Hero Housing Finance Limited
Balance Sheet as at 31 March 2019
(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

Particulars	Note	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Assets				
Financial assets				
Cash and cash equivalents	4	2.00	43.43	12.38
Loans	5	55,551.41	-	-
Investments	6	10,010.56	4,624.94	4,918.73
Other financial assets	7	18.64	-	-
Non Financial assets				
Current tax assets	8	14.04	1.01	-
Deferred tax assets (net)	9	21.51	21.51	25.52
Property, plant and equipment	10	376.75	125.23	-
Other intangible assets	10	508.46	-	-
Intangible assets under development	10	15.59	-	-
Other non-financial assets	11	167.93	28.55	2.98
Total assets		**66,686.89**	**4,844.67**	**4,959.61**
Liabilities and equity				
Liabilities				
Financial liabilities				
Trade Payables:	12			
(i) total outstanding dues of micro enterprises and small enterprises; and		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		340.45	64.76	11.22
Debt securities	13	7,169.35	-	-
Borrowings (other than debt securities)	14	22,717.45	-	-
Subordinated liabilities	15	2,467.91	-	-
Other financial liabilities	16	11,158.32	68.58	-
Non-financial liabilities				
Provisions	17	96.51	9.57	-
Other non-financial liabilities	18	201.57	44.24	1.25
Total liabilities		**44,151.56**	**187.15**	**12.47**
Equity				
Equity share capital	19	25,000.00	5,000.00	5,000.00
Other equity	20	(2,464.67)	(342.48)	(52.86)
Total equity		**22,535.33**	**4,657.52**	**4,947.14**
Total liabilities and equity		**66,686.89**	**4,844.67**	**4,959.61**
Significant accounting policies	**3**			
Notes to the financial statements	**1 to 38**			

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

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

Jiten Chopra
Partner
Membership Number: 092894

Place : Gurugram
Date : 16 April 2019

For and on behalf of the Board of Directors of
Hero Housing Finance Limited

Renu Munjal
Chairperson
DIN No.: 0021870

Abhimanyu Munjal
Managing Director
DIN No.: 02822641

Kavi Arora
Chief Executive Officer
PAN: AALPA2726L

Vishal Kanodia
Chief Financial Officer
PAN: ABAPK1963F

Vikas Gupta
Company Secretary
(ACS: 24281)

Place : New Delhi
Date : 16 April 2019

Hero Housing Finance Ltd. * New Delhi *

Hero Housing Finance Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

Particulars	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Income			
Revenue from operations	21		
Interest income		1,793.16	-
Profit on sale of investments		820.72	35.93
Net gain on fair value changes		10.56	315.28
Other charges		2.39	-
Total income		**2,626.83**	**351.21**
Expenses			
Finance costs	22	507.01	-
Impairment allowance on loans	23	123.24	-
Employee benefits expenses	24	2,916.52	333.56
Depreciation and amortization	10	82.82	2.40
Other expenses	25	1,259.10	300.86
Total expenses		**4,888.69**	**636.82**
Loss before tax		**(2,261.86)**	**(285.61)**
Tax expense:			
Deferred tax charge (net)	9	-	4.01
Net loss for the year after tax from operations		**(2,261.86)**	**(289.62)**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss:-			
Remeasurement of (losses) on defined benefit plans		(0.98)	-
Income tax impact on above		-	-
Other comprehensive income / (loss) for the year, net of tax		**(0.98)**	-
Total comprehensive income / (loss) for the year, net of tax		**(2,262.84)**	**(289.62)**
Earnings per equity share	26		
Basic (Rs.)		(1.01)	(0.58)
Diluted (Rs.)		(1.01)	(0.58)
Significant accounting policies	**3**		
Notes to the financial statements	**1 to 38**		

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

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Date : 16 April 2019

Place : New Delhi
Date : 16 April 2019

Hero Housing Finance Ltd. * New Delhi *

Hero Housing Finance Limited
Statement of Changes in Equity for the year ended 31 March 2019
(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

A. Equity share capital

Particulars	Number of shares	Amount
Equity share of Rs 10 each, issued, subscribed and fully paid		
As at 1 April 2017	**50,000,000**	**5,000.00**
Changes in equity share capital during the year	-	-
As at 31 March 2018	**50,000,000**	**5,000.00**
Changes in equity share capital during the year	200,000,000	20,000.00
As at 31 March 2019	**250,000,000**	**25,000.00**

B. Other equity

Particulars	Reserve and Surplus	Stock options outstanding account	Other comprehensive loss*	Total
	Retained earnings			
As at 1 April 2017	(52.86)	-	-	(52.86)
Loss for the year	(289.62)	-	-	(289.62)
As at 31 March 2018	**(342.48)**	-	-	**(342.48)**
Loss for the year	(2,261.86)	-		**(2,261.86)**
Other comprehensive income/ (loss) for the year, net of tax	-	-	(0.98)	**(0.98)**
Transfers to retained earnings	(0.98)	-	0.98	-
Total comprehensive income/ (loss) for the year, net of tax	**(2,262.84)**	-	-	**(2,262.84)**
Share based payment charge	-	140.65	-	**140.65**
As at 31 March 2019	**(2,605.32)**	**140.65**	-	**(2,464.67)**

*Other comprehensive loss represents measurement of defined benefits plan (net of taxes)

Significant accounting policies **3**
Notes to the financial statements **1 to 38**

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

As per our report of even date attached

For **B S R & Co. LLP**
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(ACS: 24281)

Place : New Delhi
Date : 16 April 2019

Hero Housing Finance Ltd. * New Delhi *

Hero Housing Finance Limited
Statement of cash flow for the year ended 31 March 2019
(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
A. Cash flow from operating activities		
Loss before Tax	**(2,261.86)**	**(285.61)**
Adjustments for:		
Depreciation and amortization	82.82	2.40
Discount on commercial papers	(23.81)	
Impairment allowance on loans	123.24	-
Employee share based payment expense	140.65	-
Net (gain) on fair value changes	(10.56)	(315.28)
(Profit) on sale of investments	(820.72)	(35.93)
Operating profit before working capital changes and taxes	**(2,770.24)**	**(634.42)**
Adjustments for :		
(Increase) in loans	(55,674.65)	-
(Increase) in other non-financial assets	(139.38)	(25.57)
(Increase) in other financial assets	(18.64)	-
Increase in other financial liabilities	11,089.74	68.58
Increase in trade payables	275.69	53.54
Increase in other non-financial liabilities	157.33	42.99
Increase in provisions	85.96	9.57
Cash (used in) operation before taxes	**(46,994.19)**	**(485.31)**
Income tax paid	(13.03)	(1.01)
Net cash flow (used in) operating activities (A)	**(47,007.22)**	**(486.32)**
Cash flow from investing activities		
Purchase of property, plant and equipment, other intangible assets (including intangible assets under development)	(858.39)	(127.63)
Purchase of investments	(94,288.27)	-
Sale of investments	89,733.93	645.00
Net cash flow (used in)/from investing activities (B)	**(5,412.73)**	**517.37**
Cash inflow from financing activities		
Proceeds from issue of equity share capital	20,000.00	-
Borrowings (other than debt securities) taken	22,717.45	-
Debt securities taken	7,193.16	-
Subordinated liabilities taken	2,467.91	-
Net cash flow from financing activities (C)	**52,378.52**	-

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Hero Housing Finance Ltd. New Delhi

Hero Housing Finance Limited
Statement of cash flow for the year ended 31 March 2019
(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
D. Net increase/ (decrease) in cash and cash equivalents **(A+B+C)**	(41.43)	31.05
Cash and cash equivalents at the beginning of the year	43.43	12.38
Cash and cash equivalents at the end of the year*	**2.00**	**43.43**
* Components of cash and cash equivalents		
Balance with banks (current accounts)	2.00	43.43
	2.00	**43.43**

The Statement of cash flow has been prepared in accordance with 'Indirect method' as set out in Ind AS - 7 on 'Statement of Cash Flows', as notified under Section 133 of the Companies Act 2013, read with the relevant rules thereunder. The borrowing from cash credit is revolving in nature and is disclosed on net basis under financing activities.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

Jiten Chopra
Partner
Membership Number: 092894

Place : Gurugram
Date : 16 April 2019

For and on behalf of the Board of Directors of
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Company Secretary
(ACS: 24281)

Place : New Delhi
Date : 16 April 2019

Hero Housing Finance Ltd. ★ New Delhi ★

1. Corporate information

Hero Housing Finance Limited ("the Company") is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013 on 16 June 2016, with is registered office situated at 9, Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057. The Company has been registered as a Housing Finance Company with National Housing Bank (Registration No. 07.0159.17) with effect from 21 August 2017. The Company is engaged in the business of providing housing loans and other loans to its customers.

2. Basis of preparation

2.1 Statement of Compliance

These financial statements (herein after referred to as 'financial statements') have been prepared in accordance with the Indian Accounting Standard (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) notified under Section 133 of Companies Act, 2013 (the 'Act') and other relevant provisions of the Act. The financial statements upto the year ended 31 March 2018 were prepared in accordance with the Accounting Standards notified under Companies (Accounting Standards) Rules, 2006 (previous GAAP), notified under Section 133 of the Act and other relevant provisions of the Act.

As these financial instruments are the first financial statements under Ind AS, Ind AS 101, *First-time adoption of Indian Accounting Standards*, has been applied. Refer note 36 explaining the transition of financial position, financial performance and cash flows from previous GAAP to Ind AS.

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

The financial statements are authorized for issue by the Company's Board of Directors on 16 April 2019.

2.2 Basis of measurement and presentation

These financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities that are measured at fair value (refer to accounting policies) such as Net defined (asset)/ liability present value of defined benefit obligations, investments carried at fair value through profit or loss and share-based payments. The method used to measured fair value are discussed further in notes to the financial statements.

The balance sheet, the statement of change in equity and the statement of profit and loss are presented in the format prescribed under Division III of Schedule III of the Act, as amended from time to time. The statement of cash flows has been presented as per the requirements of Ind AS 7 statement of cash flows.

2.3 Functional and presentation currency

These financial statements are prepared in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded to the nearest lakhs and two decimals thereof, except as stated otherwise.

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2.4 Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgements, assumptions and estimation uncertainties

In the process of applying the Company's accounting policies, management has made the following estimates and judgments, which have a significant impact on the carrying amount of assets and liabilities at each balance sheet date:

Business model assessment

Classification of financial assets: assessment of business model within which the assets are held and assessment of whether the contractual terms of the financial asset are solely payments of principal and interest ('SPPI') on the principal amount outstanding.

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortized cost or fair value through other comprehensive income that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Impairment of financial assets: The Company establishes criteria for determining whether credit risk on the financial assets has increased significantly since initial recognition, determines methodology for incorporating forward looking information into measurement of expected credit loss ('ECL') and selection of models used to measure ECL.

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 discharge 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,

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but where this is not feasible, estimation is carried out 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.

Impairment of financial instruments:

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward looking information.

Effective Interest Rate (EIR) method

The Company's EIR methodology, recognizes interest income/ expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioral life of loans given / taken and recognizes 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 behavior and life-cycle of the instruments, as well as expected changes to India's base rate and other fee income/expense that are integral parts of the instrument.

Measurement of defined benefit obligations: key actuarial assumptions.

The measurement of obligations related to defined benefit plans makes it necessary to use several statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, the rate of future compensation increases, withdrawal rate, mortality rates etc. The management has used the past trends and future expectations in determining the assumptions which are used in measurements of obligations.

Recognition of deferred tax assets: While determining whether deferred tax assets should be recognized the Company do the assessment based on the taxable projections whether future taxable income will be available against which unused tax losses and tax credits will be used. Considering existence of unused tax losses / credits, the Company has done the assessment and recognized deferred tax assets/ (liabilities) only to the extent it is probable that future taxable profits will be available against unused tax losses and credits can be used.

Recognition and measurement of provisions and contingencies: The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. The Company, if required, takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

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2.5 Measurement of fair value

The Company's accounting policies and disclosures require/ may require measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company measures financial instruments, such as, investments, at fair value at each reporting date. Also, fair value of financial instruments measured at amortized cost and FVTPL is disclosed in note 34.

3. Significant accounting policies

(a) Financial instruments

Initial recognition and measurement

Financial assets and liabilities are initially recognized on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs/incomes that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets - Classification

On initial recognition, a financial asset is classified as measured at either of:

- Amortized cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit or loss (FVTPL)

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Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset being 'debt instrument' is measured at the amortized cost, only if both of the following conditions are met and is not designated as at FVTPL:

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

A financial asset being 'debt instrument' is measured at the FVTOCI if both of the following criteria are met and is not designated as at FVTPL:

- The asset is held within the business model, whose objective is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment- by- investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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If cash flows after initial recognition are realized in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non- recourse features)

Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in the statement of profit and loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses, if any. Interest income, foreign exchange gains and losses and impairment losses are recognized in the statement of profit and loss. Any gain or loss on derecognition is recognized in the statement of profit and loss.

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Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment losses are recognized in the statement of profit and loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to the statement of profit and loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are not reclassified to the statement of profit and loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held- for- trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit and loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit and loss. Any gain or loss on derecognition is also recognized in the statement of profit and loss. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Derecognition

Financial asset – derecognition due to substantial modification of terms and conditions

The Company derecognizes a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognized as derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognized loans are classified as Stage 1 for ECL measurement purposes.

If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial asset – derecognition other than due to substantial modification

A financial asset, such as a loan to a customer, is derecognized only when:

- the Company has transferred the rights to receive cash flows from the financial asset or

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- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Derecognition - Financial liability

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the statement of profit and loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(b) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and financial assets measured at FVOCI- debt investments. At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit- impaired. A financial asset is 'credit- impaired 'when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer; or
- breach of contract such as a default or being past due.

The Company applies the ECL model in accordance with Ind AS 109 for recognizing impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is

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based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been significant increase in credit risk. When determining whether the risk of default on the financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). Accordingly, the financial assets are segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration of a financial asset. The Company categorizes financial assets at the reporting date into stages based on the days past due ('DPD') status as under:
- Stage 1: Low credit risk, i.e. 0 to 30 days past due
- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3: Impaired assets, i.e. more than 90 days past due

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrower will default on their obligation in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is required to be recognized as an impairment gain or loss in the statement of profit or loss,

After initial recognition, trade receivables are subsequently measured at amortized cost using the effective interest method, less provision for impairment. The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognized at each reporting date, right from initial recognition of the receivables.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write- off. However, financial assets that are written

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off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(c) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

(d) Property, plant and equipment

Initial recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset if, and only if:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located.

Gains or losses arising from the retirement or disposal of an property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the statement of profit and loss.

The cost of fixed assets not ready for their intended use is recorded as capital work-in-progress before such date. Cost of construction that relate directly to specific fixed assets and that are attributable to construction activity in general and can be allocated to specific fixed assets are included in capital work-in-progress

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method as per useful life prescribed in Schedule II of the Act, and is generally recognized in the statement of profit and loss. Depreciation/ amortization is charged on a pro-rata basis for assets acquired/sold during the year from/to the date of acquisition/sale.
Based on technical evaluation and assessment of useful lives, the management believes that its estimate of useful lives represent the period over which management expects to use these assets.

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Depreciation method, assets residual values and useful lives are reviewed at each financial year end considering the physical condition of the assets for review and adjusted residual life prospectively.

(e) Intangible assets

Initial recognition and measurement

Intangible assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. The cost of such assets includes purchase price, licensee fee, import duties and other taxes and any directly attributable expenditure to bring the assets to their working condition for intended use. The Company's other intangible assets mainly include the value of computer software.

Amortization methods, estimated useful lives and residual value

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life, or the expected pattern of consumption of future economic benefits embodied in the asset, are accounted for by changing the amortization period or methodology, as appropriate, which are then treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is presented as a separate line item in the statement of profit and loss.

Amortization is calculated using the straight–line method to write down the cost of intangible assets to their residual values over their estimated useful lives, as follows:

- Computer software – 6 years

Subsequent expenditure is recognized as an increase in the carrying amount of the assets when it is probable that future economic benefit deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

(f) Impairment of non–financial assets

The Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its fair value less costs to disposal and its 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 the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the statement of profit or loss.

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Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Provisions and contingencies

A provision is recognized if, as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance cost.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. are recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

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

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the year in which the change occurs.

(h) Revenue recognition

Interest income

Interest income on a financial asset at amortized cost is recognized on a time proportion bases taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fee received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortized cost of the financial asset before adjusting for any

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expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortized cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

Other financial charges

Penal interest or other overdue charges which are not included in EIR are recognized on receipt basis.

Dividend income

Dividend income is recognized when the right to received income is established. Usually, this is the ex-dividend date of quoted equity securities. This is generally when the shareholders approve the dividend.

(i) Employee benefits

Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. Benefits such as salaries, wages and bonus etc., are recognized in the statement of profit and loss in the period in which the employee provides the related service.

Post-employment benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Provident Fund: Provident fund is a defined contribution plan. The Company expenses its contributions towards provident fund which are being deposited with the Regional Provident Fund Commissioner.

Defined benefit plans

The Company's gratuity scheme is an unfunded defined benefit plan. The Company pays gratuity to employees who retire or resign after a minimum period of five years of continuous service. The present value of obligations under such defined benefit plans are based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method, which recognize each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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The change in defined benefit plan liability is split into changes arising out of service, interest cost and re-measurements. Changes due to service cost and net interest cost / income is recognized in the statement of profit and loss. Re-measurements of net defined benefit liability / (asset) which comprise of actuarial gains and losses are recognized in other comprehensive income:

Other long term employee benefits

Benefits under compensated absences constitute other employee benefits. Employee entitlements to annual leave are recognized when they accrue to the eligible employees. An accrual is made for the estimated liability for annual leave as a result of services provided by the eligible employees up to the Balance Sheet date. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

Expenses are recognized immediately in the statement of profit and loss.

Share based payments

The Company recognizes compensation expense relating to share-based payments in net profit using fair value in accordance with Ind AS 102 - Share-based Payment. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding amount.

(j) Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease. At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values.

Company as a lessee

Leases that do not transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term, unless the increase is in line with expected general inflation, in which case lease payments are recognized based on contractual terms. Contingent rental payable is recognized as an expense in the period in which they it is incurred.

(k) 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. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

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Current tax is measured at the amount expected to be paid in respect of taxable income for the year in accordance with the Income Tax Act, 1961. Current tax comprises the tax payable on the taxable income or loss for the year and any adjustment to the tax payable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Minimum alternative tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognized as current tax in the statement of profit and loss.

Current tax assets and liabilities are offset only if, the Company:

a) has a legally enforceable right to set off the recognized amounts; and
b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously

Deferred tax

Deferred tax is provided in full, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred income tax liability is settled. Deferred tax assets are recognized for all deductible temporary differences only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognizes a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing evidence that sufficient taxable profit will be available against which such deferred tax asset can be realized.

Deferred tax assets – unrecognized or recognized, are reviewed at each reporting date and are recognized/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realized.

In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

(l) Foreign Currency Transactions

Transactions in foreign currency are translated into the functional currency of the Company at the exchange rates prevailing on the date of the transaction. Exchange differences arising due to the differences in the exchange rate between the transaction date and the date of settlement of any monetary items are taken to the statement of profit and loss. Monetary assets and monetary

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liabilities denominated in foreign currency are translated at the exchange rate prevalent at the date of the Balance Sheet and resultant gain/ loss is taken to the statement of profit and loss.

(m) Dividends on ordinary shares

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

(n) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs).

All other borrowing costs are expensed in the period in which they occur.

(o) Earnings per share

Basic earnings per share are computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares, expect where the results are anti-dilutive.

(p) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is engaged in the business of financing, leasing and related financial services. Accordingly, the Company's activities/ business is reviewed regularly by the Managing Director assisted by an executive committee from an overall business perspective, rather than reviewing its products/ services as individual standalone components. Based on the dominant source and nature of risks and returns of the Company, management has identified its business segment as its primary reporting format.

(q) Statement of Cash flows

The Statement of Cash Flows has been presented as per the requirements of Ind AS 7 Statement of Cash Flows.

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(r) Standards issued but not yet effective

Ind AS 116 Leases: The Company is required to adopt Ind AS 116, Leases from 1 April 2019. Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases. The Company is currently evaluating the impact of Ind AS 116 on its financial statements.

Key Amendments to other Ind AS:

Ind AS 12, Income Taxes: Recognition of income tax consequences of dividends: Clarifies that the income tax consequences of distribution of profits (i.e. dividends), should be recognized when a liability to pay dividend is recognized. The income tax consequences should be recognized in the statement of profit and loss, other comprehensive income or equity according to where the past transactions or events that generated distributable profits were originally recognized. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 19, Employee Benefits: Clarifies that when a plan amendment, curtailment or settlement occurs: The updated actuarial assumptions used in re-measuring the plan are applied to determine the current service cost and net interest for the remainder of the annual reporting period and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in OCI. The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

Ind AS 109, Financial Instruments: Prepayment Features with Negative Compensation: It allow particular financial assets with prepayment features that may result in negative compensation - e.g. the lender receives less than the par amount and accrued interest and effectively compensates the borrower for the borrower's early termination of the contract - to be measured at amortized cost or at FVOCI (subject to the business model assessment). Before the amendments, these instruments were measured at FVTPL because the SPPI criterion would not be met when the party that chooses to terminate the contract early may receive compensation for doing so.

The amendments clarify that irrespective of the event or circumstance that causes the early termination of the contract, either party may pay or receive reasonable compensation for that early termination. The amendments remove the requirement for the compensation to be 'additional'. Accordingly, a prepayment amount that is less than the unpaid amounts of principal and interest (or less than the contractual par amount plus accrued interest) may meet the SPPI criterion if it is determined to include reasonable compensation for early termination.

The Company is currently assessing the impact of application of this amendment on the Company's financial statements.

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4. Cash and cash equivalents

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Balance with banks (current accounts)	2.00	43.43	12.38
	2.00	**43.43**	**12.38**

5. Loans

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
A. Loans - at amortized cost			
Loans :			
Housing loans	39,894.34	-	-
Non-housing loans	15,780.31	-	-
Total- Gross (A)	55,674.65	-	-
Less : Impairment loss allowance	(123.24)	-	-
Total - Net (A)	**55,551.41**	-	-
B. Secured/ unsecured			
(a) Secured by tangible assets (property)	55,648.16	-	-
(b) Unsecured	26.49	-	-
Total - Gross (B)	55,674.65	-	-
Less : Impairment loss allowance	(123.24)	-	-
Total - Net (B)	**55,551.41**	-	-
C. Loans inside India			
(a) Public sector	-	-	-
(b) others	55,674.65	-	
Total - Gross (C)	55,674.65	-	-
Less : Impairment loss allowance	(123.24)	-	-
Total - Net (C)	**55,551.41**	-	-

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5.1 Analysis of portfolio

a) Housing loans
An analysis of changes in gross carrying amount in relation to housing portfolio is as follows:

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	-	-	-	-	-	-
New assets originated	40,140.63	-	-	40,140.63	-	-	-	-
Assets repaid	(246.29)	-	-	(246.29)	-	-	-	-
Gross carrying amount closing balance	**39,894.34**	-	-	**39,894.34**	-	-	-	-

Reconciliation of Impairment loss allowance in relation to housing portfolio is as follows:

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance- Opening balance	-	-	-	-	-	-	-	-
New assets originated	74.05	-	-	74.05	-	-	-	-
Impairment allowance- closing balance	**74.05**	-	-	**74.05**	-	-	-	-

a) Non-Housing loans

An analysis of change in gross carrying amount in relation to non- housing loans portfolio is aş follows:

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount opening balance	-	-	-	-	-	-	-	-
New assets originated	15,750.77	-	-	15,750.77	-	-	-	-
Assets repaid	29.54	-	-	29.54	-	-	-	-
Gross carrying amount closing balance	**15,780.31**	-	-	**15,780.31**	-	-	-	-

Reconciliation of Impairment loss allowance in relation to non- housing loans portfolio is as follows:

Particulars	For the year ended 31 March 2019				For the year ended 31 March 2018			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Impairment allowance- Opening balance	-	-	-	-	-	-	-	-
New assets purchased	49.19	-	-	49.19	-	-	-	-
Impairment allowance- closing balance	**49.19**	-	-	**49.19**	-	-	-	-

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6. Investments

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At fair value through profit and loss			
In India			
Mutual funds (unquoted)			
Aditya Birla Sun Life Liquid Fund-Growth-Direct 833,029.55 units (31 March 2018: 2,147,876.64, 1 April 2017: 2,451,431.15) of face value Rs 100 each fully paid up	2,502.72	4,624.94	4,918.73
ICICI Prudential Liquid Fund-Direct Plan-Growth 1,810,757.71 units (31 March 2018: Nil, 1 April 2017: Nil) of face value Rs 100 each fully paid up	5,005.23	-	-
Reliance Liquid Fund-Direct Plan-Growth Plan-Growth Option 54,859.02 units (31 March 2018: Nil, 1 April 2017: Nil) of face value Rs.1000 each fully paid up	2,502.61	-	-
Total - Gross	10,010.56	4,624.94	4,918.73
Less: Allowance for impairment	-	-	-
Total - Net	**10,010.56**	**4,624.94**	**4,918.73**
Aggregate amount of quoted investments	-	-	-
Aggregate amount of unquoted investments	10,010.56	4,624.94	4,918.73

7. Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unsecured, considered good unless otherwise stated			
Security deposits (at amortized cost)	17.17	-	-
Others	1.47	-	-
Total	**18.64**	-	-

8. Current tax assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Advance income tax	14.04	1.01	-
Total	**14.04**	**1.01**	-

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9. Income Tax

A. Reconciliation of effective tax expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Loss before tax	**(2,262.84)**	**(285.61)**
Tax using the Company's domestic tax rate	(588.34)	(74.26)
Effect of:		
Unrecognized deferred tax assets	582.89	27.39
Change in tax rate	-	(0.78)
Non-deductible expenses	5.45	51.66
Effective tax	-	**4.01**

B. Deferred tax assets and liabilities

Particulars	Deferred tax assets			Deferred tax liabilities			Net deferred tax asset / (liabilities)		
	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits	39.65	14.56	-	-	-	-	39.65	14.56	-
Depreciation*	-	-	-	(41.63)	(2.21)	-	(41.63)	(2.21)	-
Impairment allowance on loans	32.04	-	-	-	-	-	32.04	-	-
Unamortized loan origination cost	-	-	-	(12.10)	-	-	(12.10)	-	-
Fair valuation of investment	-	-	-	(2.75)	(97.50)	(17.04)	(2.75)	(97.50)	(17.04)
Unamortized borrowing cost	-	-	-	(30.71)	-	-	(30.71)	-	-
Unabsorbed losses	625.44	106.90	11.12	-	-	-	625.44	106.90	11.12
Temporary difference u/s 35D of the Income Tax Act, 1961	15.93	21.23	25.52	-	-	-	15.93	21.23	25.52
DTA **Net deferred tax (assets)/ liabilities**	**713.06**	**142.69**	**36.64**	**(87.19)**	**(99.71)**	**(17.04)**	**625.87**	**42.98**	**19.60**
Recognized deferred tax assets (net)							**21.51**	**21.51**	**25.52**
Unrecognized deferred tax assets (net)							**604.36**	**21.47**	**(5.92)**

Considering future taxable income, the Company has recognized deferred tax assets (net of liabilities) only to the extent it is probable that future taxable income will be available against which unused tax credits / losses will be adjusted.
*Difference between WDV of property plant and equipment and Intangible assets as per books and under Income Tax Act, 1961

C. Movement in deferred tax asset (net)

Particulars	Amount
Balance as at 1 April 2017	**19.60**
Credit / (expense) recognized in profit or loss during the year	(4.01)
Credit / (expense) not recognized in profit or loss during the year	27.39
Balance as at 31 March 2018	**42.98**
Credit / (expense) not recognized in profit or loss during the year	582.89
Balance as at 31 March 2019	**625.87**

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10. Property, plant and equipment

Particulars	Furniture and fixtures	Vehicles	Computers	Office equipment	Total
Cost					
At 1 April 2017	-	-	-	-	-
Additions	-	116.47	10.81	0.35	127.63
At 31 March 2018	-	**116.47**	**10.81**	**0.35**	**127.63**
Additions	7.49	53.89	236.55	0.96	**298.89**
At 31 March 2019	**7.49**	**170.36**	**247.36**	**1.31**	**426.52**
Depreciation					
At 1 April 2017	-	-	-	-	-
Depreciation charge for the year	-	1.97	0.41	0.02	**2.40**
At 31 March 2018	-	**1.97**	**0.41**	**0.02**	**2.40**
Depreciation charge for the year	0.41	16.07	30.76	0.13	**47.37**
At 31 March 2019	**0.41**	**18.04**	**31.17**	**0.15**	**49.77**
Net Block					
At 1 April 2017	-	-	-	-	-
At 31 March 2018	-	**114.50**	**10.40**	**0.33**	**125.23**
At 31 March 2019	**7.08**	**152.32**	**216.19**	**1.16**	**376.75**

10.1 Other intangible assets and intangible assets under development

Particulars	Computer software	Intangible assets under development
Cost		
At 1 April 2017	-	-
Additions	-	-
At 31 March 2018	-	-
Additions	543.91	15.59
At 31 March 2019	**543.91**	**15.59**
Amortization		
At 1 April 2017	-	-
Amortization charge for the year	-	-
At 31 March 2018	-	-
Amortization charge for the year	35.45	-
At 31 March 2019	**35.45**	-
Net Block		
At 1 April 2017	-	-
At 31 March 2018	-	-
At 31 March 2019	**508.46**	**15.59**

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(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

11. Other non-financial assets

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Unsecured, considered good unless otherwise stated			
Prepaid expenses	94.71	12.15	-
Advances to vendors	36.54	11.27	-
Balance with government authorities	36.68	5.13	2.98
Total	**167.93**	**28.55**	**2.98**

12. Trade payables

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Total outstanding dues of :			
(i) total outstanding dues of micro enterprises and small enterprises; (refer note 12.1 below)	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	340.45	64.76	11.22
Total	**340.45**	**64.76**	**11.22**

12.1 Disclosure relating to Micro, Small and Medium Enterprises Development Act, 2006 is as follows:

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-	-
(iv) The amount of interest due and payable for the year	-	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-	-
Total	-	-	-

12.2 Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

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13. Debt securities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortized cost			
In India			
Secured			
Non convertible debentures (refer note 13.1 and 13.2 below)	2,193.83	-	-
Unsecured			
Commercial papers (refer note 13.3 below)	4,975.52	-	-
Total	**7,169.35**	-	-

13.1 220 (31 March 2018: Nil, 1 April 2017: Nil) privately placed secured redeemable non-convertible debentures of Rs. 10,00,000 each aggregating Rs. 2,200 (31 March 2018: Nil, 1 April 2017: Nil). The debentures are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

13.2 Terms of privately placed secured redeemable non convertible debentures

Tenor as of balance sheet date	Type of repayment	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
>36 < = 48 months	Bullet	2,200.00	-	-
Less: Unamortized borrowing cost		(6.17)	-	-
		2,193.83	-	-

13.3 Commercial papers are repayable within 12 months and issued at a discount of 7.70% p.a. (31 March 2018: Nil, 1 April 2018: Nil)

14. Borrowings (other than debt securities)

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortized cost			
In India			
Secured			
Loan from banks			
Term loan (refer note 14.1 below)	22,420.15	-	-
Cash credit (refer note 14.2 below)	297.30	-	-
Total	**22,717.45**	-	-

14.1 Secured term loans from banks aggregating Rs 22,500.00 (31 March 2018: Nil, 1 April 2017: Nil) carries interest ranging from 8.85% p.a. to 10.00% p.a (base rate ranging from MCLR 1 year to MCLR 1 year + 1.20%) (31 March 2018: Nil, 1 April 2017: Nil) are secured by a first pari-passu charge by way of hypothecation of book debts and receivables.

Tenor as of balance sheet date	Type of repayment	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
>48 < = 60 months	Annually	6,250.00	-	-
>36 < = 48 months	Annually	6,250.00	-	-
>24 < = 36 months	Bullet	10,000.00	-	-
Less: Unamortized borrowing cost		(79.85)	-	-
		22,420.15	-	-

14.2 The cash credit facilities are repayable on demand and carry interest rates ranging from 9.50% p.a. to 10.10% p.a (31 March 2018: Nil, 1 April 2017: Nil). As per the prevalent practice, cash credit facilities are renewed on a year to year basis and therefore, are revolving in nature. These facilities are secured by first pari-passu charge by way of hypothecation of book debts and receivables.

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(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

15. Subordinated liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
At amortized cost			
In India			
Unsecured			
Redeemable non-convertible debentures-Tier II (refer note 15.1 and 15.2 below)	2,467.91	-	-
Total	**2,467.91**	**-**	**-**

15.1 Terms of privately placed Unsecured, Redeemable non-convertible debentures-Tier II

Tenor as of balance sheet date	Type of repayment	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
>60 months	Bullet	2,500.00	-	-
Less: Unamortized borrowing cost		(32.09)	-	-
		2,467.91	-	-

15.2 250 (31 March 2018: Nil, 1 April 2017: Nil) privately placed unsecured redeemable non-convertible debentures Tier II of Rs. 10,00,000 each aggregating Rs. 2,500 (31 March 2018: Nil, 1 April 2017: Nil) carries interest of 9.50% p.a.(31 March 2018: Nil, 1 April 2017: Nil) and are subordinated in nature .

16. Other financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Interest accrued but not due			
- Debt securities	16.32	-	-
- Subordinated liabilities	61.16	-	-
Book overdrafts	10,231.52	-	-
Other payables			
Payable to employees	803.55	68.58	-
Payable for other intangible assets	45.77	-	-
Total	**11,158.32**	**68.58**	**-**

17. Provisions

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Provision for employee benefits			
Provision for gratuity (refer note 28)	30.01	-	-
Provision for compensated absences	66.50	9.57	-
Total	**96.51**	**9.57**	**-**

18. Other non-financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Withholding and other statutory dues payable	121.23	44.24	1.25
Advance received from customers	80.34	-	-
Total	**201.57**	**44.24**	**1.25**

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19. Share Capital

Particulars	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Authorized						
Equity shares of Rs.10 each	50,00,00,000	50,000.00	50,00,00,000	50,000.00	10,00,00,000	10,000.00
	50,00,00,000	**50,000.00**	**50,00,00,000**	**50,000.00**	**10,00,00,000**	**10,000.00**
Issued						
Equity shares of Rs.10 each	25,00,00,000	25,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
	25,00,00,000	**25,000.00**	**5,00,00,000**	**5,000.00**	**5,00,00,000**	**5,000.00**
Subscribed and fully paid up						
Equity shares of Rs.10 each	25,00,00,000	25,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Total	**25,00,00,000**	**25,000.00**	**5,00,00,000**	**5,000.00**	**5,00,00,000**	**5,000.00**

19.1 Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Equity shares of Rs. 10 each				
Opening balance	5,00,00,000	5,000.00	5,00,00,000	5,000.00
Issued during the year	20,00,00,000	20,000.00	-	-
Outstanding at the end of the year	**25,00,00,000**	**25,000.00**	**5,00,00,000**	**5,000.00**

19.2 Terms / Rights, preference and restriction attached to equity shares

(i) In respect of equity shares, voting rights shall be in same proportion as the capital paid upon such equity share.

(ii) The dividend proposed by the Board of Directors which is subject to approval of shareholders in the Annual General Meeting shall be in the same proportion as the capital paid upon such equity share.

(iii) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to capital paid upon such equity share.

19.3 Detail of shares held by the holding Company:

Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity shares						
Hero FinCorp Limited, the holding Company*	25,00,00,000	25,000.00	5,00,00,000	5,000.00	5,00,00,000	5,000.00

* including nominee shareholders

19.4 Detail of shareholder holding more than 5% shares in the Company:

Name of shareholder	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Number of shares	% of Holding	Number of shares	% of Holding	Number of shares	% of Holding
Equity shares						
Hero FinCorp Limited, the holding Company*	25,00,00,000	100.00	5,00,00,000	100.00	5,00,00,000	100.00

* including nominee shareholders

19.5 Employee stock options

Terms attached to stock options granted to employees are described in note 37 regarding share based payments.

19.6 There are no shares issued by way of bonus shares or issued for consideration other than cash and no shares were bought back during the period of 2 years immediately preceding the reporting date.

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20. Other equity

Particulars	As at 31 March 2019	As at 31 March 2018
Stock option outstanding account		
Opening balance as at reporting date	-	-
Add: Charge during the year	140.65	-
Closing balance as at reporting date	**140.65**	-
Other comprehensive income / (loss)		
Opening balance as at reporting date	-	-
Less: Other comprehensive income/ (loss) for the year, net of tax	(0.98)	-
Add: Transferred to retained earnings	0.98	-
Closing balance as at reporting date	-	-
Retained earnings		
Opening balance as at reporting date	**(342.48)**	**(52.86)**
Add: (Loss) during the year	(2,261.86)	(289.62)
Add: Other comprehensive income / (loss) during the year	(0.98)	-
Closing balance as at reporting date	**(2,605.32)**	**(342.48)**
Total	**(2464.67)**	**(342.48)**

Nature of reserve :

Retained earnings :
Retained earnings is used to record profit / (loss) for the year. This amount is utilized as per the provisions of the Companies Act, 2013.

Stock Options Outstanding account:

Stock option outstanding account is used to record the impact of employee stock option scheme. Refer note 37 for further detail of this plan.

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(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

21. Revenue from operations

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest on loans (at amortized cost)	1,793.16	-
Profit on sale of investments	820.72	35.93
Net gain on financial instruments at fair value through profit and loss		
-Investment in mutual fund	10.56	315.28
Other charges	2.39	-
Total	**2,626.83**	**351.21**

22. Finance costs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
At amortized cost		
Interest on debt securities	87.77	-
Interest on borrowings (other than debt securities)	357.23	-
Interest on subordinated liabilities	62.01	-
Total	**507.01**	**-**

23. Impairment allowance on loans

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Impairment allowance on loans	123.24	-
Total	**123.24**	**-**

24. Employee benefits expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries and wages	2,603.59	323.17
Contribution to provident and other funds (refer note 28)	92.85	10.18
Employee share based payment expense (refer note 37)	140.65	-
Gratuity expense (refer note 28)	29.03	-
Staff welfare expenses	50.40	0.21
Total	**2,916.52**	**333.56**

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25. Other expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Rent	54.00	-
Rates and taxes	26.31	200.03
Insurance	0.76	2.40
Repairs and maintenance		
-Building	6.20	-
-Vehicle	-	2.40
Contractual staff cost	313.27	-
Recruitment and training	153.21	49.68
Loan processing expenses	164.22	-
Communication	4.16	1.84
Printing and stationery	30.23	-
Bank charges	1.33	-
Travelling and conveyance	106.08	10.45
Advertisement and marketing	57.13	3.54
Data processing	158.31	2.33
Legal and professional (refer note 25.1 below)	165.83	26.27
Membership subscription	10.36	1.53
Miscellaneous	7.70	0.39
Total	**1,259.10**	**300.86**

25.1 Provision and/or payment in respect of auditors' remuneration

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Audit fee	9.00	5.00
Tax audit	2.50	-
Certification fees	4.00	1.00
Out of pocket expenses	0.50	-
Total	**16.00**	**6.00**

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26. 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. The following table shows the income and share data used in the basic and diluted EPS calculations:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Net loss for the year after tax (A)	(2,261.86)	(289.62)
Calculation of weighted average number of equity shares (Basic)		
Number of equity shares outstanding at the beginning of the year	5,00,00,000	5,00,00,000
Number of equity shares issued during the year	20,00,00,000	-
Number of equity shares outstanding at the end of the year	25,00,00,000	5,00,00,000
Nominal value of equity share	10	10
Weighted average number of equity shares outstanding during the year (B)	22,47,94,521	5,00,00,000
Basic earnings per share of face value of Rs. 10 each (A)/(B)	(1.01)	(0.58)
Weighted average number of equity shares (Diluted)		
Weighted average number of equity shares outstanding during the year	22,47,94,521	5,00,00,000
Add: Number of potential equity share in respect of employee stock option scheme	62,13,699	-
Weighted average number of potential equity shares	23,10,08,220	5,00,00,000
Weighted average number of potential equity shares outstanding during the year (C)	23,10,08,220	5,00,00,000
Dilutive earnings per share of face value of Rs. 10 each (A)/(B)*	(1.01)	(0.58)

* As at 31 March 2019, the outstanding potential equity shares had an anti-dilutive effect on EPS. Hence, there was no dilution of EPS for this year.

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27. Operating segment

An operating segment is a component that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. The Company is engaged in the business of financing and related financial services. Accordingly, the Company's activities/business is regularly reviewed by the Company's Managing Director assisted by an executive committee from an overall business perspective, rather than reviewing its product/services as individual standalone components. Thus, the Company has only one operating segment, and no reportable segments in

a) The entity wide disclosures as required by Ind AS 108 are as follows:
Information about products and services:
The Company provides a wide portfolio of financial products including housing loan and non- housing loan.

	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest income various portfolio		
- Housing loan	1,244.09	-
- Non-housing loan	549.07	-
	1,793.16	-

b) Revenue from external customers
The entire sales of the Company are made to customers which are domiciled in India.

c) Information about major customers (from external customers):
The Company does not derive revenues, from any single customer, amounting to 10 per cent or more of Company's revenues.

28. Retirement benefit plans

28.1 Defined contribution plan
The Company makes monthly contribution towards Provident Fund which is a defined contribution plan. The Company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognized as expense towards such contribution are as follows:

	For the year ended 31 March 2019	For the year ended 31 March 2018
Employer's contribution to provident fund	92.85	10.18

28.2 Defined benefit plan
The Company operates an unfunded gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, or death, whichever is earlier. The benefit vests after five year of continuous service. The benefit to employees is as per the plan rules or as per the Payment of Gratuity Act, 1972, whichever is earlier.

i) Reconciliation of the net defined benefit liability
The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit liability and its components:

Particulars	**As at 31 March 2019**	**As at 31 March 2018**
Balance at the beginning of the year	-	-
Included in statement of profit or loss		
Current service cost	29.03	-
Net interest expense/(income)	-	-
Benefits paid	-	-
Sub total included in profit or loss	**29.03**	**-**
Remeasurement losses in other comprehensive income / (loss)		
Actuarial loss arising from:		
- demographic assumptions	-	-
- financial assumptions	0.98	-
- experience adjustment	-	-
	0.98	**-**
Other		
Contributions paid by the employer	-	-
	-	
Balance at the end of the year	**30.01**	**-**

Since the liability is not funded , therefore information with regards to the plan assets has not been furnished.

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ii) Expense recognized in statement of profit and loss:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current service cost	29.03	-
Total	**29.03**	-

iii) Expense recognized in other comprehensive income / (loss):

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Remeasurement losses		
Actuarial loss arising from:		
- demographic assumptions	-	-
- financial assumptions	0.98	-
- experience adjustment	-	-
	0.98	-

iv) Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Discount rate	7.50%	7.80%	-
Future salary growth*	10.00%	12.00%	-
Withdrawal rate			
Upto 30 years	10.00%	3.00%	-
31 to 44 years	9.00%	2.00%	-
Above 44 years	8.00%	1.00%	-
Mortality rate (% of IALM 06-08)	100%	100%	-
Retirement age (years)	58 years	58 years	-

*The estimate of future salary increase considered in actuarial valuation take account of inflation, seniority, promotion and relevant factors such as supply and demand in the employment market etc.

v) Sensitivity analysis of significant assumptions

The following table present a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting

	As at 31 March 2019		As at 31 March 2018		As at 1 April 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	26.90	33.62	-	-	-	-
Future salary growth (1% movement)	33.50	26.94	-	-	-	-
Attrition rate (50% of attrition rates)	24.38	37.40	-	-	-	-
Mortality rate (10% of mortality rates)	30.00	30.03	-	-	-	-

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

vi) Expected maturity analysis of the defined benefit plans in future years

Duration(years)	As at 31 March 2019	As at 31 March 2018
within the next 12 months	0.09	-
Between 2 to 5 years	4.78	-
Above 5 years	74.39	-
	79.26	-

As at 31 March 2019, the weighted average duration of the defined benefit obligation is 12 years (31 March 2018: Nil)

vii) Other long term employee benefit plan

Other long term employee benefit plans comprises compensated absences. The Company operates compensated absences plan (earned leaves), where in every employee is entitled to the benefit equivalent to 15 days salary for every completed year of service which is subject to maximum of 60 days accumulation of leaves. The same is payable during early retirement, withdrawal of scheme, resignation by employee and upon death of employee. The salary for calculation of earned leave are last drawn basic salary. The amount of the provision of Rs.66.50 (31 March 2018 : Rs.9.57, 1 April 2017: Rs. Nil) is liability as per the actuarial report.

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29. Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analyzed according to when they are expected to be recovered or settled. Loans are net of impairment loss allowance on loans and unamortized loan origination cost

	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
Assets	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	2.00	-	2.00	43.43	-	43.43	12.38	-	12.38
Loans	3,843.32	51,708.09	55,551.41	-	-	-	-	-	-
Investments	10,010.56	-	10,010.56	4,624.94	-	4,624.94	4,918.73	-	4,918.73
Other financial assets	8.50	10.14	18.64	-	-	-	-	-	-
Non financial assets									
Current tax assets	-	14.04	14.04	-	1.01	1.01	-	-	-
Deferred tax assets (net)	-	21.51	21.51	-	21.51	21.51	-	25.52	25.52
Property, plant and equipment	-	376.75	376.75	-	125.23	125.23	-	-	-
Other intangible assets	-	508.46	508.46	-	-	-	-	-	-
Intangible assets under development	-	15.59	15.59						
Other non-financial assets	142.98	24.95	167.93	28.55	-	28.55	2.98	-	2.98
Total assets	**14,007.36**	**52,679.53**	**66,686.89**	**4,696.92**	**147.75**	**4,844.67**	**4,934.09**	**25.52**	**4,959.61**
Liabilities									
Financial liabilities									
Trade Payables									
(i) Total outstanding dues of micro enterprise and small enterprise and	-	-	-	-	-	-	-	-	-
(ii) Total outstanding dues of creditors other than micro enterprise and small enterprise	340.45	-	340.45	64.76	-	64.76	11.22	-	11.22
Debt securities	4,975.52	2,193.83	7,169.35	-	-	-	-	-	-
Borrowings (other than debt securities)	297.30	22,420.15	22,717.45	-	-	-	-	-	-
Subordinated liabilities	-	2,467.91	2,467.91	-	-	-	-	-	-
Other financial liabilities	11,142.00	16.32	11,158.32	19.25	49.33	68.58	-	-	-
Non financial Liabilities									
Provisions	5.44	91.07	96.51	0.11	9.46	9.57	-	-	-
Other non - financial liabilities	201.57	-	201.57	44.24	-	44.24	1.25	-	1.25
Total liabilities	**16,962.28**	**27,189.28**	**44,151.56**	**128.36**	**58.79**	**187.15**	**12.47**	**-**	**12.47**
Net	**(2,954.92)**	**25,490.25**	**22,535.33**	**4,568.56**	**88.96**	**4,657.52**	**4,921.62**	**25.52**	**4,947.14**

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(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

30. Change in liabilities arising from financing activities

Particulars	As at 1 April 2018	Cash flows	Others *	As at 31 March 2019
Debt securities	-	7,193.16	(23.81)	7,169.35
Borrowings (other than debt securities)	-	22,717.45	-	22,717.45
Subordinated liabilities	-	2,467.91	-	2,467.91
Total liabilities from financing activities	-	**32,378.52**	**(23.81)**	**32,354.71**

Particulars	As at 1 April 2017	Cash flows	Others *	As at 31 March 2018
Debt securities	-	-	-	-
Borrowings (other than debt securities)	-	-	-	-
Subordinated liabilities	-	-	-	-
Total liabilities from financing activities	-	-	-	-

*Represent discount on commercial paper amortized during the year.

31. Contingent liabilities, commitments and leasing arrangements

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Contingent liability	-	-	-
Capital commitment			
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	39.98	-	-
Other commitments (sanctioned but undisbursed loans)	2,072.36	-	-
	2,112.34	-	-

31.1 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 Supreme Court 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. However, in view of the fact that the Company has recently commenced its operations, the impact of this, if any, is expected to be insignificant.

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

31.3 Operating lease commitments - the Company as lessee

The Company has entered into operating lease agreement for leased premises and are non cancellable in nature. The aggregate lease rentals amounting to Rs. 54.00 (31 March 2018: Nil) have been charged to statement of profit and loss.

Future minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2019	As at 31 March 2018
With in one year	43.00	-
After one year but not more than five years	53.57	-
More than five years	-	-
	96.57	-

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32. Related party transactions

List of Related parties:

(a) Holding Company
Hero FinCorp Limited

c) Key managerial personnel (KMP):
Mr. Abhimanyu Munjal – Managing Director
Ms. Renu Munjal – Director
Mr. Rahul Munjal – Director

Transactions with related parties during the year :

	For the year ended 31 March 2019	For the year ended 31 March 2018
Hero FinCorp Limited		
Proceeds from equity allotment	20,000.00	-
Reimbursement of expenses and statutory dues	0.22	3.07
Rent expense	16.74	-
Interest expense	32.29	-
Loan (Inter corporate deposit) taken	5,000.00	-
Loan (Inter corporate deposit) repaid	5,000.00	-
Interest repaid	32.29	-

33. Capital

The Company actively manages its capital to meet regulatory norms as prescribed by National Housing Bank (NHB) and current and future business needs considering the risks in its business, expectation of rating agencies, shareholders and investors and the available options of raising capital. No changes have been made to the objectives, policies and processes from the previous financial year.

Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with regulatory capital requirements. The Company ensures adequate capital at all time and manages its business in a way in which capital is protected, satisfactory business growth is ensured, cash flows are monitored, borrowing covenants are honored and ratings are maintained.

The Company is subject to the capital adequacy norms stipulated by the NHB guidelines on Capital Adequacy. These guidelines require the Company to maintain a minimum ratio of total capital to risk weighted assets of 12%. The total Tier-II capital should not exceed Tier-I capital. The total capital adequacy ratio of the Company as per the NHB guidelines are 52.09%, 96.75% at March 31, 2019 and March 31, 2018 respectively. The Company has complied in full, with the guidelines on capital adequacy issued by NHB.

Monitoring and reporting

The Board of Directors maintains an active oversight over the Company's capital adequacy levels. On a half yearly basis an analysis of the capital adequacy position and the risk weighted assets are reported to the Board.

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34. Financial instruments

(a) Financial instruments by category and fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognized and measured at fair value and
(b) measured at amortized cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

As at 31 March 2019	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents*	-	-	2.00	**2.00**	-	-	-
Loans	-	-	55,551.41	**55,551.41**	-	-	55,551.41
Investments	10,010.56	-	-	**10,010.56**	10,010.56	-	-
Other financial assets*	-	-	18.64	**18.64**	-	-	-
	10,010.56	-	**55,572.05**	**65,582.61**	**10,010.56**	-	**55,551.41**
Financial liabilities							
Trade Payables:*							
(i) total outstanding dues of micro enterprises and small enterprises; and			-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			340.45	**340.45**	-	-	-
Debt securities	-	-	7,169.35	**7,169.35**	-	-	7,169.35
Borrowings (other than debt securities)	-	-	22,717.45	**22,717.45**	-	-	22,717.45
Subordinated liabilities	-	-	2,467.91	**2,467.91**	-	-	2,467.91
Other financial liabilities*	-	-	11,158.32	**11,158.32**	-	-	-
	-	-	**43,853.48**	**43,853.48**	-	-	**32,354.71**

As at 31 March 2018	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents*	-	-	43.43	**43.43**	-	-	-
Investments	4,624.94	-	-	**4,624.94**	4,624.94	-	-
	4,624.94	-	**43.43**	**4,668.37**	**4,624.94**	-	-
Financial liabilities							
Trade Payables:*					-	-	-
(i) total outstanding dues of micro enterprises and small enterprises; and	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	64.76	**64.76**	-	-	-
Other financial liabilities*	-	-	68.58	**68.58**	-	-	-
	-	-	**133.34**	**133.34**	-	-	-

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As at 1 April 2017	Carrying amount				Fair Value		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial assets							
Cash and cash equivalents*	-	-	12.38	12.38	-	-	-
Investments	4,918.73	-	-	4,918.73	4,918.73	-	-
	4,918.73	-	12.38	4,931.11	4,918.73	-	-
Financial liabilities							
Trade Payables:*	-		11.22	11.22	-	-	-
	-	-	11.22	11.22	-	-	-

*The carrying amount of Cash and Cash equivalents, other financial assets, trade payable and other financial liabilities approximates the fair value, due to their short-term nature.

(b) Valuation framework

The finance department of the Company includes a personnel that performs / reviews the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values.

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : The fair value of financial instruments that are not traded in active markets is determined using valuation techniques which maximize the use of observable market data either directly or indirectly, such as quoted prices for similar assets and liabilities in active markets, for substantially the full term of the financial instrument but do not qualify as Level 1 inputs. If all significant inputs required to fair value an instrument are observable the instrument is included in level 2.

Level 3 : If one or more of the significant inputs is not based in observable market data, the instruments is included in level 3. That is, Level 3 inputs incorporate market participants' assumptions about risk and the risk premium required by market participants in order to bear that risk. The Company develops Level 3 inputs based on the best information available in the circumstances.

Below mentioned valuation techniques used in measuring Level 1, Level 2 and Level 3 fair values for financial instruments measured at fair value in the balance sheet, as well as the significant unobservable inputs used.

Loans
The fair value of loan and advances are estimated by discounted cash flow models. For fixed rate loans, the fair value represent the discounted value of the expected future cash flow. For floating rate interest loans, the discounted value

of expected cash flows represent the carrying amount of the loans. Fair value is then reduced by the impairment loss allowance on loans which is already calculated incorporating probability of default and loss given defaults.

Debt securities, borrowings (other than debt securities) and subordinated liabilities
For floating rate borrowings carrying value represents the fair value of the instruments. For fixed rate carrying value of borrowings as at reporting date approximates the fair value of the instruments because the borrowings have been raised near to reporting date .

There were no transfers between levels during the year.

Investment
Investment in mutual fund are fair valued using NAV at reporting date.

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35. Risk management framework

35.1 Risk profile and risk mitigation

(a) Risk management structure and Company's risk profile

The Company's Board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

35.2 Credit risk

Credit risk arises from loans, cash and cash equivalents, investments and other financial assets. Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and investments. The carrying amounts of financial assets represent the maximum credit risk exposure.

a) Credit risk management

Financial assets measured on a collective basis

The Company splits its exposure into smaller homogeneous portfolios, based on shared credit risk characteristics, as described below in the following order:
- Nature of loan i.e. based on the nature of loan
- Nature of Borrower i.e. Salaried/ Self Employed

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:
• significant financial difficulty of the borrower or issuer;
• a breach of contract such as a default or past due event;
• the restructuring of a loan by the Company on terms that the Company would not consider otherwise; or
• it is becoming probable that the borrower will enter bankruptcy or other financial re-organization;

The risk management committee has established a credit policy under which each new customer is analyzed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, background verification, financial statements, income tax returns, credit agency information, industry information, etc. Portfolio review is performed every quarter and is reviewed by the management on quarterly basis.

(b) Definition of default and cure

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Company considers probability of default upon initial recognition of asset and whether there has been any significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. Following indicators are incorporated:
- DPD analysis as on each reporting date
- significant changes in expected performance and behavior of the borrower including changes in payment status of borrowers.

(c) Probability of default (PD)

Day past dues (DPD) analysis is the preliminary inputs in the determination of the term structure of DPD for exposures. The Company collects performance and default information about its credit risk exposures analyzed by region , type of product , and borrower profile the Company analyze the data collected and generate estimates of the PD of exposures and how these are expected to change as result of passage of time.

(d) Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too. To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

(e) Loss given default

Loss given default (LGD) represent estimated financial loss the Company is likely to suffer in the event of default and it is used to calculate provision requirement on EAD along with probability of default. LGD values are assessed, reviewed and approved by the Company. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realized from any collateral held.

LGD for the entire portfolio has been computed using collateral realization approach. The Origination Market Value of collateral has been assumed as proxy for recovery and Economic Loss was computed using the formula Economic Loss = EAD (Exposure at Default) - Market Value of collateral at loan origination + Cost of recovery. However in the absence of any historical data given the extant nature of HHFL's portfolio, with all the accounts falling in stage 1, we have considered a floor LGD in line with the RBI prudential Norms 2011 for LGD of mortgage loans

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(f) Significant increase in credit risk

The Company continuously monitor all the assets subject to ECL in order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been significant increase in credit risk since initial recognition. The Company also applies a secondary qualitative methods for triggering a significant increase in credit risk for an asset, such as moving customer/ facilities to the watch list, or the account becoming forborne. Regardless of the change in credit grades, if contractual payments are more than one month overdue, the credit risk is deemed to have increase significantly since initial recognition. The Company continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or life time ECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

g) Expected credit loss on Loans

The Company assesses whether the credit risk on a financial asset has increased significantly on collective basis. For the purpose of collective evaluation of impairment, financial assets are grouped on the basis of shared credit risk characteristics, date of initial recognition, remaining term to maturity, collateral type, and other relevant factors.

The Company considers defaulted assets as those which are contractually past due 90 days, other than those assets where there is empirical evidence to the contrary. Financial assets which are contractually past due 30 days but less than 90 days are classified under Stage 2. An asset migrates down the ECL stage based on the change in the risk of a default occurring since initial recognition. If in a subsequent period, credit quality improves and reverses any previously assessed significant increase in credit risk since origination, then the loan loss provision stage reverses to 12-months ECL from lifetime ECL.

The Company considers its historical loss experience and adjusts the same for current observable data. The key inputs into the measurement of ECL are the probability of default, loss given default and exposure at default. These parameters are derived from the statistical models and other historical data.

35.2.1 Analysis of risk concentration

The Company's concentrations of risk are managed by client/counterparty and industry sector. The maximum credit exposure to any individual client or counterparty was Rs. 2,017.10 , Nil and Nil as at March 31, 2019, March 31, 2018 and April 1, 2017, respectively.

The following table provides information about the exposure to credit risk and expected credit loss for loans, trade receivables and other financial assets

Loans measured at amortized cost

Particulars	Gross carrying amount	Weighted average loss rate	Loss allowance	Whether credit -impaired
As at 31 March 2019				
Current (not past due)	55,426.63	0.22%	122.77	-
1-30 days past due	248.02	0.19%	0.47	-
	55,674.65		123.24	-

Collateral and other credit enhancements

The collateral LTV norms are in line with the NHB guidelines and the internal credit policy framework of the Company.

The tables on the following pages show the maximum exposure to credit risk by class of financial asset. They also shows the total fair value of collateral, any surplus collateral (the extent to which the fair value of collateral held is greater than the exposure to which it relates), and the net exposure to credit risk.

31 March 2019	Fair value of collateral and credit enhancements held				
	Maximum exposure to credit	Immoveable Property*	Other Collateral	Net exposure	Associated ECLs
Cash and cash equivalents	2.00	-	-	2.00	-
Loans:					
Housing loans	39,894.34	68,925.21	-	(29,030.87)	74.05
Non-housing loans	15,780.31	44,516.98	-	(28,736.67)	49.19
Investments	10,010.56	-	-	10,010.56	
Other financial assets	18.64	-	-	18.64	-
Total financial assets at amortized cost	**65,705.85**	**1,13,442.19**	-	**(47,736.34)**	**123.24**

* Fair valuation of immovable property is disclosed based on latest available valuation reports.

31 March 2018					
Cash and cash equivalents	43.43	-	-	43.43	-
Investments	4,624.94	-	-	4,624.94	-
Total financial assets at amortized cost	**4,668.37**			**4,668.37**	-

1 April 2017					
Cash and cash equivalents	12.38	-	-	12.38	-
Investments	4,918.73	-	-	4,918.73	-
Total financial assets at amortized cost	**4,931.11**	-	-	**4,931.11**	-

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The following tables stratify credit exposures from advances to customers by ranges of loan-to-value (LTV) ratio. LTV is calculated as the ratio of the disbursed amount of the loan to the value of the collateral at the time of disbursal. The value of the collateral for loans is based on the collateral value at origination

LTV ratio	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Upto 50%	13,844.36	-	-
50-60%	6,338.44	-	-
60-75%	21,889.08	-	-
75-90%	13,189.29	-	-
Total	**55,261.17**	-	-

35.3 Liquidity risk

Liquidity risk arises as Company has contractual financial liabilities that is required to be serviced & redeemed as per committed timelines and in the business of lending where money is required for the disbursement & creation of financial assets to address the going concern of Company.

Liquidity risk management is imperative to Company as this allows covering the core expenses, market investment / creation of financial assets, timely repayment of debt commitments and continuing with their operations. The Company with the help of ALCO committee, ALM policy & Liquidity Desk, monitors the Liquidity risk and uses structural, dynamic liquidity statements and cash flow statements as a mechanism to address this.

The Company aims to maintain the level of its cash equivalents, in hand bank sanctions, un-utilized borrowing lines and cash infows at an amount in excess of expected cash outflows on financial liabilities over the next one year .

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Excepted contractual cash inflow/(outflow) of financial assets and financial liabilities (including commitments)	(5,001.69)	4,584.36	4,919.89
In hand bank sanction and un-utilized borrowing lines	16,500.00	-	-

Contractual maturities of financial instruments

The table below summarizes the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at 31 March.

Repayments which are subject to notice are treated as if notice were to be given immediately. However, the Company expects that many customers will not request repayment on the earliest date it could be required to pay and the table does not reflect the expected cash flows indicated by its deposit retention history

	On demand	Less than 1 year	1-5 years	More than 5 years	Total
As at 31 March 2019					
Financial assets					
Cash and cash equivalents	-	2.00	-	-	2.00
Loans*	-	3,844.69	7,498.74	44,284.69	55,628.12
Investments	-	10,010.56	-	-	10,010.56
Other financial assets	-	8.67	17.83	-	26.50
Total undiscounted financial assets	-	**13,865.92**	**7,516.57**	**44,284.69**	**65,667.18**
Financial liabilities	-	-	-	-	-
Trade Payables	-	340.45	-	-	340.45
Debt Securities	-	4,975.52	2,200.00	-	7,175.52
Borrowings (Other than Debt Securities)	297.30		22,500.00	-	22,797.30
Subordinated liabilities	-	-	-	2,500.00	2,500.00
Other financial liabilities	-	11,142.00	-	-	11,142.00
Total undiscounted financial liabilities	297.30	**16,457.97**	**24,700.00**	2,500.00	**43,955.27**
Net undiscounted financial assets/(liabilities)	**(297.30)**	**(2,592.05)**	**(17,183.43)**	**41,784.69**	**21,711.91**
Total Commitments	**2,112.34**	-	-	-	**2,112.34**

*This represents contractual maturities of loans without expected credit loss adjustments and unamortized portion of loan origination cost.

	On demand	Less than 1 year	1-5 years	More than 5 years	Total
As at 31 March 2018					
Financial assets					
Cash and cash equivalents	-	43.43	-	-	43.43
Investments	-	4,624.94	-	-	4,624.94
Total undiscounted financial assets	-	**4,668.37**	-	-	**4,668.37**
Financial liabilities					
Payables	-	64.76	-	-	64.76
Other financial liabilities	-	19.25	49.33	-	68.58
Total undiscounted financial liabilities	-	**84.01**	**49.33**	-	**133.34**
Net undiscounted financial assets/(liabilities)		**4,584.36**	**(49.33)**	-	**4,535.03**

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As at 1 April 2017					
Financial assets					
Cash and cash equivalents	-	12.38	-	-	12.38
Investments	-	4918.73	-	-	4,918.73
Total undiscounted financial assets	-	**4,931.11**	-	-	**4,931.11**
Financial liabilities					
Payables	-	11.22	-	-	11.22
Total undiscounted financial liabilities	-	**11.22**	-	-	**11.22**
Net undiscounted financial assets/(liabilities)	-	**4,919.89**	-	-	**4,919.89**

35.4 Market risk

Market risk is the risk that the fair value or future cash flow of financial instrument will flucate due to changes in market variables such as interest rates, etc. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while maximizing the return.

Interest rate risk

The Company uses a mix of cash and borrowings to manage the liquidity and fund requirements of its day-to-day operations. Further, certain interest bearing liabilities carry variable interest rates. Interest rate risk on variable borrowings is managed by way of regular monitoring borrowing rate .

The exposure of Company's financial assets and liabilities to interest rate risk is as follows:

Loans *#	**Floating rate instruments**	**Fixed rate instruments**
31 March 2019	55,674.65	-
31 March 2018	-	-
1 April 2017	-	-
Financial liabilities		
31 March 2019	22,717.45	9,637.26
31 March 2018	-	-
1 April 2017	-	-

*Represents gross carrying amount.
The Company gives loans at an internally decided base reference interest rate and add premium on it considering credit risk and other factors. Hence, interest rate varied from customer to customer. The Company reserves the right to change the base rate being charged to customer on the basis of internal policies and at the Company's discretion. Accordingly, the loan above has been classified as floating rate instruments.

The table below illustrates the impact of a 1.00% movement in interest rates on interest income and interest expense on floating loans and floating borrowings respectively for next one year, assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average loans and borrowings outstanding during the year.

	Impact on loss before tax	
Movement in interest rates	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
1.00%	262.19	-
(1.00%)	(262.19)	-

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36. First time adoption of Ind AS

Explanation of transition to Ind AS

These financial statements, for the year ended 31 March 2019, are the first financial statements, the Company has prepared in accordance with Indian Accounting Standards (Ind AS) as per Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of the Companies Act, 2013, ('the Act') (including subsequent amendments thereto) and other relevant provisions of the Act. Accordingly, the Company has prepared its financial statements to comply with Ind AS applicable for the year ended 31 March 2019, together with comparative period data as at and for the year ended 31 March 2018, as described in the summary of significant accounting policies.

In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2017, the Company's date of transition to Ind AS. According to Ind AS 101, the first Ind AS financial statements must use recognition and measurement principles that are based on standards and interpretations that are effective at 31 March 2019, the date of first-time preparation of Financial Statements according to Ind AS. These accounting principles and measurement principles must be applied retrospectively to the date of transition to Ind AS and for all periods presented within the first Ind AS Financial Statements.

Any resulting differences between carrying amounts of assets and liabilities according to Ind AS 101 as of 1 April 2017 compared with those presented in the previous GAAP Balance Sheet as of 31 March 2017, were recognized in equity under retained earnings within the Ind AS Balance Sheet. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2017 and financial statements as at and for the year ended 31 March 2018.

Exemptions applied

In preparing the financial statements, the Company has applied the below mentioned mandatory exceptions.

A. Mandatory exceptions:

(i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the previous GAAP are listed below:
- Fair value of financial instruments carried at fair value through profit and loss and/ or fair value through other comprehensive income.

(ii) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortized cost has been done retrospectively except where the same is impracticable.

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36.1 Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

(i) Reconciliation of balance sheet

Particulars	Notes to first-time adoption	As at date of transition 1 April 2017			As at 31 March 2018		
		Previous GAAP*	Adjustment on transition to Ind AS	Ind AS	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Assets							
Financial assets							
Cash and cash equivalents		12.38	-	12.38	43.43	-	43.43
Investments	(a)	4,850.59	68.14	4,918.73	4,249.95	374.99	4,624.94
Non financial assets							
Current tax assets		-	-	-	1.01	-	1.01
Deferred tax assets (net)		25.52	-	25.52	21.51	-	21.51
Property, plant and equipment		-	-	-	125.23	-	125.23
Other non-financial assets		2.98	-	2.98	28.55	-	28.55
Total assets		4,891.47	68.14	4,959.61	4,469.68	374.99	4,844.67
Liabilities and Equity							
Financial liabilities							
Trade Payables							
(i) total outstanding dues of micro enterprises and small enterprises; and		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		11.22	-	11.22	64.76	-	64.76
Other financial liabilities		-	-	-	68.58	-	68.58
Non financial Liabilities							
Provisions		-	-	-	9.57	-	9.57
Other non - financial liabilities		1.25	-	1.25	44.24	-	44.24
Total liabilities		12.47	-	12.47	187.15	-	187.15
Equity							
Equity share capital		5,000.00	-	5,000.00	5,000.00	-	5,000.00
Other equity							
Retained earnings	(a)	(121.00)	68.14	(52.86)	(717.47)	374.99	(342.48)
Total equity		4,879.00	68.14	4,947.14	4,282.53	374.99	4,657.52
Total equity and liabilities		4,891.47	68.14	4,959.61	4,469.68	374.99	4,844.67

**The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note*

(All amounts are in Rupees lakhs, except share data and unless otherwise stated)

(ii) Reconciliation of statement of profit and loss for the year ended 31 March 2018

Particulars	Notes to first-time adoption	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue from operations				
Interest income		-	-	-
Profit on sale of investments	(a)	44.36	(8.43)	35.93
Net gain on fair value changes	(a)	-	315.28	315.28
Total income (I)		**44.36**	**306.85**	**351.21**
Expenses				
Employee benefits expenses		333.56	-	333.56
Depreciation and amortization expenses		2.40	-	2.40
Other expenses		300.86	-	300.86
Total expenses (II)		**636.82**	-	**636.82**
Loss before tax (I-II)		**(592.46)**	**306.85**	**(285.61)**
Tax expense:				
Deferred tax charge		4.01	-	4.01
Loss for the year		**(596.47)**	**306.85**	**(289.62)**
Other comprehensive income / (loss)				
Items that will not be reclassified to profit or loss:-				
Remeasurement of losses on defined benefit plans		-	-	-
Income tax benefit on above		-	-	-
Other comprehensive income / (loss)		-	-	-
Total comprehensive income / (loss) for the year		**(596.47)**	**306.85**	**(289.62)**

**The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note*

(iii) Reconciliation of total comprehensive income for the year ended 31 March 2018

Particulars	Notes to first-time adoption	For the year ended 31 March 2018
Loss after tax under previous GAAP		**(596.47)**
Adjustments:		306.85
Fair value of investments through profit and loss	(a)	
Total (Loss) after tax as per Ind AS		**(289.62)**
Actuarial gain/(loss) on post employment benefits		-
Total Comprehensive income / (loss) for the year		**(289.62)**

Impact of Ind AS adoption on the statement of cash flows for the year ended 31 March 2018

Particulars	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(486.32)	-	(486.32)
Net cash flow from investing activities	517.37	-	517.37
Net cash flow from financing activities	-	-	-
Net increase/(decrease) in cash and cash equivalents	31.05	-	31.05
Cash and cash equivalents as at 01 April 2017	12.38	-	12.38
Cash and cash equivalents as at 31 March 2018	43.43	-	43.43

Notes to the reconciliations

(a) Fair value of investment through profit and loss

Under previous GAAP, investments in mutual funds were carried at cost subject to permanent diminution (if any). Under Ind AS, these investments are required to be measured at fair value, the resulting fair value changes of these investments amounting to Rs.68.14 have been recognized in retained earnings as at the date of transition (i.e. 1 April 2017) and subsequently in the statement of profit and loss for the year ended 31 March 2018. This has reduced the losses by Rs.306.85 for the year ended 31 March 2018.

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37. Employee Stock Option Plan

The Employee Stock Option Plan titled "ESOP 2018" or "the Plan" was approved by the shareholders of the Company in its meeting held on 21 September 2019. The Plan covered 13,150,000 options. The Plan allows the issue of options to employees of the Company which are convertible to one equity share of the Company. As per the Plan, the Nomination and Remuneration Committee grants the options to the employees deemed eligible. The options granted vest over a period of 4 years from the date of the grant in proportions specified in the ESOP Plan. Options may be exercised by the employees on each anniversary as and when the options get vested or thereafter or occurrence of any liquidity event, whichever is earlier, subject to a maximum exercise period of 5 years from the date of vesting of such options. The fair value as on the date of the grant of the options, representing stock compensation expense, is expensed over the vesting period.

Plan	Number of options granted (Nos.)	Grant date	Expiry date	Exercise price (Rs.)	Weighted average fair value of the options at grant date
ESOP 2018 - Tranche 1	12,00,000	24-Sep-18	24-Sep-24	10	56.28
ESOP 2018 - Tranche 2	30,00,000	24-Sep-18	24-Sep-25	10	160.20
ESOP 2018 - Tranche 3	36,00,000	24-Sep-18	24-Sep-26	10	211.32
ESOP 2018 - Tranche 4	42,00,000	24-Sep-18	24-Sep-27	10	265.86

Fair value of share options granted during the year

The fair value of options granted is estimated using the Black Scholes Option Pricing Model after applying the key assumption which are tabulated below.

Inputs in to the pricing model

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Weighted Average Fair value of option (Rs.)	4.69	5.34	5.87	6.33
Weighted Average share price (Rs.)	11.24	11.24	11.24	11.24
Exercise price (Rs.)	10	10	10	10
Expected volatility (%)	35.61	36.29	36.09	35.69
Option life (Years)	3.50	4.50	5.50	6.50
Dividend yield (%)	Nil	Nil	Nil	Nil
Risk-free interest rate (%)	7.94	8.03	8.09	8.13

* The risk free rate considered for the calculation is interest rate applicable to the implied yield of zero coupon government securities.

** Expected volatility is based on volatility of similar listed enterprises.

Movement in share options during the year

Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
	Number of options (Nos.)	Weighted average fair value of the options at grant date (Rs. Per share)	Number of option (Nos.)	Weighted average fair value of the options at grant date (Rs. Per share)
(i) Outstanding at the beginning of the year	-	-	-	-
(ii) Granted during the year	1,20,00,000	11.24	-	-
(iii) Forfeited during the year	-	-		
(iv) Exercised during the year	-	-	-	-
(v) Outstanding at the end of the year	1,20,00,000	11.24	-	-
(vi) Exercisable at the end of the year	-	-	-	-

Weighted average remaining contractual life of options outstanding as at year end is 7.4 years.

During the year ended 31 March 2019, the Company recorded an employee stock compensation expense of Rs.140.65 (31 March 2018: Nil) in the statement of profit and loss (refer note 24).

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Notes to financial statement for the year ended 31 March 2019
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38 Events after balance sheet date
There have been no events after the reporting date that requires disclosure in these financial statements.

As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration Number: 101248W/ W-100022

Jiten Chopra
Partner
Membership Number: 092894

Place : Gurugram
Date : 16 April 2019

For and on behalf of the Board of Directors of
Hero Housing Finance Limited

Renu Munjal
Chairperson
DIN No.: 0021870

Abhimanyu Munjal
Managing Director
DIN No.: 02822641

Kavi Arora
Chief Executive Officer
PAN: AALPA2726L

Vishal Kanodia
Chief Financial Officer
PAN: ABAPK1963F

Vikas Gupta
Company Secretary
(ACS: 24281)

Place : New Delhi
Date : 16 April 2019

Hero Housing Finance Ltd. ★ New Delhi ★

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