Rs. 10 each-Series D	201.47	201.47	201.47
Total	<u>450.03</u>	<u>450.03</u>	<u>450.03</u>

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.

Details of compulsorily convertible preference shares held by shareholders holding more than 5% of the aggregate shares in the Company

As at March 31, 2020

Name of the Shareholder	Series-A	Series-B	Series-C	Series-D	% holding
Helion Venture Partners II LLC	2,85,664	1,04,701	2,52,066	85,733	16.18%
Elevar Equity Mauritius	2,85,664	1,04,701	2,52,066	85,733	16.18%
PI Opportunities Fund I	-	3,20,022	2,06,610	18,43,263	52.66%
India Business Excellence Fund- IIA	-	-	4,34,933	-	9.66%
Total	<u>5,71,328</u>	<u>5,29,424</u>	<u>11,45,675</u>	<u>20,14,729</u>	

As at March 31, 2019

Name of the Shareholder	Series-A	Series-B	Series-C	Series-D	% holding
Helion Venture Partners II LLC	2,85,664	1,04,701	2,52,066	85,733	16.18%
Elevar Equity Mauritius	2,85,664	1,04,701	2,52,066	85,733	16.18%
PI Opportunities Fund I	-	3,20,022	2,06,610	18,43,263	52.66%
India Business Excellence Fund- IIA	-	-	4,34,933	-	9.66%
Total	<u>5,71,328</u>	<u>5,29,424</u>	<u>11,45,675</u>	<u>20,14,729</u>	



Note 21.1 The reconciliation of compulsorily convertible preference shares outstanding at the beginning and at the end of the reporting year:

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 1, 2018	
	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs	No. of shares	Rs. In Lakhs
Series A - Compulsorily convertible preference shares						
Shares at the beginning of year	5,71,328	57.13	5,71,328	57.13	5,71,328	57.13
Add: shares issued during the year	-	-	-	-	-	-
Share at the end of year	5,71,328	57.13	5,71,328	57.13	5,71,328	57.13
Series B - Compulsorily convertible preference shares						
Shares at the beginning of year	5,29,414	52.94	5,29,414	52.94	5,29,414	52.94
Add: shares issued during the year	-	-	-	-	-	-
Share at the end of year	5,29,414	52.94	5,29,414	52.94	5,29,414	52.94
Series C - Compulsorily convertible preference shares						
Shares at the beginning of year	13,84,888	138.49	13,84,888	138.49	13,84,888	138.49
Add: shares issued during the year	-	-	-	-	-	-
Share at the end of year	13,84,888	138.49	13,84,888	138.49	13,84,888	138.49
Series D - Compulsorily convertible preference shares						
Shares at the beginning of year	20,14,729	201.47	20,14,729	201.47	-	-
Add: shares issued during the year	-	-	-	-	20,14,729	201.47
Share at the end of year	20,14,729	201.47	20,14,729	201.47	20,14,729	201.47
Total	45,00,359	450.03	45,00,359	450.03	45,00,359	450.03

Note 22: Other equity

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Share premium account	39,690.27	39,690.27	39,690.27
Special reserve under Section 29C of the NHB Act, 1987	1,277.47	585.18	237.06
Share based payment reserve	814.47	475.57	270.69
Retained earnings (accumulated losses)	3,807.74	1,076.43	(141.77)
Equity component of compound financial Instrument	7.09	-	-
Total	45,597.04	41,827.45	40,056.25

Nature and purpose of reserves:

Share premium account

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

Special reserve

Section 29C (i) of The National Housing Bank Act, 1987 defines that every housing finance institution which is a Company shall create a reserve fund and transfer therein a sum not less than twenty percent of its net profit every year as disclosed in the statement of profit and loss before any dividend is declared. For this purpose any special reserve created by the Company under Section 36(1) (viii) of Income tax Act 196, is considered to be an eligible transfer. During the year ended March 31, 2020, the Company has transferred an amount of Rs. 625.96 lakhs (Previous year: 316.78 lakhs) to special reserve in terms of Section 36(1) (viii) of the Income Tax Act 1961 considered eligible for special reserve u/s 29C of NHB Act 1987 and Rs. 66.33 lakhs (Previous year: Rs. 31.34 lakhs) to the reserve in terms of Section 29C of the National Housing Bank ("NHB") Act, 1987.

Share Based Payments Reserve

This Reserve relates to stock options granted by the Company to employees under ESOP Schemes 2013. This Reserve is transferred to Securities Premium Account on exercise of vested options.



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Note 23: Interest income

Particulars	March 31, 2020	March 31, 2019
On financial assets measured at amortised cost		
Interest on term loans	25,414.86	19,785.56
Interest income on deposits with Banks	188.20	295.57
Others	8.15	6.65
Total	25,611.21	20,087.78

Note 24: Fee and commission income

Particulars	March 31, 2020	March 31, 2019
Application fee	733.52	528.07
Other fee income	547.79	109.88
Total	1,281.31	637.95

Credit compliance and debt advisory fees

The performance obligation in regards of arrangements where fees is charged per transaction executed is recognised at point in time when the amount is realised.

Geographical markets

India	1,281.31	637.95
Outside India	-	-
Total revenue from contracts with customers	1,281.31	637.95

Timing of revenue recognition

Services transferred at a point in time	1,281.31	637.95
Services transferred over time	-	-
Total revenue from contracts with customers	1,281.31	637.95

Note 25: Net gain on derecognition of financial instruments at amortised cost

Particulars	March 31, 2020	March 31, 2019
Net gain on derecognition of financial instruments	605.68	-
Total	605.68	-

Note 26: Net gain on fair value changes

Particulars	March 31, 2020	March 31, 2019
Net gain on instruments at fair value through profit or loss		
-Realised	455.39	324.95
-Unrealised	-	-
Total	455.39	324.95

Note 27: Other income

Particulars	March 31, 2020	March 31, 2019
Marketing support income	478.06	191.86
Miscellaneous income	9.94	3.52
Total	488.00	195.38



Shubham Housing Development Finance Company Limited
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(All amount in Rs. Lakhs, unless stated otherwise)

Note 28: Finance costs

Particulars	March 31, 2020	March 31, 2019
<i>On financial liabilities measured at Amortised Cost:</i>		
Interest on debt securities	1,428.74	1,518.83
Interest on borrowings (other than debt securities)	10,425.81	7,955.21
Interest on cash credit facilities and overdraft	91.07	2.41
Interest on lease liability	73.60	68.64
Total	12,019.22	9,545.09

Note 29: Impairment on financial instruments

Particulars	March 31, 2020	March 31, 2019
<i>On financial assets measured at Amortised Cost:</i>		
ECL on Loans	837.45	(286.48)
Loans write off	90.56	550.29
Loss on sale of loan assets	-	867.36
ECL on Loan commitment (refer note 18.1.2)	(26.25)	6.54
Total	901.76	1,137.71

Note 30: Employee benefits expenses

Particulars	March 31, 2020	March 31, 2019
Salaries and wages	6,966.18	5,035.72
Share based payments to employees	338.90	204.88
Contribution to provident and other funds (refer note 34)	446.03	292.67
Provision for Gratuity	34.22	47.08
Provision for Compensated Absences	122.14	67.22
Staff welfare expenses	123.19	96.99
Total	8,030.66	5,744.56



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Note 31: Other expenses

Particulars	March 31, 2020	March 31, 2019
Rent	227.56	215.01
Rates and taxes	4.26	3.39
Printing and stationery	65.77	67.25
Brokerage & commission	4.00	6.16
Advertisements and sales promotion	74.05	112.68
Legal and professional charges*	441.78	514.06
Loan acquisition cost	285.67	262.33
Information technology support	364.70	362.39
Postage, telegrams and telephones	48.52	67.36
CSR expenses (refer note 42)	14.60	2.30
Storage charges	13.46	11.68
Training & development	30.95	16.42
Communication Cost	65.30	82.97
Travelling and conveyance	160.40	113.38
Repairs and maintenance	105.20	85.42
Insurance	29.71	16.16
Offices Supplies	40.75	27.00
Bank charges	59.58	50.78
Loss on derecognition of property, plant and equipment	3.69	3.72
Electricity and water charges	80.98	61.23
Acquired properties written off	-	109.69
Provision for loss on stock of acquired property	219.07	3.25
Loss on sale and settlement of acquired properties	49.80	102.96
Miscellaneous expenses	53.88	26.59
Total	2,443.68	2,324.18

*Legal and professional charges includes auditors remuneration (excluding goods and service tax) comprises the following:

Particulars	March 31, 2020	March 31, 2019
- Statutory audit	21.50	15.50
- Tax audit #	1.50	1.10
- Limited review	6.00	3.00
- Certification charges	1.50	4.10
- Outlays	0.45	1.56
Total	30.95	25.26

paid to another auditor



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Note 32: Income tax

The components of income tax expense for the years ended March 31, 2020 and March 31, 2019 are:

Profit or loss section	March 31, 2020	March 31, 2019
Current income tax:		
Current income tax charge	1,254.85	589.59
Adjustments in respect of current income tax of previous year	-	44.83
Deferred tax:		
Relating to origination and reversal of temporary differences	(151.69)	(93.43)
Income tax expense reported in the statement of profit or loss	1,103.16	540.99

Other Comprehensive Income section	March 31, 2020	March 31, 2019
Deferred tax:		
Relating to origination and reversal of temporary differences	12.73	(2.25)
Income tax expense reported in the Other Comprehensive section	12.73	(2.25)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2020 & March 31, 2019

Particulars	March 31, 2020	March 31, 2019
Accounting profit before tax from continuing operations	4,564.60	2,101.82
Tax at statutory Income Tax rate of @25.17% (Previous year 29.12%)	1,148.82	612.05
Other permanent difference	16.24	(7.29)
Reversal of deferred tax on special reserve	(137.25)	(94.80)
Others (including rate change)	62.62	(11.55)
Tax for earlier years	-	44.83
Tax on Other Comprehensive Income	12.73	(2.25)
Tax at effective Income Tax rate of @ 24.17% (Previous year 25.74%)	1,103.16	540.99
Income tax expense reported in the statement of profit and loss	1,103.16	540.99



Note 32: Income tax (continued)

Deferred Tax

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

Particulars	Deferred tax assets March 31, 2020	Deferred tax liabilities March 31, 2020	Net Deferred tax asset March 31, 2020	Income statement 2019-20	OCI 2019-20
Property, plant & equipment	-	(3.96)	(3.96)	(12.77)	-
Un-amortised loan origination costs (net of un-amortised processing fee)	-	(137.74)	(137.74)	(17.11)	-
Deduction for provision for doubtful debt u/s 36(1)(viii) of The Income- tax Act, 1961	-	(61.28)	(61.28)	28.51	-
Expected credit loss (ECL)	615.82	-	615.82	(139.52)	-
Provision for acquired properties held for sale	126.98	-	126.98	(43.85)	-
Disallowance as per section 43B of income tax act 1961	117.87	-	117.87	(21.30)	(12.73)
Employee stock option compensation expenses	204.99	-	204.99	(66.51)	-
Allowance amount for share issue expenses	52.44	-	52.44	41.56	-
EIR on processing fees of loans	337.92	-	337.92	(36.11)	-
EIS receivable	-	(135.94)	(135.94)	114.44	-
Others	1.95	-	1.95	(0.57)	-
Right of use assets net of lease liabilities	24.60	-	24.60	1.58	-
Total	1,482.57	(338.92)	1,143.65	(151.65)	(12.73)

Particulars	Deferred tax assets March 31, 2019	Deferred tax liabilities March 31, 2019	Net Deferred tax asset March 31, 2019	Income statement 2018-19	OCI 2018-19
Property, plant & equipment	-	(16.73)	(16.73)	(6.12)	-
Un-amortised loan origination costs (net of un-amortised processing fee)	-	(154.85)	(154.85)	(19.90)	-
Deduction for provision for doubtful debt u/s 36(1)(viii) of The Income- tax Act, 1961	-	(32.77)	(32.77)	32.77	-
Expected credit loss (ECL)	476.30	-	476.30	56.62	-
Provision for acquired properties held for sale	83.13	-	83.13	(4.62)	-
Disallowance as per section 43B of income tax act 1961	83.84	-	83.84	(30.12)	2.25
Employee stock option compensation expenses	138.48	-	138.48	(63.17)	-
Allowance amount for share issue expenses	94.00	-	94.00	35.78	-
EIR on processing fees of loans	301.81	-	301.81	(40.51)	-
EIS receivable	-	(21.50)	(21.50)	(38.71)	-
Others	1.38	-	1.38	(0.36)	-
Right of use assets net of lease liabilities	26.18	-	26.18	(15.11)	-
Total	1,205.12	(225.85)	979.27	(93.45)	2.25

Particulars	Deferred tax assets April 1, 2018	Deferred tax liabilities April 1, 2018	Net Deferred tax asset April 1, 2018
Property, plant & equipment	-	(22.85)	(22.85)
Un-amortised loan origination costs (net of un-amortised processing fee)	-	(174.75)	(174.75)
Expected credit loss (ECL)	532.92	-	532.92
Provision for acquired properties held for sale	78.51	-	78.51
Disallowance as per section 43B of income tax act 1961	55.97	-	55.97
Employee stock option compensation expenses	75.31	-	75.31
Allowance amount for share issue expenses	129.78	-	129.78
EIR on processing fees of loans	261.30	-	261.30
EIS receivable	-	(60.21)	(60.21)
Others	1.02	-	1.02
Right of use assets net of lease liabilities	11.07	-	11.07
Total	1,145.88	(257.81)	888.07



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020
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Note 33: Earning per share

Basic earnings per share (EPS) is calculated by dividing the net profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

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

Particulars	March 31, 2020	March 31, 2019
Following reflects the profit and share data used in EPS computations:		
Basic		
Weighted average number of equity shares for computation of Basic EPS (in Nos.)	54,44,059	54,44,059
Net profit for calculation of basic EPS (In Lakhs)	3,461.44	1,560.83
Basic earning per share (In Rs.)	63.58	28.67
Diluted		
Weighted average number of equity shares for computation of Diluted EPS (in Nos.)	54,64,610	54,93,831
Net profit for calculation of Diluted EPS (in Rs.)	3,462.18	1,562.51
Diluted earning per share (In Rs.)	63.36	28.44
Reconciliation of profit for calculation of diluted EPS		
Net profit for calculation of basic EPS (Rs. in lakhs)	3,461.44	1,560.83
(Add) Interest on optionally convertible debentures (net of provision)	0.74	1.68
Net profit for calculation of Diluted EPS (Rs. in lakhs)	3,462.18	1,562.51
Reconciliation of Weighted average number of shares outstanding		
Weighted average number of equity shares for computation of Basic EPS	54,44,059	54,44,059
(Add) Optionally convertible debentures	20,551	49,772
Weighted average number of equity shares for computation of Diluted EPS	54,64,610	54,93,831
Nominal / Face Value of equity shares (In Rs.)	10	10



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Note 34: Retirement benefit plan

i) Defined contribution plan

During the year, the Company has recognised the following amounts in the Statement of profit and loss:

Particulars	March 31, 2020	March 31, 2019
Employers' Contribution to Employee's Provident Fund ¹	365.58	224.36

Provident fund is a defined contribution plan. The contribution towards provident fund has been deposited with Regional Provident Fund Commissioner and is charged to Statement of Profit and Loss.

ii) Defined benefit plan

The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The Company makes contributions to its own Gratuity Trust. The gratuity trust invests the contribution in insurer managed scheme.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Table showing change in the present value of projected benefit obligation

Particulars	March 31, 2020	March 31, 2019
Change in benefit obligations		
Present value of benefit obligation at the beginning of the year	156.54	115.26
Interest cost	10.25	7.95
Current Service cost	31.65	41.91
Liability Transferred In/Acquisition	-	-
(Benefit Paid From the Fund)	(12.79)	(4.32)
Actuarial (Gains) on Obligations - Due to Change in Demographic Assumptions	10.78	(15.09)
Actuarial (Gains) on Obligations - Due to Change in Financial Assumptions	15.49	3.23
Actuarial Losses on Obligations - Due to Experience	27.07	7.60
Liability at the end of the year	238.99	156.54

Table Showing Change in the Fair Value of Plan Assets

Particulars	March 31, 2020	March 31, 2019
Fair Value of Plan Assets at the beginning of the year	117.21	40.27
Interest income	7.68	2.78
Contributions by the Employer	39.34	75.00
(Benefit Paid From the Fund)	(12.79)	(4.32)
Return on Plan Assets, Excluding Interest Income	2.77	3.48
Fair Value of Plan Assets at the end of the year	154.21	117.21



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

Note 34: Retirement benefit plan (continued)

Amount recognized in the Balance Sheet

Particulars	March 31, 2020	March 31, 2019
Present value of benefit obligation at the end of the year	238.99	156.54
Fair value of plan assets at the end of the year	154.21	117.21
Net Liability recognized in the Balance Sheet	(84.78)	(39.33)

Expenses recognized in the Statement of Profit and Loss

Particulars	March 31, 2020	March 31, 2019
Current service cost	31.65	41.91
Net Interest cost	2.58	5.17
Expenses recognised	34.23	47.08

Expenses recognized in the Other comprehensive income (OCI)

Particulars	March 31, 2020	March 31, 2019
Actuarial (Gains) on obligation for the year	53.35	(4.26)
Return on Plan Assets, Excluding Interest Income	(2.77)	(3.48)
Net (Income) for the year recognized in OCI	50.58	(7.74)

The actuarial assumptions used to determine benefit obligations as at March 31, 2020, March 31, 2019 are as follows:

Particulars	March 31, 2020	March 31, 2019
Discount Rate	4.87%	6.55%
Salary escalation rate	10.00%	10.00%
Rate of Employee Turnover:		
Business year	14.87%	28.00%
Manager year	50.77%	32.00%
Executive year	28.47%	47.00%

Balance sheet reconciliation

Particulars	March 31, 2020	March 31, 2019
Opening net liability		
Expenses recognized in Statement of Profit and Loss	34.22	47.08
Expenses recognized in OCI	50.57	(7.74)
(Employer's Contribution)	-	-
Net liability recognized in the Balance Sheet	84.79	39.34



Note 34: Retirement benefit plan (continued)

Cash Flow Projection

Maturity analysis of the benefit payments: from the fund

Particulars	March 31, 2020	March 31, 2019
Projected benefits payable in future years from the date of reporting		
1st following year	33.80	34.63
2 to 5 years	127.52	112.47
6 to 10 years	83.22	43.47
More than 10 years	-	11.30

Sensitivity analysis

Particulars	March 31, 2020	March 31, 2019
Projected benefit obligation on current assumptions		
Delta effect of +1% change in rate of discounting	(229.50)	(151.22)
Delta effect of -1% change in rate of discounting	249.41	162.22
Delta effect of +1% change in rate of salary increase	248.81	161.98
Delta effect of -1% change in rate of salary increase	(229.84)	(151.33)
Delta effect of +5% change in rate of employee turnover	(220.73)	(131.53)
Delta effect of -5% change in rate of employee turnover	264.28	205.21

Other Benefits

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 41 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.

Note 35: Segment information

The Company's main business is financing by way of loans for purchase or construction of residential houses, commercial real estate and certain other purposes in India. All other activities of the Company revolve around the main business. Accordingly, there are no separate reportable segments as per IND-AS 108 dealing with Operating Segment.



Note 36: Change in liabilities arising from financing activities

Particulars	April 1, 2019	Cash flows (net)	Other*	March 31, 2020
Debt securities	11,403.92	(997.25)	28.74	10,435.41
Borrowings other than debt securities	79,417.00	38,108.59	2.94	1,17,528.53
Total	90,820.92	37,111.34	31.68	1,27,963.94
Particulars	April 1, 2018	Cash flows (net)	Other*	March 31, 2019
Debt securities	11,870.79	(502.63)	35.76	11,403.92
Borrowings other than debt securities	64,393.38	14,814.39	209.23	79,417.00
Total	76,264.17	14,311.76	244.99	90,820.92

*Other column includes amortisation of transaction cost

Note 37: Contingent liabilities and commitments

a) Contingent liabilities

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
a) Employees benefits payable	47.62	47.62	47.62

The Gazette Notification bearing no. 06, New Delhi, Friday, January 1, 2016/Pausha 11, 1937 (Saka), has been issue by the Government implementing the amended rules with effect of 01.04.2014. In the said notification bonus eligible amount has been increased and also directed to calculate the bonus on set out limit or the minimum wage for the scheduled employment, as fixed by the appropriate Government, whichever is higher.

That the aggrieved employers or establishments approached to the different state high courts for seeking the stay or relief on such amendments with retrospective effects to mitigate the financial burden cum obligation at end of employer's or establishment's part under the Act.

That the said matters were later referred to the Hon'ble Supreme Court of India by Government, for which the apex Court refused to stay against the Orders issued by the Hon'ble State High Courts.

That according to the present status of the above cited matters are sub-judice before the State High Courts, and still pending before the Courts.

b) The Hon'ble Supreme Court of India, vide their ruling dated 28 February 2019, set out the principles based on which certain allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed by a third party and is pending before the SC for disposal.

In view of the management, pending decision on the subject review petition and directions from the EPFO, the management has a view that the applicability of the decisions is prospective. Further, the impact for the past period, if any, is not practically ascertainable in view of various interpretation issues. The Company will continue to assess any further developments in this matter for the implications on financial statements, if any.

c) The Company's pending litigations comprise of claims against the Company primarily by the customers. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material adverse effect on its financial statements of the Company as at March 31, 2020.

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Undisbursed amount of loans sanctioned (refer note 18.1.1)	5,081.66	14,846.24	8,983.51
Bank Guarantees for refinance facilities from NHB	3,950.00	200.00	200.00
Property, plant and equipment	40.02	40.25	53.76



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Note 38: Related party disclosures

As per Ind AS 24, the disclosures of transactions with the related parties are given below:

a) List of related parties where control exists and related parties with whom transactions have taken place and relationships:

Key Management Personnel

Mr. Sanjay Chaturvedi	Executive Director
Ms. Rupa Basu	Executive Director
Mr. Vinod Rai	Independent Director
Mr. Rakesh Rewari	Independent Director
Mr. Latika Thukral	Independent Director
Mr. Rahul Garg	Nominee Director
Mr. Rahul Chandra	Nominee Director
Mr. Sandeep Marian Farias	Nominee Director
Mr. Vishal Tulsyan	Nominee Director
Mr. Shashank Jain	Chief Financial Officer
Ms. Neeta Kamra	Company Secretary & Compliance Officer

Post Employment Benefits for the benefits of employees of the Company

Shubham Employees' Welfare Trust
Shubham Gratuity Trust

b) The nature and volume of transactions carried out with the above related parties in the ordinary course of business are as follows :

Payments to key managerial personnel*

Particulars	March 31, 2020	March 31, 2019
Short term benefits (remuneration)	368.58	361.69
Share based payment#	83.74	70.69

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

Share based payments includes the expenses booked during the year on proportionate basis as per vesting schedule against ESOPs granted to the KMPs bases of option valuation for respective equity settled grants till Mar 20.

Transactions during the year

Particulars	March 31, 2020	March 31, 2019
Key management personnel:		
Personal guarantee provided by promoters	25,012.25	11,619.31
Optionally Convertible debentures issued	71.52	80.71
Optionally Convertible debentures redeemed	68.77	-
Sitting fees paid	17.25	14.40
Proceeds on loan outstanding	5.60	29.60
Interest received on loans outstanding	6.47	2.37
Shubham Gratuity Trust:		
Contribution to Gratuity Trust	39.34	75.00
Reimbursement from Trust	12.43	4.17



Note 38: Related party disclosures (continued)

Balances at year end

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Key management personnel			
Personal guarantee provided by promoters#	44,505.32	32,647.86	40,939.86
Optionally Convertible debentures	83.46	80.71	-
Interest outstanding	1.45	2.14	-
Loan outstanding	4.50	10.10	39.70
ESOPs outstanding ##	216.42	132.68	62.00

Receivable from Gratuity trust

Gratuity amount receivable	1.32	0.96	1.04
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Other payable outstanding at year end

Salary payable (Late Shri Ajay Mukund Oak)###	-	-	25.83
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#Net of the guarantee released on borrowings repaid during the year.

##ESOPs outstanding includes proportionate liability outstanding in the books as per vesting schedule with respective option valuation of the grants.

Late Shri Ajay Mukund Oak, Promoter-Director, died intestate on 26 January 2018. Proceedings to adjudicate successor have been completed. Accordingly, balances (debit/credit) representing Late Shri Ajay Mukund Oak in the previous year financials of the Company, have been settled off with his successor.

Note 39: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is total debt divided by net worth. The Company's policy is to keep the gearing ratio at reasonable level of 6-8 times in imminent year while the Housing Finance Companies (National Housing Bank) Directions, 2010 (the "NHB Directions") currently permits HFCs to borrow up to 16 times of their net owned funds ("NOF"). The Company includes with in debt, its all interest bearing loans and borrowings.

Debt to Net worth ratio is as under:

Particulars	March 31, 2020	March 31, 2019	April 1, 2018
Debts	1,28,479	89,672	76,715
Net worth	46,141	42,372	40,601
Debt to Net worth (in times)	2.78	2.12	1.89

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.



Note 40 : Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled. With regard to loans and advances to customers, the Company uses the same basis of expected repayment behaviour as used for estimating the EIR. Issued debt reflect the contractual coupon amortisations:

Assets	March 31, 2020			March 31, 2019			April 1, 2018		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	16,550.50	-	16,550.50	13,950.81	-	13,950.81	3,633.48	-	3,633.48
Bank balance other than cash and cash equivalents	4,646.15	-	4,646.15	891.40	-	891.40	12,462.64	-	12,462.64
Loans	11,116.46	1,51,697.53	1,62,813.99	9,846.64	1,15,906.96	1,25,753.60	10,122.00	94,826.04	1,04,948.04
Other financial assets	1,188.90	484.58	1,673.48	1,425.59	54.57	1,480.16	302.37	137.07	439.44
Non-financial assets									
Current tax assets (net)	93.84	-	93.84	56.00	-	56.00	-	92.06	92.06
Deferred tax assets (net)	-	1,143.65	1,143.65	-	979.27	979.27	-	888.07	888.07
Property, plant and equipment	-	348.46	348.46	-	248.83	248.83	-	215.06	215.06
Intangible assets	-	182.43	182.43	-	186.10	186.10	-	234.40	234.40
Right-of-use assets	-	591.61	591.61	-	598.31	598.31	-	686.93	686.93
Capital work-in-progress	11.65	-	11.65	-	-	-	-	-	-
Intangible assets under development	30.95	-	30.95	34.99	-	34.99	-	38.38	38.38
Other non-financial assets	333.12	-	333.12	195.28	-	195.28	303.84	-	303.84
Non-current assets held for sale	3,338.46	-	3,338.46	3,185.52	-	3,185.52	2,213.32	-	2,213.32
Total Assets	37,310.03	1,54,448.26	1,91,758.29	29,586.23	1,17,974.04	1,47,560.27	29,037.65	97,118.01	1,26,155.66
LIABILITIES									
Financial Liabilities									
Trade Payables									
(i) total outstanding dues of micro enterprises and small enterprises	17.44	-	17.44	0.86	-	0.86	0.33	-	0.33
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	479.61	-	479.61	475.56	-	475.56	362.19	-	362.19
Debt Securities	2,236.26	8,199.15	10,435.41	991.87	10,412.05	11,403.92	577.05	11,293.74	11,870.79
Borrowings (other than debt securities)	25,159.63	92,368.90	1,17,528.53	17,828.55	61,588.45	79,417.00	15,949.78	48,443.60	64,393.38
Other financial liabilities	16,110.94	373.75	16,484.69	12,985.53	437.31	13,422.84	7,906.23	521.04	8,427.27
Non-Financial Liabilities									
Provisions	197.05	148.42	345.47	144.50	93.77	238.27	155.77	82.53	238.30
Other Non-financial Liabilities	325.70	-	325.70	229.97	-	229.97	262.75	-	262.75
Total liabilities	44,526.63	1,01,090.22	1,45,616.85	32,656.84	72,531.58	1,05,188.42	25,214.10	60,340.91	85,555.01
Net	(7,216.60)	53,358.04	46,141.44	(3,070.61)	45,442.46	42,371.85	3,823.55	36,777.10	40,600.65



Note 41: Financial risk management

41.1 Introduction and risk profile

Whilst risk is inherent in the Company's activities, it is managed through an integrated risk management framework, including ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to credit risk, liquidity risk, interest rate risk and market risk. It is also subject to various operating and business risks. The Company also has a system of internal controls to reduce the residual risk in each of these categories and the effectiveness of these controls is assessed periodically.

41.1.1 Risk management structure and policies

The Board of Directors are responsible for the overall risk management approach and for approving the risk management strategies and principles. The Risk Management Committee has the overall responsibility for the development of the risk strategy and implementing principles, frameworks, policies and limits. The Risk Management Committee is responsible for managing risk decisions and monitoring risk levels and reports to the Board.

The Risk Management Committee is responsible for implementing and maintaining risk related procedures to ensure an independent control process is maintained. The unit works closely with and reports to the Risk Management Committee, to ensure that procedures are compliant with the overall framework.

The Unit is also responsible for monitoring compliance with risk principles, policies and limits across the Company, including monitoring the actual risk of exposures against authorised limits and the assessment of risks of new products and structured transactions. The Company's Treasury is responsible for managing its assets and liabilities and the overall financial structure. It is also primarily responsible for the funding and liquidity risks of the Company.

41.2 Credit Risk

Credit risk is the risk that the Company will incur a loss because its customers or counterparties fail to discharge their contractual obligations. Credit risk in the Company is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Board approved credit policies and procedures mitigate the Company's prime risk which is the default risk. There is a robust Credit Risk Management set-up in the Company at various levels.

1. There are Credit teams to ensure implementation of various policies and processes through random customer visits and assessment, training of branch staff on application errors, liaison with other institutions to obtain necessary information/loan closure documents, as the case may be, and highlight early warning signals and industry developments enabling pro-active field risk management.
2. The credit sanction is done through a delegation matrix where credit sanctioning powers are defined for respective levels.
3. Portfolio analysis and reporting is used to identify and manage credit quality and concentration risks.
4. Credit risk monitoring for the Company is broadly done at two levels: account level and portfolio level. Account monitoring aims to identify weak accounts at an incipient stage to facilitate corrective action. Portfolio monitoring aims towards managing risk concentration in the portfolio as well as identifying stress in certain occupations, markets and states.



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41.2.1 Analysis of risk concentration

The Company's concentrations of risk are managed based on Loan to value (LTV) segregation, employment type and geographical spread. The following tables stratify credit exposures from housing and other loans to customers by these metrics. LTV is calculated as the ratio of gross amount of the loan - or the amount committed for loan commitments - to the value of the collateral. The value of the collateral for housing and other loans is based on collateral value at origination.

Loans to Customers:

As at March 31, 2020

LTV bucket	Stage 1	Stage 2	Stage 3	Total
<=40	42,555.58	3,371.68	1,376.47	47,303.73
40-60	44,631.49	2,731.09	749.01	48,111.59
60-70	21,282.44	1,157.18	259.64	22,699.26
70-80	19,518.17	896.86	279.78	20,694.81
>80	24,752.70	505.28	214.23	25,472.21
Total	1,52,740.38	8,662.09	2,879.13	1,64,281.60

Sector/Employment	Stage 1	Stage 2	Stage 3	Total
Housing:				
Salaried	78,871.49	1,921.48	429.07	81,222.04
Self Employed	41,419.38	4,254.41	1,388.27	47,062.06
Non-Housing:				
Salaried	12,493.28	530.63	143.94	13,167.85
Self Employed	19,956.22	1,955.57	917.86	22,829.65
Total	1,52,740.37	8,662.09	2,879.14	1,64,281.60

Geographical Concentration	Stage 1	Stage 2	Stage 3	Total
Bihar	1,372.52	272.01	107.13	1,751.66
Chhattisgarh	781.60	126.50	56.22	964.32
Delhi	20,920.64	522.93	122.43	21,566.00
Gujarat	8,430.21	653.26	342.77	9,426.24
Haryana	14,487.39	634.49	198.26	15,320.14
Jharkhand	1,197.57	89.07	79.44	1,366.08
Madhya Pradesh	10,818.47	1,009.82	352.11	12,180.40
Maharashtra	55,132.71	2,378.92	918.57	58,430.20
Punjab	5,940.51	328.87	74.59	6,343.97
Rajasthan	11,886.12	1,093.22	296.79	13,276.13
Uttar Pradesh	19,531.69	1,414.04	303.77	21,249.50
Uttarakhand	2,240.92	138.98	27.06	2,406.96
Total	1,52,740.35	8,662.11	2,879.14	1,64,281.60



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41.2.1 Analysis of risk concentration (continued)

As at March 31, 2019

LTV bucket	Stage 1	Stage 2	Stage 3	Total
<=40	36,390.00	3,008.40	1,461.50	40,859.90
40-60	35,838.91	2,594.21	746.71	39,179.83
60-70	16,085.47	837.45	318.30	17,241.22
70-80	14,307.74	888.41	256.05	15,452.20
>80	13,052.91	314.28	102.26	13,469.45
Total	1,15,675.03	7,642.75	2,884.82	1,26,202.60

Sector/Employment	Stage 1	Stage 2	Stage 3	Total
Housing:				
Salaried	55,134.18	1,556.82	422.93	57,113.93
Self Employed	34,750.70	3,755.14	1,331.61	39,837.45
Non-Housing:				
Salaried	9,120.57	471.47	134.30	9,726.34
Self Employed	16,669.57	1,859.32	995.99	19,524.88
Total	1,15,675.02	7,642.75	2,884.83	1,26,202.60

Geographical Concentration	Stage 1	Stage 2	Stage 3	Total
Bihar	1,871.63	171.86	36.64	2,080.13
Chhattisgarh	1,131.35	74.20	21.95	1,227.50
Delhi	14,574.00	704.89	201.64	15,480.53
Gujarat	6,919.19	646.52	278.55	7,844.26
Haryana	12,371.11	618.25	274.91	13,264.27
Jharkhand	1,517.09	60.87	28.04	1,606.00
Madhya Pradesh	36,627.39	1,760.90	922.54	39,310.83
Maharashtra	8,603.95	894.99	376.30	9,875.24
Punjab	4,590.17	345.96	47.50	4,983.63
Rajasthan	10,313.35	858.86	235.23	11,407.44
Uttar Pradesh	15,169.42	1,349.15	412.52	16,931.09
Uttarakhand	1,986.38	156.31	48.99	2,191.68
Total	1,15,675.03	7,642.76	2,884.81	1,26,202.60



41.3 Liquidity risk

Liquidity Risk refers to the risk that the company can not meet its financial obligations. The objective of Liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirement. The unavailability of adequate amount of funds at optimum cost and co-terminus tenure to repay the financial liabilities and further growth of business may result in Asset Liability Management (ALM) mismatch caused by a difference in the maturity profile of Company assets and liabilities. This risk may arise from the unexpected increase in the cost of funding an asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price. The Company manages liquidity risk by maintaining adequate cash reserves and undrawn credit facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The table below summaries the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities :

As at March 31, 2020

Particulars	Up to 1 year	1-3 years	3-5 years	5 years above	Total
Cash and bank balances	21,196.65	-	-	-	21,196.65
Loans	32,460.93	68,921.25	65,077.76	2,32,165.72	3,98,625.66
Other financial assets	1,188.90	484.58	-	-	1,673.48
Total	54,846.48	69,405.83	65,077.76	2,32,165.72	4,21,495.79
Borrowings (including debt securities)	39,043.23	68,880.26	35,177.57	23,852.64	1,66,953.70
Trade payables	497.05	-	-	-	497.05
Other financial liabilities	15,785.22	-	-	-	15,785.22
Lease liability	342.67	397.13	42.85	10.05	792.70
Total	55,668.17	69,277.39	35,220.42	23,862.69	1,84,028.67

As at March 31, 2019

Particulars	Up to 1 year	1-3 years	3-5 years	5 years above	Total
Cash and bank balances	14,842.21	-	-	-	14,842.21
Loans	28,823.04	53,495.84	50,596.61	1,78,385.23	3,11,300.72
Other financial assets	1,425.59	54.57	-	-	1,480.16
Total	45,090.84	53,550.41	50,596.61	1,78,385.23	3,27,623.09
Borrowings (including debt securities)	27,720.50	45,579.10	27,001.53	21,869.56	1,22,170.69
Trade payables	476.42	-	-	-	476.42
Other financial liabilities	12,722.73	-	-	-	12,722.73
Lease liability	276.64	510.79	21.20	-	808.63
Total	41,196.29	46,089.89	27,022.73	21,869.56	1,36,178.47

As at April 1, 2018

Particulars	Up to 1 year	1-3 years	3-5 years	5 years above	Total
Cash and Bank Balances	16,096.12	-	-	-	16,096.12
Loans	25,107.84	44,827.43	43,007.18	1,13,204.08	2,26,146.53
Other financial Assets	15,959.05	137.07	-	-	16,096.12
Total	57,163.01	44,964.50	43,007.18	1,13,204.08	2,58,338.77
Borrowings (including debt securities)	24,599.19	39,991.58	25,020.58	12,695.10	1,02,306.45
Trade payables	362.52	-	-	-	362.52
Other financial liabilities	7,700.56	-	-	-	7,700.56
Lease liability	216.50	455.42	202.42	-	874.34
Total	32,878.77	40,447.00	25,223.00	12,695.10	1,11,243.87



41.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Such changes in the values of financial instruments may result from changes in the interest rates, credit, liquidity and other market changes. The Company's exposure to market risk is primarily on account of interest rate risk.

Interest rate risk

The company is subject to interest rate risk, primarily since it lends to customers at rates and for maturity periods that may differ from funding sources. Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the company seek to optimize borrowing profile between short-term and long-term loans. The company adopts funding strategies to ensure diversified resource-raising options to minimize cost and maximize stability of funds. Assets and liabilities are categorized into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

The company mitigates its interest rate risk by keeping a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss:

(a) Loans (at floating rate)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Basis points	Effect on profit before tax	Basis points	Effect on profit before tax
Increase in basis points	50	806.72	50	611.31
Decrease in basis points	-50	(806.72)	-50	(611.31)

(b) Borrowings (other than debt securities) (at floating rate)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Basis points	Effect on Profit before tax	Basis points	Effect on Profit before tax
Increase in basis points	50	(469.02)	50	(391.47)
Decrease in basis points	-50	469.02	-50	391.47



Note 42: Corporate social responsibility

In accordance with section 135 (5) of the Companies Act, 2013 ('the Act'), the company is required to spend a certain amount as expenditure towards Corporate Social Responsibility (CSR). The proviso to section 135 (5) of the Act provides that if the specified amount is not spent by the company during the year, the Directors' Report should disclose the reasons for not spending the amount. In accordance with the above section, the amount which is not spent as per the provisions of the Act on CSR activities, the company is not required to create provision in the financial statement. The Company has not created any provision with regard to the CSR activities in the Financial Statement.

Other expenses for the year ended March 31, 2020 include Rs. 14.60 lakhs (Previous year Rs. 2.30 lakhs) towards Corporate Social Responsibility (CSR), in accordance with Companies Act, 2013. Gross Amount required to be spent by the Company during the year was Rs. 14.30 lakhs (Previous year Rs. 2.15 lakhs).

Note 43: Expenditure in foreign currency

Particulars	March 31, 2020	March 31, 2019
Other service charges	0.48	-
Legal and professional charges	-	1.61
Total	0.48	1.61

Note 44: Employee Stock Option Plan

(i) Details of the plan are given below:

During the financial year 2011-12, the Company issued 119,047 equity shares to the Shubham Employees Welfare Trust which was for granting equity options to the Company's 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.

Details of all grants in operation during the year ended March 31, 2020 are as given below:

Particulars	Series-IV	Series-III	Series-II	Series-I
Date of grant	1 May 2019 and 1 Oct 2019 and 1 Jan 2020	1 Jul 2018	1 Oct 2017	1 May 2015 and 24 Aug 2015
No. of options approved	48,600	17,250	22,800	29,529
No. of options granted	48,600	17,250	22,800	29,529
Exercise price per option (in Rs.)	10	10	10	10
Method of settlement	Equity	Equity	Equity	Equity
Vesting period	1-4 years	1-4 years	1-4 years	1-4 years
Fair Value per Option on grant date (Rs.)	1,490.20 to 1,491.79 and 1,206.82 to 1,208.50	1,379.06 to 1,380.74	1,158.76 to 1,160.10	955.28 to 956.74

Vesting conditions:

The Compensation Committee, in its discretion, at the time of each Grant, may lay down certain performance metrics on the achievement of which the granted options would vest, the detailed terms and conditions relating to such performance based vesting, and the proportion in which options are granted would vest (subject to the minimum and maximum vesting period as specified above).

The Options would vest only if the Option Grantee continues to be in employment of the Company on the date that they are due to vest. No options would vest in case employment is severed and in such case the date of resignation / termination shall be considered for reckoning the period of vesting.

(ii) The expense recognised for employee services received during the year is shown in the following table:

Particulars	March 31, 2020	March 31, 2019
Expense arising from equity-settled share-based payment transactions	338.90	204.88
Total	338.90	204.88



Note 44: Employee Stock Option Plan (continued)

(iii) Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements during the year:

As at March 31, 2020

Particulars	Series-IV	Series-III	Series-II	Series-I
Outstanding at April 1,	-	16,000	20,800	18,354
Granted during the year	48,600	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(1,900)	(2,500)	(2,000)	-
Outstanding at March 31, 2020	46,700	13,500	18,800	18,354
Exercisable at March 31, 2020	-	3,374	11,500	18,354
Weighted average exercise prices (WAEP)	10	10	10	10

As at March 31, 2019

Particulars	Series-IV	Series-III	Series-II	Series-I
Outstanding at April 1, 2018	-	-	21,800	19,954
Granted during the year	-	17,250	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	(1,250)	(1,000)	(1,600)
Outstanding at March 31, 2019	-	16,000	20,800	18,354
Exercisable at March 31, 2019	-	-	9,925	18,354
Weighted average exercise prices (WAEP)	N.A.	10	10	10

1. Weighted average remaining contractual life for the share options outstanding as at March 31, 2020 was 4.48 years (Previous year 4.50 years).

2. Weighted average fair value of options granted during the year was Rs. 1457.65 (Previous year Rs. 1379.93).

3. Exercise prices for options outstanding at the end of the year was Rs. 10.00 per option (Previous year Rs. 10.00 per option).

The following tables list the inputs to the Black-Scholes Model used for the options granted:

Particulars	Series-IV	Series-III	Series-II	Series-I
Fair value of share on grant date (Rs.)	1,497.67 and 1,215.00	1,386.30	1,166.41	962.56
Expected volatility (%)	13.5 to 14.12 and 41.43 to 49.63	10.87	11.67	13.95 and 15.74
Risk free interest rate (%)	7.30 to 7.66 and 6.23 to 6.80	8.07 to 8.36	6.70 to 7.01	7.90 to 8.03 and 8.05 to 8.30
Dividend yield (%)	Nil	Nil	Nil	Nil
Expected maturity from the date of vesting	up to 3 years	up to 3 years	up to 3 years	up to 3 years



Shubham Housing Development Finance Company Limited
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Note 45: Fair value of financial instruments not measured at fair value

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments other than those with carrying amounts that are approximates of fair value. This table does not include the fair values of non-financial assets and non-financial liabilities.

As at March 31, 2020

Particulars	Carrying value	Fair Value			Total
		Level I	Level II	Level III	
Financial assets					
Receivable against loan sold to assets reconstruction cc	746.39	-	-	979.26	979.26
Non-financial assets					
Non-current assets held for sale	3,338.46	-	6,054.10	2,257.00	8,311.10
Financial liabilities					
Debt Securities at fixed rate	9,445.46	-	10,146.27	-	10,146.27
Borrowings (Other than debt securities) at fixed rate	25,131.75	-	23,774.93	-	23,774.93

As at March 31, 2019

Particulars	Carrying value	Fair Value			Total
		Level I	Level II	Level III	
Financial assets					
Receivable against loan sold to assets reconstruction cc	1,180.83	-	-	1,180.83	1,180.83
Non-financial assets					
Non-current assets held for sale	3,185.52	-	5,585.74	2,257.00	7,842.74
Financial liabilities					
Debt Securities at fixed rate	9,419.07	-	10,138.17	-	10,138.17
Borrowings (Other than debt securities) at fixed rate	3,505.86	-	3,404.91	-	3,404.91

As at April 1, 2018

Particulars	Carrying value	Fair Value			Total
		Level I	Level II	Level III	
Non-financial assets					
Non-current assets held for sale	2,213.32	-	4,607.42	-	4,607.42
Financial liabilities					
Debt Securities at fixed rate	9,397.68	-	10,441.98	-	10,441.98
Borrowings (Other than debt securities) at fixed rate	597.68	-	529.10	-	529.10

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended March 31, 2020, March 31, 2019 and April 1, 2018

Valuation techniques

The management assessed that cash and cash equivalents, investments, other financial assets, trade payables, derivative financial instruments, and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Loans - The fair value of fixed rate loans are determined by discounting expected future contractual cash flows using current market interest rates charged to similar categories of new loans. The fair value of floating rate loans are deemed to be equivalent to the carrying value

Assets held for sale - Real estate properties are valued on the basis of a well progressed sale process with price quotes from real estate agents. Further, real estate properties upto Rs. 1,000 lakh are classified as level 2 in below on the basis of a well progressed sale process with price quotes from real estate agents.

Debt securities and Borrowings - The fair value of certain fixed rate borrowings is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings are deemed to be equivalent to the carrying value.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables.



Note 46: Transfers of financial assets that are derecognised in their entirety

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS. Thus, Pre-transition securitisation deals continues to be de-recognised in their entirety. The table below outlines details for each type of continued involvement relating to transferred assets derecognised in their entirety.

Particulars	Carrying amount of continuing involvement in statement of financial position		Fair value of continuing involvement		Maximum exposure to loss
	Balance with banks	Loans	Balance with banks	Loans	
Type of continuing involvement : Securitisation					
March 31, 2020	123.64	230.19	123.64	230.19	353.83
March 31, 2019	115.58	230.19	115.58	230.19	345.77
April 1, 2018	108.02	230.19	108.02	230.19	338.21



Note 47: Leases where the Company is a Lessee

The Company's lease asset class primarily consist of leases for buildings and office premises. Generally, the Company is restricted from assigning and subleasing the leased assets. The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

Building and office premises	March 31, 2020	March 31, 2019
Opening net carrying balance	598.31	686.93
Additions	263.06	124.87
Deletion	(5.54)	(6.56)
Depreciation	(264.22)	(206.93)
Closing net carrying balance	591.61	598.31

Set out below are the carrying amounts of lease liabilities (included under Other financial liability) and the movements during the year:

Particulars	March 31, 2020	March 31, 2019
Opening Balance	700.11	726.71
Additions	264.83	145.19
Deletions	(5.50)	(6.56)
Accretion of interest	73.60	68.64
Payments	(333.57)	(233.88)
Closing Balance	699.47	700.11

Set out below are the undiscounted potential future rental payments relating to periods following the exercise of termination options that are not included in the lease term

Particulars	Within five years	More than five years	Total
March 31, 2020			
Termination options expected to be exercised	629.77	8.18	637.94
March 31, 2019			
Termination options expected to be exercised	419.49	218.45	637.94

Amounts recognized in the Statement of Profit and Loss	March 31, 2020	March 31, 2019
Depreciation expense		
Depreciation on right of use assets	264.22	206.93
Other expenses		
Short-term lease rent expense	217.36	206.33
Depreciation of right of use lease asset	(264.22)	(206.93)
Finance cost		
Interest expense on lease liability	73.60	68.64

The Company had total cash outflows for leases of Rs. 510.30 (in lakhs) for the year ended March 31, 2020 (Rs. 402.65 (in lakhs) in March 31, 2019).

The lease liabilities as at April 1, 2018 can be reconciled to the operating lease commitments as of March 31, 2018, as follows:

Assets	Rs.
Operating lease commitments as at March 31, 2018	1,091.24
Less: Change in management estimates of existing lease term as at 31 March 2018	(216.91)
	874.33
Weighted average incremental borrowing rate as at April 1, 2018	9.56%
Discounted operating lease commitments as at April 1, 2018	726.71

The lease liabilities were discounted using the incremental borrowing rate of the Company as at 1st April, 2018.

The following are the practical expedients availed by the Company on transition:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease



Note 48: Impact of COVID 19

On March 11, 2020, the COVID-19 outbreak was declared as global pandemic by the World Health Organization, has contributed to a significant decline and volatility in global and Indian financial markets and a significant decrease in global and local economic activities. The Government of India has announced a strict 40 days nationwide lockdown to contain the virus till May 3, 2020 which further extended till May 31, 2020. This has led to significant disruptions and impacting Company's regular operations including lending and collection activities due to inability to reach borrowers physically.

In accordance with the RBI guidelines relating to COVID 19 Regulatory Package dated March 27, 2020 and May 23, 2020, the Company has extended/will be granting a moratorium on the payment of all instalments and/or interest, as applicable, falling due between March 1, 2020 and August 31, 2020 to all eligible borrowers in accordance with its policy approved by Board. For all such accounts which were classified as Standard, even if overdue, as on February 29, 2020 and the moratorium is granted, the prudential assets classification shall remain stand still during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification under Income Recognition, Asset Classification and Provisioning Norms.

Further, in view of Management and considering the guidance provided by the Institute of Chartered Accountant of India ('ICAI'), providing moratorium to borrowers at a mass scale on RBI directives or by itself is not considered to result in a Significant increase in Credit Risk ('SICR') for such borrowers. The Company has recorded a management overlay allowance of 804.83 lakhs in its Expected Credit Loss to reflect, among other things, an increased risk of deterioration in macro-economic factors by this pandemic based on the information available at this time. However, due to the uncertainties associated with the pandemic, the actual impact may be different from the estimate as at the date of approval of these financials results and the Company will continue to closely monitor any material changes to future economic conditions, which will be given effect to in the respective future period.

In addition to above, the Company has also assessed the impact of Covid-19 pandemic on its liquidity and ability to repay its obligations over next 12 months. With the gradual relaxation in lockdown rules and as well as recommencement of commercial activities by borrowers in which the Company operates, management is confident that collections will resume, certainly at a lower level than earlier and has also commenced field visits to meet customers to re-enforce collections. In addition, management has initiated discussions and applied for facilities which will enhance overall Company liquidity position for next 12 months like moratorium period from its lenders and other financial support from other Banks as a part of various economic stimulus packages announced by Government of India which will benefit directly or indirectly. Considering on the current scenario, management believes that the Company will be able to pay its obligations as and when these become due in the foreseeable future.

Note 49: First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2020, are the first financial statements the Company has prepared in accordance with Ind AS. For years up to and including the year ended March 31, 2019, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP or previous GAAP). Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for years ending on March 31, 2020, together with the comparative year data as at and for the year ended March 31, 2019, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2018, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2018 and the financial statements as at and for the year ended March 31, 2019.

49.1 Exemptions applied

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

Mandatory exemptions

1. Estimates

The estimates at April 1, 2018 and at March 31, 2019 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following items where application of Indian GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model
- Determination of discounted value

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2018, the date of transition to Ind AS and as of March 31, 2019.

- Impairment of financial assets based on Expected Credit Loss (ECL) model
- Determination of discounted value for financial instruments carried at amortized cost

2. Classification and measurement of financial assets

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

3. Impairment of financial assets

The Company has applied the exception related impairment of financial assets given in Ind AS 101. It has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial assets were initially recognized and compared that to the credit risk as at April 1, 2018.

4. Deemed cost-Previous GAAP carrying amount: (PPE and Intangible Assets)

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

5. De-recognition of financial assets and liabilities

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



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Note 49: First-time adoption of Ind AS (continued)

49.2: Effect of Ind AS adoption on the balance sheet as at April 1, 2018

Particulars	Indian GAAP	Ind AS Adjustments	Ind AS
ASSETS			
Financial assets			
Cash and cash equivalents	3,633.48	-	3,633.48
Bank balance other than cash and cash equivalents	12,462.64	-	12,462.64
Loans	1,06,103.16	(1,155.12)	1,04,948.04
Other financial assets	172.26	267.18	439.44
Non- financial assets			
Current tax assets (net)	92.06		92.06
Deferred tax assets (net)	477.31	410.76	888.07
Property, plant and equipment	215.06	-	215.06
Other Intangible assets	234.40	-	234.40
Right-of-use assets	-	686.93	686.93
Intangible assets under development	38.38	-	38.38
Other non- financial assets	1,419.42	(1,115.58)	303.84
Non-current assets held for sale	2,369.27	(155.95)	2,213.32
Total assets	1,27,217.44	(1,061.78)	1,26,155.66
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade Payables			
a) Total outstanding dues of micro enterprises and small enterprises	0.33	362.19	362.52
b) total outstanding dues of creditors other than micro enterprises and small enterprises	362.20	(362.20)	-
Debt Securities	12,000.00	(129.21)	11,870.79
Borrowings (other than debt securities)	65,095.19	(701.81)	64,393.38
Other financial liabilities	7,701.01	726.26	8,427.27
Non financial liabilities			
Provisions	197.78	40.52	238.30
Other non-financial liabilities	391.34	(128.59)	262.75
Total liabilities	85,747.85	(192.84)	85,555.01
Equity			
Equity share capital	94.37	-	94.37
Instruments entirely equity in nature	450.03	-	450.03
Other equity	40,925.19	(868.94)	40,056.25
Total equity	41,469.59	(868.94)	40,600.65
Total liabilities and equity	1,27,217.44	(1,061.78)	1,26,155.66



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49.3: Effect of Ind AS adoption on the balance sheet as at March 31, 2019

Particulars	Indian GAAP	Ind AS Adjustments	Ind AS
ASSETS			
Financial assets			
Cash and cash equivalents	13,950.81	-	13,950.81
Bank balance other than cash and cash equivalents	891.40	-	891.40
Loans	1,27,227.60	(1,474.00)	1,25,753.60
Other financial assets	1,415.94	64.22	1,480.16
Non- financial assets			
Current tax assets (net)	56.00	-	56.00
Deferred tax assets (net)	339.67	639.60	979.27
Property, plant and equipment	248.83	-	248.83
Other Intangible assets	186.10	-	186.10
Right-of-use assets	-	598.31	598.31
Intangible assets under development	34.99	-	34.99
Other non- financial assets	1,020.19	(824.91)	195.28
Non-current assets held for sale	3,229.46	(43.94)	3,185.52
Total assets	1,48,600.99	(1,040.72)	1,47,560.27
LIABILITIES AND EQUITY			
LIABILITIES			
Financial liabilities			
Trade Payables			
a) Total outstanding dues of micro enterprises and small enterprises	0.86	475.56	476.42
b) total outstanding dues of creditors other than micro enterprises and small enterprises	487.47	-	-
Debt securities	11,497.37	(93.45)	11,403.92
Borrowings (other than debt securities)	79,909.58	(492.58)	79,417.00
Other financial liabilities	12,809.38	613.46	13,422.84
Non financial liabilities			
Provisions	191.20	47.07	238.27
Other non-financial liabilities	290.08	(60.11)	229.97
Total liabilities	1,05,185.94	489.95	1,05,188.42
Equity			
Equity share capital	94.37	-	94.37
Instruments entirely equity in nature	450.03	-	450.03
Other equity	42,870.65	(1,043.20)	41,827.45
Total equity	43,415.05	(1,043.20)	42,371.85
Total liabilities and equity	1,48,600.99	(1,040.72)	1,47,560.27



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020
(All amount in Rs. Lakhs, unless stated otherwise)

49.4: Effect of Ind AS adoption on the statement of Profit and loss for the year ended March 31, 2019

Particulars	Indian GAAP	Ind AS Adjustments	Ind AS
Revenue from operations			
Interest income	20,612.38	(524.60)	20,087.78
Fees and commission income	533.10	104.85	637.95
Net gain on fair value changes	324.95	-	324.95
Total revenue from operations	21,470.43	(419.75)	21,050.68
Other income	195.38	-	195.38
Total income	21,665.81	(419.75)	21,246.06
Expenses			
Finance costs	9,462.76	82.33	9,545.09
Impairment on financial instruments	906.83	230.88	1,137.71
Employee benefits expense	5,924.50	(179.94)	5,744.56
Depreciation, amortization and impairment	185.77	206.93	392.70
Other expenses	2,673.30	(349.12)	2,324.18
Total expenses	19,153.16	(8.92)	19,144.64
Profit before tax	2,512.65	(410.83)	2,101.42
Tax expense:			
(1) Current Tax	589.59	-	589.59
(2) Income tax charge for earlier years	44.83	-	44.83
(3) Deferred Tax	137.64	(231.07)	(93.43)
Profit for the year	1,740.59	(179.76)	1,560.43
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability	-	7.74	7.74
Income tax effect	-	(2.25)	(2.25)
Other comprehensive income, net of income tax	-	5.49	5.49
Total comprehensive income for the year	1,740.59	(174.27)	1,565.92



Note 49: First-time adoption of Ind AS (continued)

49.5: Footnotes to the reconciliation of equity as at April 1, 2018 and March 31, 2019 and profit or loss for the year ended March 31, 2019

(i) Loans and advances

a) Under Indian GAAP, the Company has created provision for loans and advances based on the Guidelines on prudential norms issued by National Housing Bank. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). Due to ECL model, the Company impaired its loans and advances by Rs. 1,587.72 lakhs as on March 31, 2019 (Rs. 1,871.37 lakhs as on April 1, 2018) as against Provision made under Indian GAAP by Rs. 1,156.65 lakhs as on March 31, 2019 (Rs. 1,667.47 lakhs as on April 1, 2018). In addition, ECL on undisbursed loan commitment has also been determined as per Ind AS for Rs. 47.06 lakhs as on March 31, 2019 (Rs. 40.52 lakhs as on April 1, 2018). The differential impact has been adjusted in Profit and loss during the year.

b) Under Indian GAAP, transaction costs incurred in connection with loans and advances are amortised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial asset measured at amortised cost and charged to profit or loss using the effective interest method.

c) The Company has securitised certain assets and under Indian GAAP, it has derecognised those assets in the books. However, as per Ind AS, the Company has not transferred substantially all the risks and rewards, the asset has been re-recognised, and the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

d) Under Indian GAAP, the Company has transferred certain assets to asset reconstruction company which has been de-recognised from the loan portfolio of the Company. Under Ind AS, the Company has re-recognised the assets and also recognised an associated liability to the extent of the rights and obligations retained by the Company.

(ii) Other financial assets

Under Ind AS, with respect to Assignment deals, Company has created an Interest only strip receivable amounting to Rs. 73.84 lakhs as on March 31, 2019 (Rs. 216.42 lakhs as on April 01, 2018) with corresponding credit to Profit and loss for the year, which has been computed by discounting Excess Interest Spread (EIS) to present value. Necessary adjustment with respect to credit risk has also been made.

(iii) Leases

Under Indian GAAP, a lease is classified as a finance lease or an operating lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term. Under Ind AS, (as explained in Note 47), a lessee applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets and recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At the date of transition to Ind AS, the Company applied the transitional provision and measured lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of transition to Ind AS. Right-of-use assets were measured at the amount equal to the lease liabilities adjusted by the amount of any prepaid or accrued lease payments. As a result, the Company recognised Rs. 700.11 lakhs as at March 31, 2019 (Rs. 726.71 lakhs as at April 1, 2018) on account of lease liabilities included under 'Other Financial Liabilities' and INR 598.31 as at March 31, 2019.

(Rs. 686.93 lakhs as at April 1, 2018) on account of right-of-use assets. The difference between lease liabilities and right-of-use assets has been recognised in retained earnings. Additionally, depreciation increased by Rs. 206.93 lakhs and finance costs increased by Rs. 68.64 lakhs for the year ended March 31, 2019.

(iv) Debt securities and Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings, debt securities and subordinate liabilities are amortised upfront and charged to profit or loss for the year. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest rate method.



(v) Deferred tax

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

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Ind AS does not require the creation of DTL on the amount transferred to the Special Reserve. Accordingly, DTL created on special reserve as at March 31, 2018 is reversed and the charge through the Statement of Profit and Loss Account in earlier years is also reversed.

(vi) Remeasurements of post employment benefit plans

Under Ind AS, remeasurements i.e. actuarial gain and losses on the net defined liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these measurements were forming part of the profit or loss for the year. Though there is no impact on the total equity as at March 31, 2019.

(vii) Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

(viii) Figures under previous GAAP have been regrouped/ reclassified for Ind AS purpose wherever applicable.

(viii) There were no significant reconciling items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

Note 50: Disclosures required by NHB

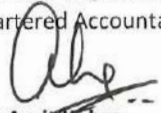
Additional information required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018 have been prepared on the basis of previous GAAP pursuant to the NHB circular no. NHB (ND)/DRS/Policy Circular No.89/2017-18 dated June 14, 2018 is given in Annexure 1, which have been presented solely based on the information compiled by the Management.

As per our report of even date attached

The accompanying notes are an integral part of the financial statements

For S.R. Batliboi & Associates LLP

ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

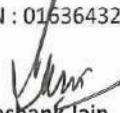

per Amit Kabra
Partner
Membership No. 094533



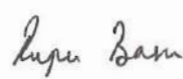
Place: Gurugram
Date: June 17, 2020

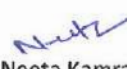
**For and on behalf of the Board of Directors of
Shubham Housing Development Finance Company Limited**


Sanjay Chaturvedi
Director
DIN : 01636432


Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: June 17, 2020


Rupa Basu
Director
DIN : 08068918


Neeta Kamra
Company secretary
(M. No.: ACS 22892)

Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

Annexure 1 to Note 50 of the Financial Statements

Additional information required in terms of Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2018 NHB(ND)/DRS/REG/MC-07/2018, 02 July, 2018

1. Capital

Particulars	31 March 2020	31 March 2019
Capital to Risk Assets Ratio (CRAR) (%)	45.63%	52.09%
CRAR - Tier I Capital (%)	44.38%	51.56%
CRAR - Tier II Capital (%)	1.25%	0.53%
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

2. Disclosure in term of Circular no. NHB (ND/DRS/Pol Circular 61/2013-14 dated 07 April 2014

(Amount in crores)

Disclosure in term of Circular no. NHB (ND/DRS/Pol Circular 61/2013-14 dated 07 April 2014		31 March 2020	31 March 2019
Balance at the beginning of the year			
Statutory reserve under Section 29C of the NHB Act, 1987		0.72	0.40
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		5.13	1.97
Total		5.85	2.37
Addition / appropriation/ withdrawal during the year			
Add:	-Amount transferred under Section 29C of the NHB Act, 1987	0.66	0.31
	-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	6.26	3.17
Less:	-Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
	-Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Total		6.92	3.48
-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 (reclassified to reserve under Section 29C of the NHB Act, 1987)	-	-
Less	-Prior Period Adjustment (reclassified from reserve under Section 36(1)(viii) of Income-tax Act 1961)	-	-
Balance at the end of the year			
Statutory reserve under section 29C of the NHB Act, 1987		1.38	0.72
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		11.39	5.13
Total		12.77	5.85



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

3. Investment

a) Investments

(Amount in crores)

S. No.	Particulars	31 March 2020	31 March 2019
	Value of Investments		
(i)	Gross value of Investments		
(a)	In India	7.46	11.81
(b)	Outside India	-	-
(ii)	Provisions for Depreciation		
(a)	In India	-	-
(b)	Outside India	-	-
(iii)	Net value of Investments		
(a)	In India	7.46	11.81
(b)	Outside India	-	-
	Movement of provisions held towards depreciation on investments		
(i)	Opening Balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off/Written-back of excess provisions during the year	-	-
(iv)	Closing Balance	-	-

b) Value of investments in security receipts

(Amount in crores)

S. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	-	-	-
	Provision held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	7.46	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	7.46	-	-

4. Derivative

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

(Amount in crores)

Particulars	31 March 2020	31 March 2019
(i) The notional principal of swap agreements	-	-
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(iii) Collateral required by the HFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps \$	-	-
(v) The fair value of the swap book @	-	-



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

4. Derivative (continued)

Exchange Traded Interest Rate (IR) Derivative

(Amount in crores)

Particular	Amount
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-
(a)	
(b)	
(c)	
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on 31st March 2020 (instrument-wise)	-
(a)	
(b)	
(c)	
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
(a)	
(b)	
(c)	
(iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-
(a)	
(b)	
(c)	

Risk Exposure in Derivatives

- (i) Qualitative Disclosure – There is no derivative transaction during the year.
(ii) Quantitative Disclosure

(Amount in Crores)

Particulars	Currency Derivatives	Interest rate derivatives
(i) Derivatives (Notional principal amount)	-	-
(ii) Marked to market position (1)	-	-
(a) Assets+		
(b) Liability-		
(iii) Credit exposure (2)	-	-
(iv) Unhedged Exposures	-	-



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

5. Securitization

a) Securitisation and Minimum Retention Requirement

(Amount in crores)

Particulars		31 March 2020	31 March 2019
		No./Amount	No./Amount
1.	No of SPV's sponsored by the HFC for Securitisation transactions	2	2
2.	Total amount of securitized assets as per books of the SPVs sponsored	5.57	6.85
3.	Total amount of exposure retained by the company toward the MRR as on the date of balance sheet		
(I)	Off balance sheet exposures towards credit enhancements		
	a) First loss	-	-
	b) Others	-	-
(II)	On balance sheet exposures towards credit enhancements		
	a) First loss	2.30	2.30
	b) Others	-	-
4.	Amount of exposures to securitisation transaction other than MRR		
(I)	Off balance sheet exposures towards credit enhancements		
a)	Exposures to own securitisation		
	a) First loss	-	-
	b) Others	-	-
b)	Exposures to third party securitisation		
	a) First loss	-	-
	b) Others	-	-
(II)	On balance sheet exposures towards credit enhancements		
a)	Exposures to own securitisation		
	a) First loss	1.24	1.16
	b) Others	-	-
b)	Exposures to third party securitisation		
	a) First loss	-	-
	b) Others	-	-



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

5. Securitization (continued)

b) Detail of financial assets sold to securitization/reconstruction company for asset reconstruction:

(Amount in crores)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	No. of accounts	-	317
(ii)	Aggregate value (net of provisions) of accounts assigned*	-	17.40
(iii)	Aggregate consideration	-	14.46
(iv)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v)	Aggregate loss over net book value	-	2.94

c) Details of assignment transactions undertaken by Company

(Amount in crores)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	No. of accounts	-	1,013
(ii)	Aggregate value (net of provisions) of accounts assigned	-	42.99
(iii)	Aggregate consideration	-	42.99
(iv)	Additional consideration realized in respect of accounts transferred in earlier year	-	-
(v)	Aggregate gain/Loss over net book value	-	-

d) Detail of Non- performing financial assets purchased/sold

Detail of Non- performing financial assets purchased:

(Amount in crores)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	No. of accounts purchased during the year	-	-
(ii)	Aggregate outstanding	-	-
(i)	Of these, number of account restructure during the year	-	-
(ii)	Aggregate outstanding	-	-

Detail of Non- performing financial assets sold:

(Amount in crores)

S. No.	Particulars	31 March 2020	31 March 2019
(i)	No. of accounts sold	-	317
(ii)	Aggregate outstanding	-	23.66
(iii)	Aggregate consideration received	-	14.46



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

6. Asset Liability Management:

Maturity pattern of certain items of assets and liabilities as at 31 March 2020

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

(Amount in Crores)

Particulars	Up to 30/31 days(one Month)	Over 1 month & up to 2 months	Over 2 month & up to 3 months	Over 3 month & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	14.01	7.27	6.12	32.42	75.06	276.24	151.23	84.33	72.31	11.78	730.77
Market Borrowings*	6.18	5.53	14.56	37.57	75.14	255.04	137.51	14.69	2.18	-	548.40
Foreign currency liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances**	3.55	2.89	6.38	22.15	43.89	200.14	230.94	236.76	314.87	556.22	1617.80
Investments***	0.28	0.28	0.28	0.83	1.91	3.90	-	-	-	-	7.46
Foreign currency assets	-	-	-	-	-	-	-	-	-	-	-

*Market borrowings includes long-term borrowings from parties other than banks and non-convertible debentures.

**Advances includes housing and non-housing loans net off provisions for non-performing assets.

***Investment includes investment in security receipts.

7. Exposure

a) Exposure to Real Estate Sector

(Amount in crores)

Category	31 March 2020	31 March 2019
Direct exposure		
(i) Residential Mortgages Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented:		
(a) Individual housing loans up to Rs.15 lakh*	1028.32	783.71
(b) Individual housing loans greater than Rs.15 lakh	189.33	137.70
(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	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
(a) Residential	-	-
(b) Commercial Real Estate	-	-
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)	-	-

*Up to 15 lakhs limit has been taken on total exposure of the individual housing loans

The amount of exposure includes loans and advances and interest accrued but not due and due.



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

7. Exposure (continued)

b) Exposure to Capital Market

The Company does not have any capital market exposure as on 31 March 2020.

(Amount in crores)

Particulars	31 March 2020	31 March 2019
(i) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-
(v) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) Bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-

c) Details of financing of parent company products-

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) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC

During the year ended 31 March 2020 and 31 March 2019, 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.

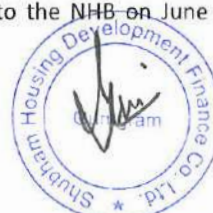
e) Unsecured Advances

- The Company has not given any unsecured loan given to borrowers during current year and previous year.
- The total amount advance for which intangible securities such as charge over rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral- Nil

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

9. Penalties imposed by NHB and other regulators

- During the year, the Company has paid the penalty levied by NHB of Rs. 3.40 lakhs as the Company did not re-classify 68 (Plot plus Construction) loans as Non-Housing loans as on March 31, 2017 despite no construction having been commenced even after lapse of 3 years of availment of such loans.
- The Company has received an intimation dated May 26, 2020, from NHB levying a penalty of Rs. 6.80 lacs (exclusive of GST) to be paid in 30 days, in relation to the regular annual inspection conducted for the financial year 2017-18. The Company has submitted its representation to the NHB on June 16, 2020 that there was no violation of the prescribed guidelines.



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

10. Related party transactions

- All material transaction with related party disclosed under note no. 38 in the financial statements.
- Policy on dealing with related party transactions displayed on the website.

11. Rating assigned by Credit Rating Agencies and migration of rating during the year

During the year, ICRA and CRISIL has affirmed company's Long-Term Rating A- with stable. The Company carries following ratings from ICRA & CRISIL:

Instrument	Rating	
	31 March 2020	31 March 2019
Non-convertible Debentures (Unsecured)	[ICRA]A- (Stable)	[ICRA]A- (Stable)
Term Loans	[ICRA]A- (Stable)	[ICRA]A- (Stable)
Non-convertible Debentures (Secured)	[CRISIL]A- (Stable)	[CRISIL]A- (Stable)

- 12.** There are prior period expenses of Rs. 0.08 crores (previous year- Rs. 0.07 crores) and there are no changes in accounting policy in the current year.

13. Revenue Recognition

There are no circumstances accrued during the year in which revenue recognition has been postponed pending the resolution of significant uncertainties.

14. Accounting Standard 21 – Consolidated Financial Statements (CFS):

The company does not have any parent company or any subsidiary, so consolidation of financial statements is not applicable.

15. Provisions and Contingencies

(Amount in crores)

S. No.	Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31 March 2020	31 March 2019
(i)	Provision for depreciation on investment	Nil	Nil
(ii)	Provision made towards Income tax	12.55	6.34
(iii)	Provision towards Non-Performing Assets	1.67	1.69
(iv)	Provision for Standard Assets	8.51	0.39
(v)	Provision for Standard Assets- Teaser Loan	-	-
(vi)	Provision for Standard Assets- CRE	-	-
(vii)	Provision for Standard Assets- CRE-RH	-	-
(viii)	Provision for loss on stock of acquired properties	2.50	1.80



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

16. Break up of Loan & Advances and Provisions thereon

(Amount in crores)

Particulars	Housing		Non-Housing	
	31 March 2020	31 March 2019	31 March 2020	31 March 2019
Standard assets				
a) Total outstanding amount	1,200.64	916.26	426.58	327.05
b) Provision made*	8.56	2.92	4.20	1.33
Sub-standard assets				
a) Total outstanding amount	10.09	12.11	5.75	7.79
b) Provision made	1.64	1.84	0.86	1.24
Doubtful assets-I				
a) Total outstanding amount	4.98	3.50	3.51	3.25
b) Provision made	2.06	1.40	1.45	1.30
Doubtful assets-II				
a) Total outstanding amount	2.32	1.27	2.32	0.99
b) Provision made	1.40	0.76	1.39	0.59
Doubtful assets-III				
a) Total outstanding amount	0.06	0.07	0.00	0.11
b) Provision made	0.06	0.07	0.00	0.11
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provision made	-	-	-	-
TOTAL				
a) Total outstanding amount	1,218.08	933.20	438.16	339.19
b) Provision made	13.72	7.00	7.90	4.57

*The Company has recorded as management overlay of Rs 7.59 Cr as part of additional provision on loan assets. Out of this Rs. 2.18 Cr has been provided in compliance of RBI circular dated 27th Mar 2020 and rest based on management risk assessment to reflect among other things an increased risk of deterioration in macro-economic factors caused by Novel Coronavirus (COVID-19) pandemic.

17. Draw down from reserves:

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

18. Concentration of public deposited:

The Company did not have any public deposits

(Amount in crores)

Particulars	31 March 2020	31 March 2019
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to Total Deposits of the HFC	-	-

19. Concentration of Loan and advances

(Amount in crores)

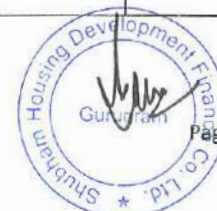
Particulars	31 March 2020	31 March 2019
Total loans and advances to twenty largest borrowers*	19.08	20.65
Percentage of loans and advances to twenty largest borrowers to total advances of the Company*	1.15%	1.62%

*Largest borrowers represent highest loan outstanding at reporting period

20. Concentration of all exposure (including off-balance sheet exposure)

(Amount in crores)

Particulars	31 March 2020	31 March 2019
Total exposure to twenty largest borrowers/customers*	26.78	20.72
Percentage of exposures to twenty largest borrowers/customers to total exposure of company	1.57%	1.46%



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

21. Concentration of Non-Performing Assets (NPAs)

(Amount in crores)

Particulars	31 March 2020	31 March 2019
Total exposure to top ten NPA accounts	2.06	2.10

22. Sector-wise NPAs

(Amount in crores)

S. No.	Particulars	31 March 2020		31 March 2019	
		Rs.	%	Rs.	%
	Housing Loans:				
(a)	Individuals	17.45	1.46%	16.94	1.85%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-
	Non-Housing Loans:				
(a)	Individuals	11.58	2.69%	12.14	3.64%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-

23. Movement of Non-Performing Assets (NPAs)

Amount in Crores

S. No.	Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
I	Net NPAs to Net Advances (%)	1.26%	1.76%
II	Movement of NPAs (Gross)		
	a) Opening balance	29.08	47.68
	b) Additions during the year	14.55	20.87
	c) Reductions during the year	14.60	39.47
	d) Closing balance	29.03	29.08
III	Movement of Net NPAs		
	a) Opening balance	21.77	34.88
	b) Additions during the year	9.43	15.78
	c) Reductions during the year	11.03	28.89
	d) Closing balance	20.17	21.77
IV	Movement of provisions for NPAs and Contingencies (excluding provisions on standard assets)		
	a) Opening balance	7.32	12.80
	b) Provision made during the year	5.12	5.09
	c) Written-off/Write back of excess provisions	3.57	10.57
	d) Closing balance	8.87	7.32

24. The Company does not hold any overseas assets

(Amount in crores)

Particular	31 March 2020	31 March 2019
Overseas Assets	-	-
Total	-	-



Shubham Housing Development Finance Company Limited
Notes to Financial Statements for the year ended March 31, 2020

25. The Company does not have any off-balance sheet Special Purpose Vehicle (SPV) sponsored which required to be consolidated as per accounting norms (previous year- Nil).

Name of the SPV sponsored	
Domestic	Overseas
-	-

26. Customer complaints

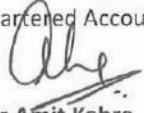
S. No.	Particulars	31 March 2020	31 March 2019
(a)	No. of complaints pending at the beginning of the year	1	Nil
(b)	No. of complaints received during the year	42	35
(c)	No. of complaints redressed during the year	42	34
(d)	No. of complaints pending at the end of the year	1*	1

* the said pending complaint as on March 20 has been closed on 2 April 2020.

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

For S.R. Batliboi & Associates LLP

ICAI Firm Registration No. 101049W/E300004
Chartered Accountants

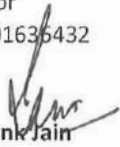

per Amit Kabra
Partner
Membership No. 094533



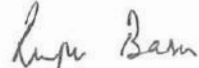
Place: Gurugram
Date: June 17, 2020

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


Sanjay Chaturvedi
Director
DIN : 01636432


Shashank Jain
Chief Financial Officer

Place: Gurugram
Date: June 17, 2020


Rupa Basu
Director
DIN : 08068918


Neeta Kamra
Company secretary
(M. No.: ACS 22892)