HOME FINANCE
ANNUAL REPORT
2020-21

FINANCING THE HOME YOU DESIRE IS NOW JUST A CLICK AWAY.

Aditya Birla Housing Finance Ltd.

(A part of Aditya Birla Capital Ltd.)

ADITYA BIRLA CAPITAL

PROTECTING INVESTING FINANCING ADVISING

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FY 2020-21 at a glance

₹3,018 Cr
Disbursement

₹1,285 Cr
Total revenue

₹137 Cr
Profit After Tax

₹2.74
Earnings Per Share

10.0%
Return on Equity

1.2%
Return on Assets

Financing the home you desire is now just a click away.

At ABHFL, we remain committed as ever to turning the dream of owning a home into a reality, even as we adapt to a new way of life and living. We continue to deliver seamless and personalised experiences to our customers in the under-served semi-urban areas. Leveraging new-age digital technologies, we are not only ensuring access to innovative and customised solutions anytime, anywhere, but also reaching out to the hinterlands. At the same time, our focus remains on maintaining asset quality through judicious credit evaluation. We have also empowered our people with the right tools to simplify processes, reduce turnaround time and support informed decision-making while maintaining the highest standards of data security. As we straddle the new normal and the next, the home our customers desire is now just a click away.

INTRODUCTION

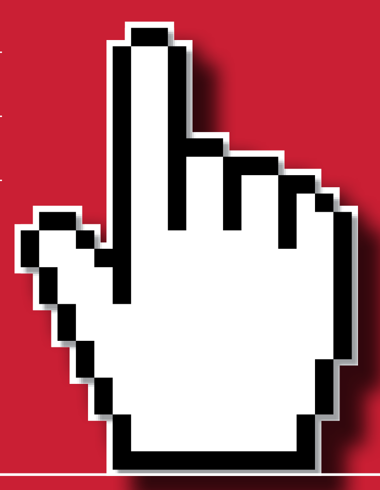
Our purpose is to enable people to live the fulfilling life they have imagined for themselves by partnering them in all their Financing needs, throughout their life. We endeavour to stay ahead of our customers' expectations, by continuously understanding their needs through insightful engagements, and by constantly innovating to deliver in a fast-changing world.

There can be no denying that the past year-and-a-half has been an enormous battle for humanity against the COVID-19 outbreak. The pandemic has created pervasive uncertainty, and ensured sustained attention on health, reshaping customer behaviour. Digital engagements have seen a dizzying acceleration, and the offline to online service transition, that may have otherwise taken several years to complete, has happened in less than a few months.

In order to stay ahead of our customers' needs, we, at Aditya Birla Housing Finance Limited , have accelerated our digital transformation journey. We have been working hard to instil a digital-first culture amongst our people. Many leading Fintech companies around the globe partner us in creating innovative solutions that help our businesses deliver customer delight. We have been re-engineering our technology stack and our processes as per business needs, and data-driven decision-making has become a norm across all our businesses.

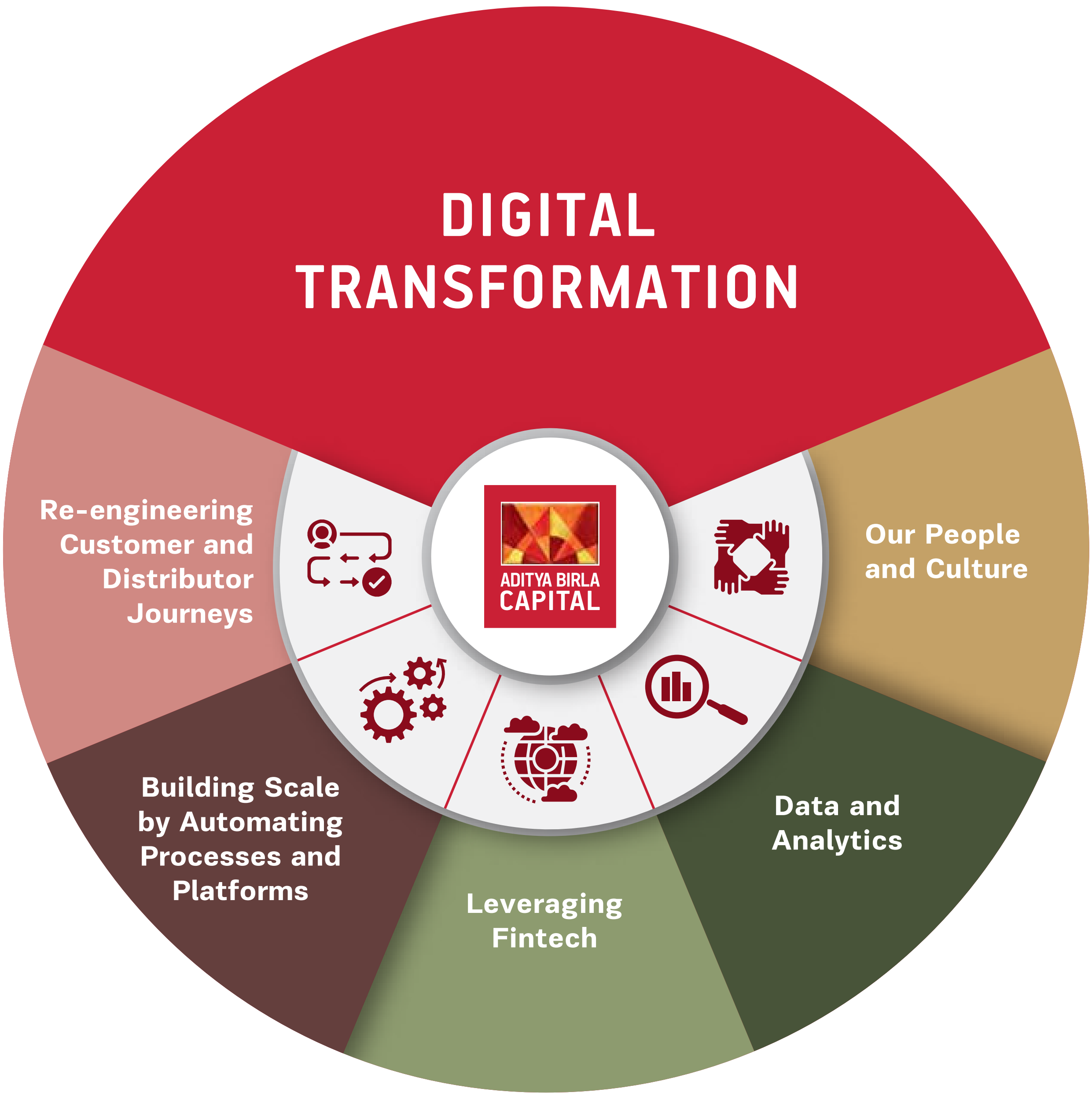
As a result, when the pandemic struck in 2020, we were not caught off guard. Headquartered out of our homes, we were able to take our ongoing digital transformation journey to its next level. In a matter of weeks, over 90% of all our services were made available to our customers at their fingertips. We further accelerated our digital transformation across all key enablers:

- Re-engineering Customer and Distributor Journeys
- Building Scale by Automating Processes and Platforms
- Leveraging Fintech
- Data and Analytics
- Our People and Culture



CORPORATE PROFILE

Pillars of Digital Transformation at ABHFL



Digital Transformation at ABHFL

1. RE-ENGINEERING CUSTOMER AND DISTRIBUTOR JOURNEYS:

With fast-changing customer behaviour and expectations, it is essential to regularly revisit and re-engineer customer journeys in order to deliver delightful customer experiences and stay ahead of customer expectations. To this end, we have renewed and re-engineered Customer Onboarding, Service and Distributor Journeys in FY21:

a. **Onboarding Journeys:** In FY21 we focused on end-to-end customer journey re-engineering leveraging new technologies such as Digital KYC, Intelligent OCR, API's from India Stack (ITR, GSTN), eSign, eNach and Video based personal discussion among others. We now have best-in-class digital onboarding journey in Housing Finance industry. We were amongst the first in the industry to launch Digital KYC for contactless onboarding of customers. The customers onboarded digitally went up from 0% in FY20 to 88% in Q4 FY21, which helped in customer acquisition during the pandemic and reduced turnaround time and cost of acquisition.

b. **Service Journeys:** We have developed digital service journeys on multiple digital platforms including Web, WhatsApp, Chatbot and Voice Bot. Availability of our services on digital channels has increased significantly from 56% in FY20 to 91% in FY21. Our WhatsApp Services are the industry's most comprehensive.

c. **Retention & Collections Journeys:** We have implemented Machine Learning based Voice Bot for moratorium and customer collections in FY21.

CORPORATE PROFILE

2. BUILDING SCALE BY AUTOMATING PROCESSES AND PLATFORMS:

We have made advancements in disciplines like Artificial Intelligence, Process Automation and Intelligent Information Management. Our mid-offices and back-offices have been transformed by the implementation of key digital automated processes to run operations with greater automation:

a. **Robotic Process Automation:** We have automated a number of processes and have implemented over 50 Robots for automation of mid office and back office processes. We have witnessed a significant improvement in scalability and reduction in errors and turnaround time.

b. **Implementation of Machine-Learning based Email Bot:** Our Email Bots are attending to customer emails. We have significantly improved the accuracy of our email bot in FY21.

3. LEVERAGING FINTECH:

India has a flourishing Fintech ecosystem and this provides an opportunity to collaborate with Fintechs. We have built a network of over 1,400 Fintechs across the globe to identify innovative solutions and collaborate in implementing new technology solutions in order to address business problems with agility and speed. Currently, we are working with Fintechs in various fields including Voice Technologies, Conversational UI, Digital KYC, Biometrics, Intelligent OCR and Automation.

4. DATA AND ANALYTICS:

Data is a key pillar for digital transformation because every interaction in the digital world generates data that provides insights. This insight, based on customer behaviour, guides the business in making the right decisions with personalisation built in. Data Analytics has become a game changer and has begun to play a key role at Aditya Birla Housing Finance:

a. **Collections:** Analytics is helping us better understand customer behaviour, identifying propensity to pay and developing collections strategy.

b. **Cross Sell/Upsell:** We are using analytics to develop top-up loan offers to existing customers. In FY21 we were able to disburse ₹233 Crore for existing customers.

5. OUR PEOPLE AND CULTURE:

Training our people and building a culture of adaptability to constant change has played an important part in our digital transformation journey. 100% of our learning interventions have been delivered virtually over the past few years. This has enabled us to increase the reach of learning beyond the physical classroom and this proved very handy during the lockdown phase. Today, we are able to touch over 90% of our workforce through digital learning. Our focus has also been on enabling our workforce to become future-ready by gaining exposure to AI, Machine Learning, Cloud Computing and Robotic Process Automation. We have also digitally enabled our workforce with tools and techniques that they can use to collaborate digitally and work from anywhere. Our emerging leaders who are being prepared for future leadership roles receive planned exposures to tech start-ups, Fintech companies and leading digital businesses. Such initiatives are helping shape our organisation's culture into one that is agile and ready to embrace technology-led change.

CORPORATE PROFILE

Striding towards success

As a subsidiary of Aditya Birla Capital Limited, Aditya Birla Housing Finance Limited (ABHFL) is one of the fastest growing Housing Finance Companies (HFCs) in the country. Leveraging our decade-long success as an investment company, we forayed into the well-penetrated and highly competitive small-size housing finance vertical in 2014.
We have established a strong presence over the last few years have further expanded into the affordable housing segment.

During the past eight years, we have extended our branches and network to 68 cities and towns, and are now expanding to the lesser penetrated semi-urban areas by leveraging our Group's ecosystem and external collaborations, including tie-ups with developers and builders. We are concentrating on increasing our market dispersion by focusing on technology-driven cross-selling and up-selling. Our diversified offerings in the home loan segment facilitate a right balance and product mix.

₹1,519 Cr
Net Worth

₹11,869 Cr
Lending Book Value

AAA (Stable)
Long-term Credit Rating by ICRA and India Rating

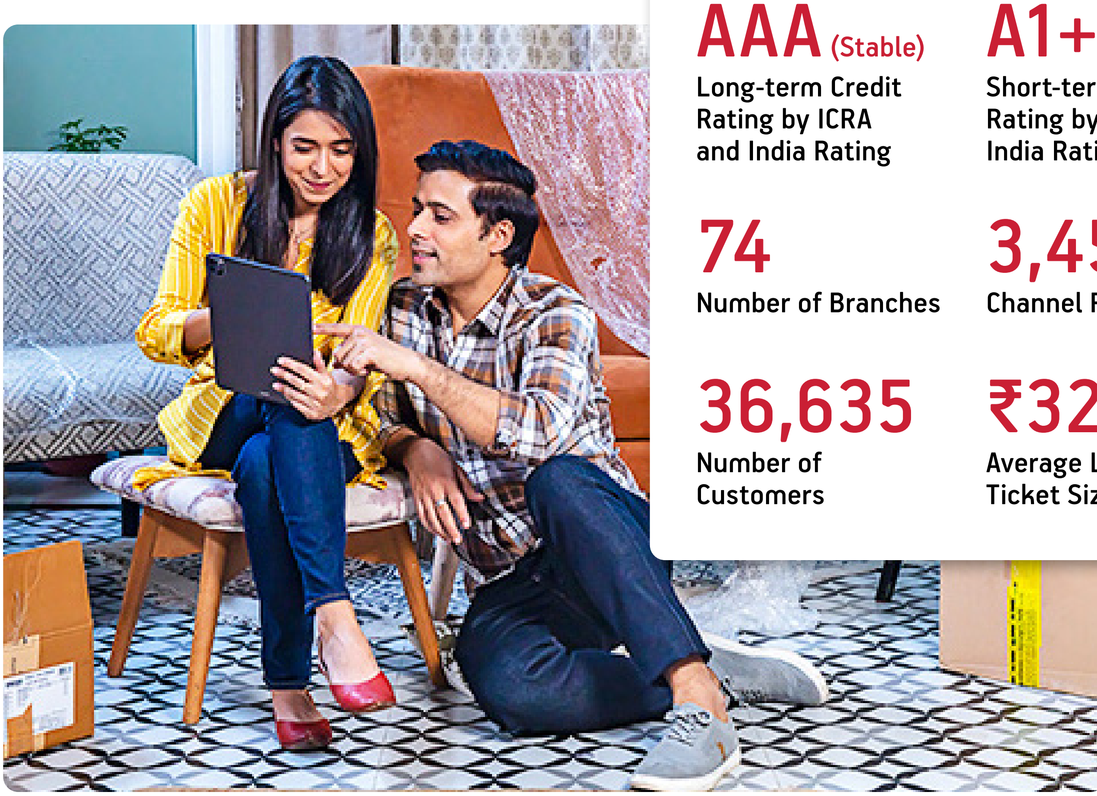
A1+
Short-term Credit Rating by ICRA and India Rating

74
Number of Branches

3,454
Channel Partners

36,635
Number of Customers

₹32 Lakh
Average Loan Ticket Size



Our robust penetration

Number of branches

Map not to scale

Our widespread home portfolio

Home Loan

- Home Purchase
- Plot and Construction Loan
- Home Construction Loan
- Home Extension Loan
- Home Loan Improvement

Construction Finance

Lease Rental Discounting

Commercial Property Purchase Loan

Affordable Housing (Pradhan Mantri Awas Yojana or PMAY) Loan Against Property

Property Advisory Services

DIRECTOR’S MESSAGE

Navigating challenges with agility

Dear Stakeholders,

I hope you and your family members are safe and in good health. This year has been challenging nationally and personally for everyone across the world. These uncertain times bring forth an organisation’s resilience and agility to survive and adapt to the fast-changing circumstances. It requires steadfast commitment, culture and conviction to deliver broader societal value in the face of unprecedented challenges.

Despite the volatile business environment and the first half being impacted by lockdown, we had a stable revenue of ₹1,284.9 Crore in FY 2020-21 as compared to ₹1,301.2 Crore in the previous year. Our disbursal, excluding the first quarter, which was a washout due to the pandemic-induced lockdown, grew at 10% to reach book of ₹11,869 Crore. Our Net Interest Income saw a robust growth of 17% standing at ₹439.65 Crore compared to previous year's ₹374.97 Crore. The Pre-Provision Operating Profit and Profit After Tax both grew at 28% and 34% over FY 2019-20 to reach ₹263.89 Crore and ₹137.23 Crore respectively.

Undoubtedly, the pandemic put us under a stress-test like all businesses across the globe by adversely impacting our first half. In the wake of the pandemic, we immediately invoked our Business Continuity Plan, prioritising our employees' health and safety above all else. We adopted a work from home policy to ensure stakeholders' safety, while also ensuring that business operations continued uninterrupted and our stakeholders' requirements were met. Our years of investment in technology, focus on a strong portfolio mix, foray into affordable housing, customer-centric approach and trust came to the fore, aiding our quick recovery. The absolute commitment and agility shown by our employees in the face of such unparalleled changes in our business environment enabled us to not only maintain business continuity, but also emerge stronger on many fronts and prepare for the next growth phase.

Intervention in the form of government stimulus and policy to infuse liquidity into the market by the Central Bank further aided in cushioning the worst of the impact of the pandemic. We used the existing and additional avenues for our restructuring as directed by the Reserve Bank of India (RBI) through the relief measures, especially for the construction finance loans. The added impetus such as affordable housing for migrants and urban poor under PPP model, extension of completion date of real estate projects, and extension on PMAY subsidy till 2022 were instrumental in helping the real estate sector stay afloat even in these difficult circumstances. The overall buoyancy in the second half of the year and pent-up demand helped us regain lost ground.

17%
Robust growth in Net Interest Income

34%
Growth in Profit After Tax

Our years of investment in technology, focus on a strong portfolio mix, foray into affordable housing, customer-centric approach and trust came to the fore, aiding our quick recovery.

The year has been favourable in terms of an accelerated vaccination drive and falling infection rates along with a slew of measures and reforms that provides a boost to the industry and overall economy. I am confident that going forward, these reforms will help strengthen the financial markets and aid the recovery of the real estate market. Additionally, with the other macro factors in place, such as growing income in the younger generation and augmented demand, especially in smaller towns, coupled with every Indian's dream of owning a house, I expect the growth to remain strong in the coming years. I see a robust demand specially from the granular markets and the affordable segment.

I would like to take this opportunity to extend my gratitude to all our stakeholders for their continued support, trust and encouragement over the years. My sincere thanks and appreciation to the government authorities and our other stakeholders for their continued support to our business. I look forward to your continued support and partnership in our aspirations to fulfil the dream of millions of Indians starting from the grassroots.

Rakesh Singh
Director

CEO'S MESSAGE

Building a robust platform for progress

Dear Stakeholders,

Although an unprecedented crisis, like the one we are in, does not come with a survival handbook and is not part of any business plan, a strong foundation and an openness to the adoption of the latest and futuristic technologies do make navigating the storm easier. We have emerged more resilient and prudent, enriched with the experience of the past one year. Retrospectively, we have come a long way in building our organisation since we started our housing finance operation in October 2014.

We have grown stronger each year from 15 branches in March 2015 to 74 branches now; from 109 customers to 36,635 customers; from 100 employees to 643 employees; from a portfolio of ₹142 Crore to ₹11,869 Crore; from a net worth of ₹45.78 Crore to ₹1,519 Crore. Today, we are a technologically driven, vibrant, dynamic, people-first, customer-centric and forward-looking organisation. This is possible because ABHFL is built on strong fundamentals, fuelled by ambition and held together by values and ethics.

Over the last couple of years, we have heavily invested in disruptive technology to provide our customers a seamless experience, starting from onboarding to service. Anywhere, anytime. We provide our customers a completely digital onboarding process with digital repayment option and opportunity to avail most of our services online.

We provide our customers completely digital onboarding and repayment solutions as well as the opportunity to avail most of our services online.

We are one of the pioneers in the housing finance industry with the introduction of the onboarding app that enables our team to verify KYC digitally, online extraction of income/GST details and collection of fees using digital means. Additionally, we offer end-to-end digital services to customers using cloud telephony and WhatsApp solutions. We remain at par with the industry in terms of other digital customer onboarding journey and capabilities. These tech-driven initiatives have led to faster onboarding, seamless customer experience and cost reduction. We have seen an increased acceptability of digital platforms due to the ongoing pandemic. Our digital customer onboarding has increased from 11% over the last one year to 88% in March 2021.

To stay ahead of the curve, we are testing innovative and futuristic tech interventions to boost customer satisfaction. These include a payment ecosystem on WhatsApp platform, hyper-personalised services through various digital assets, facial recognition for virtual services, inbound IVR Voice bot, enabling Voice Biometric, and AI capabilities for pre-approved loan offering. We remain cognisant of the fact that with great power comes greater responsibility and have implemented multiple layers of data security, which is constantly monitored by our team of experts.

In addition to our revolutionary tech capacity, one of our biggest service propositions has been our ability to identify and take risks in servicing those people as our customers who are neglected by most housing finance companies. Our distinguishing capability to judge our customers' credit-worthiness with limited documents by understanding their income model has aided us in capturing the niche market of millions of self-employed and blue-collared people across the country. In recent times, we have moved towards using machine learning based self-learning models to further enhance our capabilities and manage our NPAs.

Moreover, our focus on maintaining lean operational costs, penetration into granular markets with higher margins, change in product mix with increased affordable segment disbursement and strong collection efficiency has led to improving margins and core profitability. Our attention to the affordable segment with lower ticket size has not only increased our margins but aided in reducing our exposure. We have seen a pullback in our Gross Stage 3 provisions, along with an increased security coverage.

With the strong revival in disbursement, especially in focused segments, reduced cost of borrowing with increased liquidity, augmented frontline capacity, resilient balance sheet and macro factors remaining buoyant, we are confident of the future growth trajectory. Bolstered by the optimistic prospects, we are expanding our branch presence and leveraging our Group ecosystem through collaborations. Our expanded on-ground capacity coupled with our virtual touchpoints will enable us to ensure that we can service our customers anytime and from anywhere.

Our team has always been and will be the greatest strength going forward. It is their unwavering commitment and talent which make us one of the fastest-growing organisations in our segment. I am humbled and proud to be a part of such a team, and I would like to thank each of the team members, whose passion, dedication and hard work make us who we are.

We remain committed to strong governance measures, and it is because of our rigorous policies that we have been able to meet the updated stringent norms of the RBI quickly and seamlessly. I believe this is just the beginning of our journey and we have a long way to go. The pandemic may have slowed growth, but it has also given us time to consolidate ourselves and emerge stronger. We will continue to deliver and build further momentum for sustainable growth and value creation for our stakeholders. I would like to thank all our stakeholders for their trust and continued support.

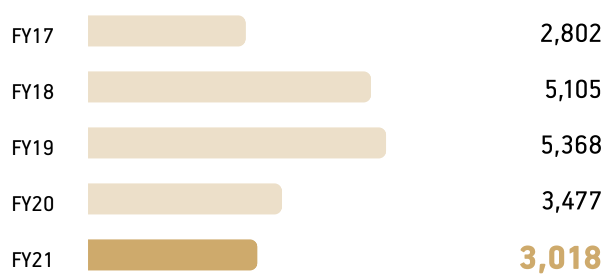
Netrapal Singh
CEO

PERFORMANCE INDICATORS

Steady progress despite challenges

Total Income (₹ in Crore)

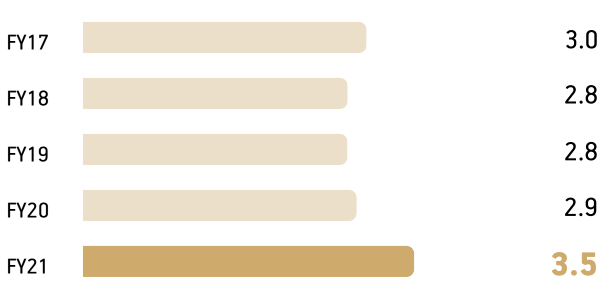
Loan Disbursement (₹ in Crore)



Pre-Provision Operating Profit (₹ in Crore)

Profit After Tax (₹ in Crore)

Net Interest Margin (NIM) (in %)



Sourcing Yield (in %)

Cost of Borrowing (CoB)

(in %)

FY17	7.7
FY18	8.2
FY19	8.2
FY20	8.4
FY21	**7.7**

Loan Assets

(₹ in Crore)

FY17	1,973
FY18	4,136
FY19	8,137
FY20	11,405
FY21	**12,102**

Balance Sheet Size

(₹ in Crore)

FY17	4,185
FY18	8,242
FY19	11,499
FY20	13,159
FY21	**12,376**

Non-Performing Assets (NPA)

(in %)

FY17	14
FY18	43
FY19	77
FY20	147
FY21	**217**

Capital Adequacy Ratio (CRAR)

(in %)

FY17	12.52
FY18	14.25
FY19	16.80
FY20	18.05
FY21	**21.73**

Return On Equity

(in %)

FY17	-4.59
FY18	6.07
FY19	6.83
FY20	8.6
FY21	**10.0**

NICHE CUSTOMER SEGMENT

Our superpower: Recognising true potential

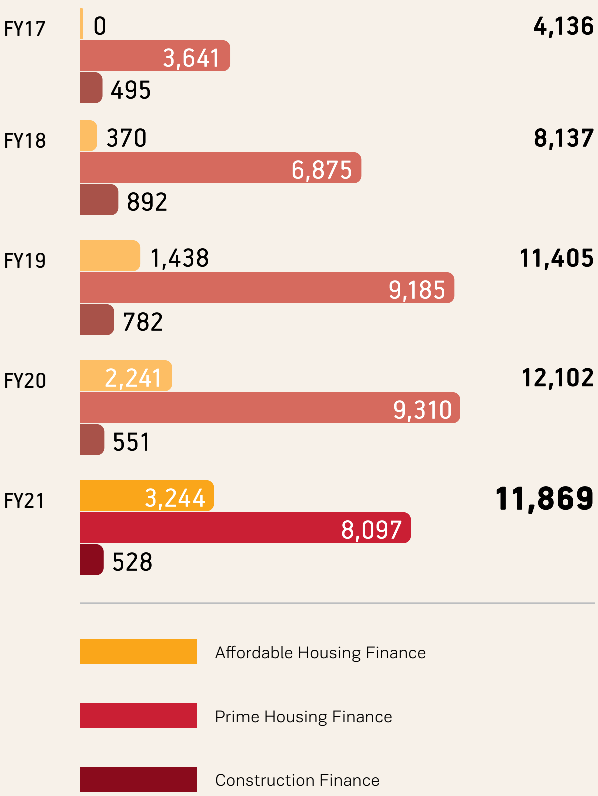
Our expertise lies in being able to judge the credit-worthiness of our potential customers. This gives us the unique opportunity to cater to millions of underserved and unserved people in India.

The Indian housing finance sector is over-congested and under-penetrated at the same time with most dominant players preferring customers with strong underwriting proposition or strong credit-history. This leaves millions of people without access to financial support to fulfil their dreams of owning a house. We endeavour to cater to this population through an understanding of our customers' business and income model, along with the competence to infer their valuation on the basis of limited documents. This is one of our key unique value propositions.

We recently forayed into the affordable housing vertical by primarily providing small ticket size loans to blue-collared workers in small towns. Buoyed by the robust growth momentum in the segment, we aim to extend our services to self-employed customers in the affordable housing segment in smaller towns.

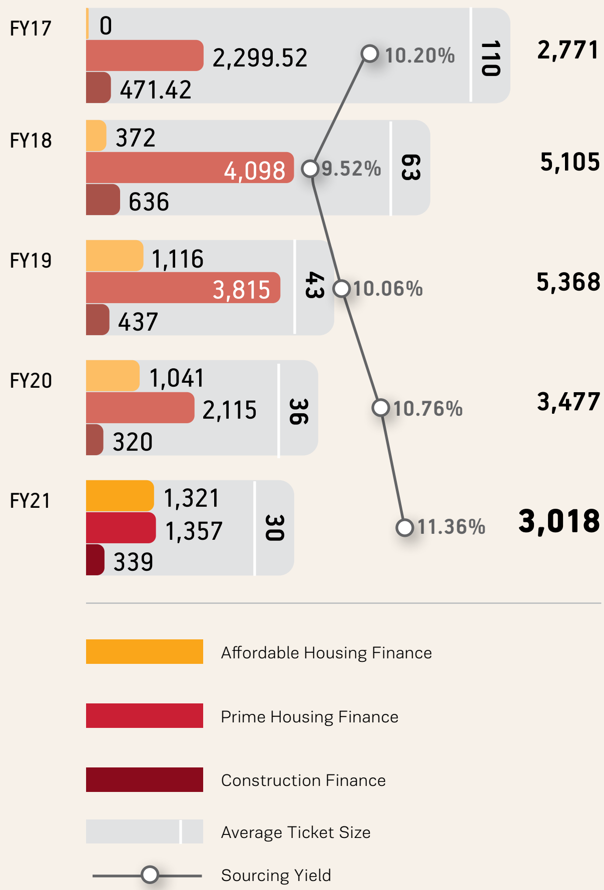
Loan Book

(₹ in Crore)



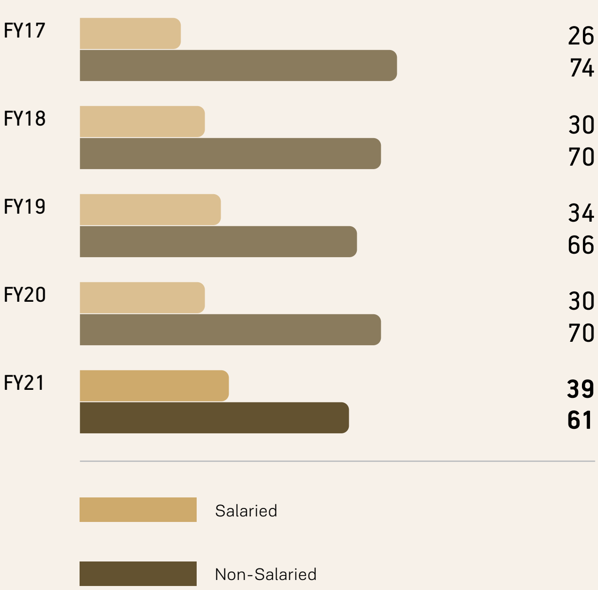
Disbursal

(₹ in Crore)



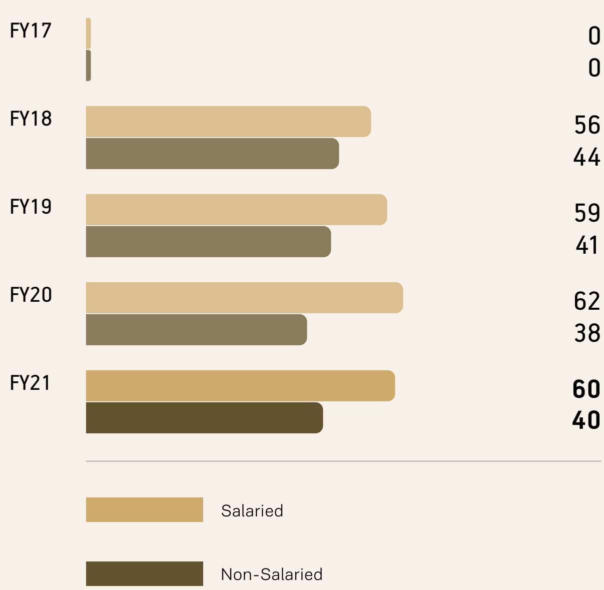
Overall Home Loan Disbursal

(in %)



Affordable Home Finance

(in %)



HEALTHY PERFORMANCE

Strengthening our fundamentals

Our ethos of strong due diligence and disciplined asset liability management helps us maintain an unwavering focus on our fundamentals. We constantly monitor our evolving operational risks to deliver stable value creation irrespective of the economic environment.

Healthy asset quality

Our judicious credit evaluation processes and policies have not only enabled us to maintain a well-balanced portfolio which has withstood the volatility of the past few years, but also aided in keeping the Gross non-performing assets (NPAs) lower than the industry average. The holistic customer-centric approach we employ in all our business activities, along with a focus on granularity, diversification across product-mix segments and technology, has resulted in gradual and continuous improvement in most of our key financial metrics. We expect the trend to continue as we scale our operations to India's heartland with consistent growth in the affordable loans segment.

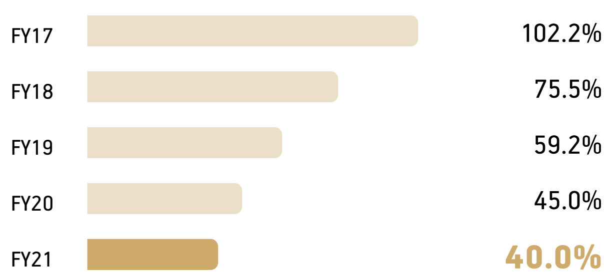
1.2%
Return on Assets
(Increase of 29 bps)

1.83
Gross NPA
(Lower than industry segment NPA of 2.5%*)

95.2%
Collection efficiency

*ICRA Report

Cost Income Ratio (CIR)



CIR expected to further reduce as platform scales

Stage 3 Provisioning Coverage Ratio (PCR)

2 times security cover with Security Value of ₹277 Crore against Net Stage 3 assets of ₹138 Crore

Return on Assets (RoA)

RoAs to increase as business scales up and CIR reduces

Robust liquidity matrix

We strategically prioritise maintaining healthy liquidity in comparison to our balance sheet size and have a robust Asset Liability-Management framework in place. Our constant efforts to maintain stable and low cost of funds are instrumental in creating healthy liquidity metrics and a resilient balance sheet. It is due our prudent approach and long market standing that we continue to have strong funding access and amongst the best cost of borrowing in the industry despite the market volatility during this crisis.

₹2,375 Cr

Long-term borrowing (during FY 2020-21)

21.73%

CRAR significantly above the required 14%

7.71%

Cost of borrowing reduced by 65 bps

DIGITAL TRANSFORMATION AND DATA ANALYTICS

Harnessing the power of technology

The combined power of digital, technology and analytics aided us in overcoming the challenges posed by the pandemic. We continue integrating new technologies and use-cases into our business model to augment growth and customer-service capabilities.

88%
Online customer onboarding

74%
Online customer interaction

62%
Digital disbursal

98%
Digital collection

Our revolutionary customer-facing platform offers a seamless and efficient digital experience, starting from the application and loan disbursal stage to online payment of EMIs. We have introduced a multi-channel service for customers, including WhatsApp, e-Bots, Google Assistant and self-serve portal. The platforms not only aid in delivering a superior customer experience but also expand our ecosystem in being able to serve them anytime, anywhere without investing heavily in brick-and-mortar branches.

Over the last couple of years, we have invested in technology to become more data and analytics driven. We have created backend databases for our digital platform using Artificial Intelligence (AI) and Machine Learning (ML) for a better understanding of our customers and the business environment. Our early adaption and deployment of innovative technological solutions led to increase in efficiency and ease of doing business while staying ahead of the curve. Our focus on everything tech also empowers our employees in data-backed decision-making.

Leveraging technology

Sourcing

- Geographic footprint expansion
- Customer Relationship Management integration
- 360 degree digital onboarding

Underwriting

- Cost optimisation and resource planning
- Faster decisions with integrate model
- Credit scoring – probability of default
- Digital disbursement and superior customer experience

Collection and self-servicing

- Bucketed and structured customer communication
- Multi-channel collection follow-up
- Integrated business vertical for real-time information
- Portfolio management and early warning signals for pre-emptive action

Platform | Analytics | Technology

GEOGRAPHIC EXPANSION

Expanding into the hinterlands

As we scale our affordable housing loan book, we are expanding our geographic footprint to the underserved semi-urban areas. Our balanced distribution strategy is focused on tapping growth in higher-margin segments to boost our operational margins.

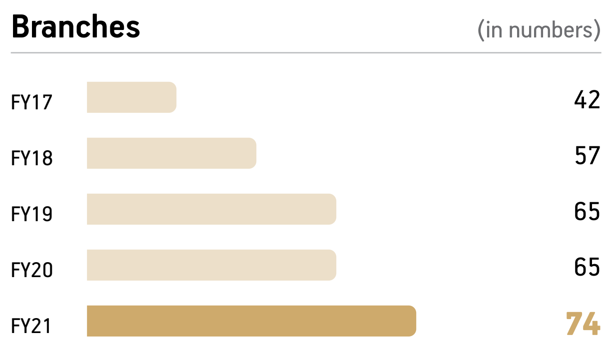
We are focusing on strategically leveraging the Group's ecosystem and further developing our synergic partner network. Our plan is to expand our offerings to the heartlands using a lean-branch hub-and-spoke model. The Company's investment in technology provides the perfect platform to capitalise on the demand in India's hinterlands without the financial burden of setting up branches across the country.

74
Branches

824
Channel partners

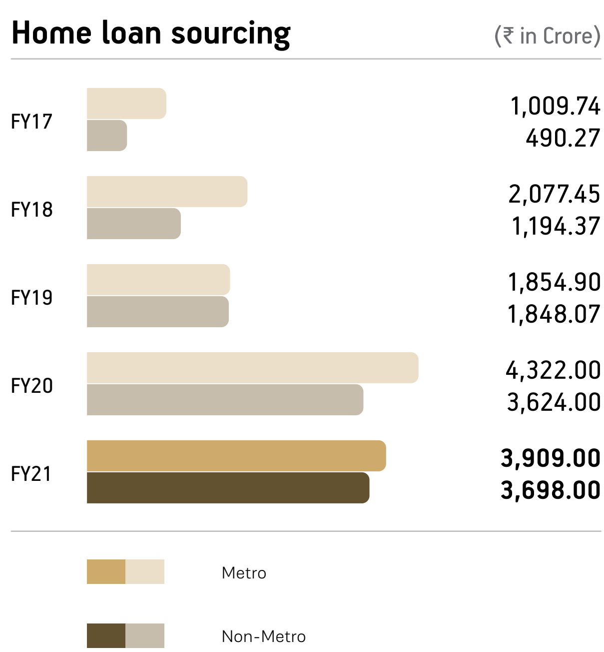
21
New branches added in Tier III-IV cities

148
New channel partners onboarded



Leveraging the Group's synergic ecosystem

We plan to leverage our vast ecosystem for the lean and strategic expansion of our distribution network. We are working in partnership with UltraTech Cement to leverage their extensive reach of 30,000+ dealers, 2,500+ UBS dealers mapped to 200+ depots spread across more than 20 states. This large distribution network would help us expand our reach across 2,000+ micro markets and give us an opportunity to provide an end-to-end solution to home buyers, right from buying cement and other construction materials to funding their dream home. This collaboration helps us provide a unique opportunity to consolidate our No. 1 position in the home building segment.



OUR EMPLOYEES

Empowering our people

Our employees are our most valuable asset and the key to our success. We are in a customer-facing industry and our employees represent the Company. Their relentless efforts to maintain above industry standards of efficiency and service are responsible for the high customer satisfaction.

Our digital interventions are developed in a manner so as to empower our employees by strengthening their ability to take informed decisions. The various AI and ML programmes incorporated in our processes reduce manual intervention in mundane and tasking work, improving employee productivity and processing time. Our future-ready workforce has diverse skill sets, expertise and industry knowledge, which enable us to acquire, serve and retain our customers. It is imperative for us to create a conducive work environment by prioritising our employees' health and safety, work-life balance and personal and professional development.

643
Employees

19
Training programmes

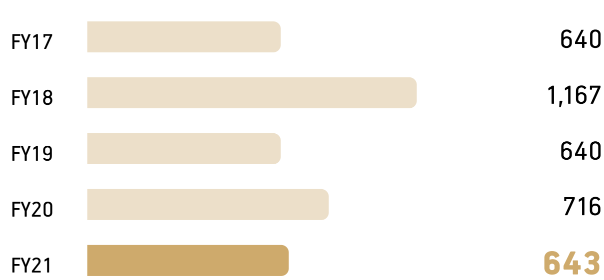
68%
Retention rate

15.56%
Employees trained

12.60%
Female representation in our workforce

1.24
Training person-days per employee

Employees (in numbers)



37% new hiring in the age group of 20-30 years

Headcount (in numbers)

	<30 Years	30-50 Years	50+ Years	Total
Junior management	138	448	-	586
Middle management	-	51	1	52
Senior management	-	4	1	5
Total	**138**	**503**	**2**	**643**

In addition to this we have 158 Contractual Employees (FY 2020-21)

GOVERNANCE

Acting with integrity and responsibility

Our articulated framework and philosophy for governance steer the direction for responsible and credible conduct in all our operations. We maintain the highest standards in corporate ethics with transparent and fair disclosures, integrity and accountability. This lays a strong foundation for our value-creation abilities.

The RBI on 17th February 2021 released a set of newly updated guidelines for HFCs. Our stringent framework and careful consideration have resulted in our being compliant or on-track to meet the defined criteria within the stipulated timeframe.

	Prominent updates	Timeline in case of non-compliance	Compliance status (Y/N)	Adverse impact of non-compliance
Qualifying assets criteria	Housing loans to be at 60% and individual housing loans to be minimum at a 50% of loan portfolio to be classified as HFC	Transition time of 1-3 years to achieve the numbers	Yes	None
CRAR requirement	Maintain a minimum CRAR consisting of Tier I and Tier II capital at 15% from 31st March 2022 onwards	Graded Compliance	Yes	None
Loan to Group entities engaged in real estate business	HFCs can either take an exposure on the Group company in the real estate business or lend to retail individual homebuyers in the projects of Group entities, but cannot opt for both with exceptions	-	Yes	None
Liquidity management framework guidelines	Updated guidelines on liquidity management framework, including pursuance of liquidity risk management, and gradually increasing LCR to 100% by 1st December 2025	One year to comply with the new requirements	NA	None
Securitisation	To meet the guidelines on securitisation transactions as applicable to NBFCs	-	Yes	None
NPA definition	At 90+ Days Past Due (DPD) for every loan		Yes	None
Risk weights on individual housing loans	35-75% depending on the loan-to-value (LTV) and ticket size		Yes	None

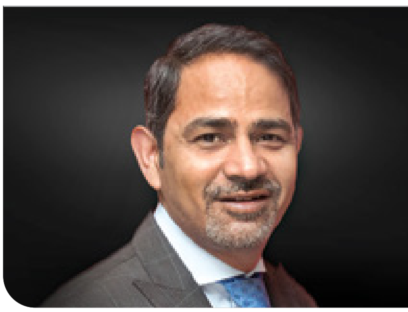
BOARD OF DIRECTORS

Robust governance

Mr. Ajay Srinivasan

Non-executive Director

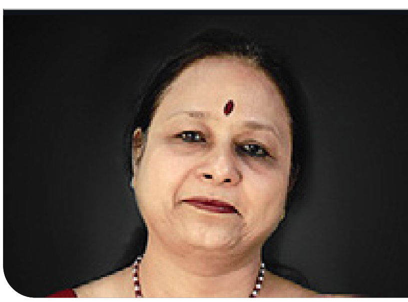
He also holds the position of the CEO of ABCL. The business of the Group has grown significantly under his guidance. He is also the Chairman of the CII National Committee on NBFCs and sits on the Board of multiple other companies. He has previously undertaken key leadership positions in financial institutions with operations both in India and internationally.



Mr. Rakesh Singh

Non-executive Director

He is a part of several industry forums, including Confederation of Indian Industry and Federation of Indian Chambers of Commerce and Industry, and lends his expertise as a member of FICCI's Banking and Financial Institutions Committee. He has 25 years of experience in the financial services industry cutting across both Banking and Non-banking financial institutions.



Mrs. Anita Ramachandran

Independent Director

She is an HR expert with over 40 years' experience as a management consultant and is one of the first generation of women entrepreneurs. She began her career with AF Ferguson & Co (the KPMG network company in India then) in Mumbai in 1976 as the first woman consultant in the firm working in the fields of finance, industrial market research, strategy and HR consulting and was later instated as the Director of the firm. She founded Cerebrus Consultants in 1995 to focus on HR advisory services, and has since worked with over 700 companies in South Asia on a wide variety of HR projects. She has been an Independent Director on multiple company Boards over the last 20 years and has been, in this capacity, associated with a wide range of industries.

Mr. V Chandrasekaran

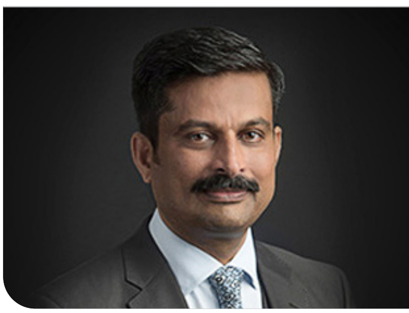
Independent Director

He has worked for nearly 32 years in Finance and Investment functions of Life Insurance, Housing Finance and Mutual Fund in Life Insurance Corporation of India (LIC) with adequate exposure to a gamut of Investments and been involved in Investment decision-making processes, Investment Monitoring and Accounting. He has served LIC as Executive Director of Finance and Accounts, Investment Monitoring and Accounting, Investment Operations, Investment, Risk Management and Research.

STRONG MANAGEMENT TEAM

Strong leadership

Our leadership team has 15-20 years of experience on an average.



Mr. Netrapal Singh

Chief Executive Officer

Qualification

MBA from EMPI Business School in Delhi

Advanced Management Program from Kellogg School of Management, Chicago (US)

Experience

A veteran of the mortgage industry, Mr. Singh has diverse work experience of over two decades in the Financial Services industry across multiple roles viz: sales, credit and collections. He has also held various senior positions at esteemed organisations like HDFC Ltd., IDBI Bank, Standard Charted Bank and ICICI Bank.

He joined Aditya Birla Finance Ltd (ABFL) in 2011 as a Zonal Head for the mortgage business, and with his vision and excellent leadership skills, within three years of joining ABFL, was entrusted the responsibility to head the newly launched HFC in 2014 – Aditya Birla Housing Finance Ltd, subsequently assuming the role of the Chief Executive Officer in 2019.

He is a pedant for process robustness and has a keen eye when it comes to numbers. He has been instrumental in developing a culture of ownership and leadership at ABHFL, empowering the teams to create efficient independent systems that bank on consistent processes rather than individual brilliance.

Mr. Tushar Kotecha

Chief Financial Officer

Qualification

Chartered Accountant

Experience

He has experience of over 22 years in areas such as Accounting, Taxation, Auditing, Financial/Regulatory Reporting in various sectors including the construction and services sector. Prior to joining ABHFL, he was a part of the Group company, Aditya Birla Sun Life Insurance Company Limited. He spearheaded financial due diligence during M&A, worked on cross border structuring, IFRS and Internal Financial Control under Companies Act. His earlier assignments include stints with WNS Global Services, Accenture Services, HCC with specialisations in Taxation and Auditing.

Mr. Muthiah Ganapathy

Company Secretary

Experience

He has around 18 years of experience in various departments viz. Secretarial & Legal, Accounts and Taxation. He has handled various company law matters viz. M&A, conversion, Change of objects, Registered Office, setting up of entities, litigations, FEMA matters etc. Prior to joining ABFHL, he was responsible for Secretarial & Compliance and Credit Risk at Aditya Birla Finance Limited.

Qualification

Commerce graduate and a Bachelor of Law from Mumbai University

Fellow member of Institute of Company Secretaries of India

MFM from Jamnalal Bajaj Institute of Management Studies

Mr. Ganesh Kotian

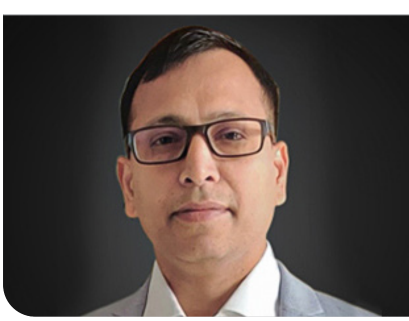
Head - Operations & Customer Service

Experience

He has his overall experience of over 20 years, and has worked across various domains including BFSI, Corporate Global Market Operations, Project Management, Quality Assurance and setting up Retail Assets Technology platform. He has garnered rich experience across reputed institutions namely ICICI, Kotak Bank, Reliance Capital and IndusInd Bank.

Qualification

MBA, CAIIB and certified Six Sigma Green Belt



Dharmendra Patro

Chief Risk Officer

Experience

He has over 22 years of experience in spearheading efforts related to technical, regulatory and competitive risk management. Prior to joining ABHFL, he was with Bandhan Bank as Head Credit Underwriting. His earlier work experience also includes organisations such as PNB Housing Finance Ltd, Indiabulls Housing Finance Ltd and ING Vysya Bank.

He is responsible for all risk management strategies, operations, as well as supervising the organisation’s risk mitigation and identification procedures. He is engaged in managing credit and risk for both Prime and Affordable businesses.

Qualification

Chartered Accountant

Management Discussion & Analysis

OVERVIEW OF GLOBAL ECONOMY

The evolution and progress of the Covid 19 pandemic which began in early 2020 and spread throughout the world was the most important factor for the global and domestic economy and markets throughout FY 2021. The early template to deal with the pandemic was the model of strict lockdowns and social distancing, which resulted in sharp collapse in growth, equity and commodity markets. Consequently, Bond yields fell sharply in both EMs and DMs and growth estimates were cut to the lowest levels since the great depression.

Policy makers in both advanced and emerging economies responded with aggressive monetary-fiscal stimulus packages. Total global pandemic-related fiscal actions as estimated by IMF stands at an astoundingly high level of $16 trillion: $10 trillion consists of additional spending and foregone revenue and $6 trillion consists of government loans, guarantees and capital injections. This was complemental by aggressive and synchronous policy actions by Central Banks, which took global interest rates to the lowest levels on record and ensured that despite the high fiscal push, borrowing costs remained low.

The combination of aggressive policy actions, evolution of medical response to deal with the pandemic and release of pent up demand resulted in rebound of the global economy. Across the world, sharp downgrades have been followed by healthy upgrades in growth estimates. Bond yields have also rebounded in response to improved economic outlook and higher inflation expectation. With progress in vaccinations across the world and significant part of stimulus still persisting, the outlook of global economy in 2021 is better with IMF forecasting strong growth in 50 years, aided by favourable base.

OVERVIEW OF INDIAN ECONOMY

In India also we had a similar story, with the economy and markets being guided by the evolution of the pandemic and Government's response to the same. Early in the pandemic, India's response was of a strict nationwide lockdown beginning mid-March 2020. The consequent demand collapse & supply side disruption led to highest ever Y-O-Y decline of 24.4%[1] in Q1FY21 GDP, with industrial sector Gross value added (GVA) contracting by 35.9%, services by 21.4% and Agriculture GVA growing at 3.3%. Several services such as trade, tourism, airlines, hospitality, construction among many others, were severely impacted.

GDP growth rebounded sharply, more than expected earlier, in the following three quarters of the year as lockdown restrictions were gradually eased and strong pent-up demand was unleashed, with Q2 and Q3 growth at -7.3% and 0.4% Y-O-Y. The recovery post decline of Q2 was on the back of revival in Government expenditure & Fixed investment and easing of the contraction in private consumption.

[1] *Real GDP at 2011-12 price; Source MOSPI*

Showing resilience, the agricultural GVA growth remained in positive territory at 3%+ Y-O-Y growth in all three quarters while Industry sector clocked 2.7% Y-O-Y growth in Q3 after declining 35.9% Y-O-Y in Q1. Within Industry, the manufacturing sector emerged from 35.9% Y-O-Y decline in Q1 to positive 1.5% growth in Q3. Following industry, the services sector also picked up with Q3 Y-O-Y decline of 1% as compared to 21.4% decline in Q1. Equity markets reflected the sharp deterioration, then improvement in growth prospects of the economy as also the pattern in global equity markets, Interest rates and bond yields remained low for most of FY 21 before rising post the Union Budget.

The fears of a prolonged economic recession were addressed by the concerted monetary and fiscal steps taken by Reserve Bank of India (RBI) & Government.

- To avert any shortage of liquidity in the hands of corporates and households, RBI commenced easy monetary policy. In March 2020, repo rate was slashed by 75 bps to 4.4% and later to 4.0% by May 2020. To incentivize banks to lend, the reverse repo rate which sets the floor of the liquidity adjustment facility (LAF) corridor, was reduced by 90 basis points from 4.9% to 4.0% in March 2020 and to 3.35% in May 2020.
- The borrowers who were impacted by disruption in their cash flows were given relief by RBI's measure which allowed lenders to grant moratoriums on loan repayments initially for 3 months, further extended for another 3 months till 31st August 2020. Asset classification freeze for standard accounts was also implemented.
- To reduce the financial stress on borrowers due to the Covid 19 pandemic, lending institutions were allowed to restructure borrowers' account which were standard as on 1st March 2020 either through rescheduling of repayments, granting of moratorium or conversion of interest into credit facility. The existing scheme of restructuring for MSMEs was also extended till March 2021 under which existing standard loans as on 1st March 2020 could be restructured without a downgrade in the asset classification. In September 2020, guidelines on sector specific key financial ratios were also laid out for resolution of stressed industrial sectors.
- To avoid freezing of debt markets and to lower the liquidity premium on debt securities, RBI announced Targeted Long term repo operations (TLTROs). In TLTRO 1.0, liquidity injected was to the tune of ₹1 Lakh Crore, in which banks could access funds from RBI for 3 years at rates linked to repo rates. The Banks were required to invest 50% in primary market debt issuances and the remaining in the secondary market. In TLTRO 2.0, ₹50,000 Crore of liquidity was infused, special dispensation was made for NBFCs, 50% of the funds were to be deployed by banks to buy securities issued by NBFCs/ MFIs.

- Increase the limit under the marginal standing facility (MSF) from 2% to 3%.
- Reduced the cash reserve ratio (CRR) of all banks by 100 basis points to 3.0% till March 21.
- ₹50,000 Crore Special Liquidity Facility for Mutual Funds to ease liquidity pressures on MF.
- Refinance facilities of ₹30,000 Crore to NABARD for refinancing regional rural banks (RRBs), cooperative banks and MFIs; ₹15,000 Crore to SIDBI for on-lending/refinancing; and ₹15,000 Crore to National Housing Bank (NHB) for supporting Housing Finance Companies (HFCs).
- To aid Micro, Small and Medium Enterprises (MSMEs) sector, Emergency Credit Line Guarantee Scheme (ECLGS) was announced under which incremental credit amounting 20% of outstanding credit as on 29th February 2020 was covered with 100% Government guarantee with no collateral and no guarantee fee.
- An extension of ECLGS scheme to 30th June 2021 or till guarantees for an amount of ₹ 3 Lakh Crore were issued, supported recovery & growth. Scope was extended to 26 stressed sectors as per K V Kamath Committee, Healthcare sector and subsequently to Hospitality, Travel & Tourism and Leisure & Sporting sector.
- Scheduled Commercial Banks allowed to deduct the amount equivalent to credit disbursed to 'New MSME borrowers' from their Net Demand and Time Liabilities (NDTL) for calculation of the Cash Reserve Ratio (CRR).
- Inclusion of state government securities in October 2020 in RBI's Asset Purchase Programme.
- Restoration of CRR: Banks to maintain the CRR at 3.5 % from the fortnight beginning 27th March 2021 and 4.0 per cent of NDTL effective from fortnight beginning 22nd May 2021.
- Continuing its support to the micro, small and medium enterprises (MSME) sector, the Reserve Bank further extended the existing restructuring framework for MSMEs up to 30th September 2021.
- Banks permitted to hold under Held to Maturity (HTM) category, SLR securities acquired on or after 1st September 2020 up to an overall limit of 22 per cent of NDTL, up to 31st March 2021. The dispensation was extended up to 31st March 2022.

INDUSTRY STRUCTURE AND DEVELOPMENTS

India's housing finance sector also suffered a setback because of the pandemic, leading to labour unavailability & construction delays, reduced demand, liquidity crunch thereby affecting the repayment schedule of the borrowers. This led to deterioration of the asset quality of non-housing loan segment of housing finance companies (HFCs) viz. loan against property (LAP) and construction finance segments. The disruptions caused by the pandemic led to slow down in the portfolio growth of HFCs. However, with the gradual pick-up seen in the last two quarters most of the NBFCs/HFCs reached near pre-covid levels in terms of disbursements.

However, things were not all bleak – the government's fiscal stimulus measures to maintain liquidity and economic continuity helped. As part of the relief package, the Reserve Bank of India announced ₹15,000 Crore funding to NHB to provide refinance to HFCs.

The Ministry of Housing also extended credit-linked subsidy scheme for the middle-income group by one year – from April 2020 to March 2021. Additionally, RBI announced a six month moratorium policy to reduce the impact of pandemic.

In addition to NBFCs /MFI focussed LTRO, other policy measures taken to shore up investors' confidence in NBFC sector were:

- ₹ 30,000 Crore special liquidity scheme to invest in investment grade debt papers of NBFCs /HFC/MFIs fully guaranteed by Government.
- In February 2021, the RBI allowed lending by banks to NBFCs under the TLTRO on-tap scheme for incremental lending to specified stressed sectors.
- In respect of loans to commercial real estate projects delayed for reasons beyond the control of promoters, date for commencement for commercial operations (DCCO) can be extended by an additional one year, over and above the one-year extension permitted in the normal course, without treating the same as restructuring.

OPPORTUNITIES AND THREATS

Opportunities

- Under-penetration of financial services in India offers growth opportunities.
- Expansion in tier II and beyond.
- Government introduced several measures like RERA, reduction of GST rates, stamp duty, interest subsidy and tax saving incentives for home buyers.
- PMAY scheme is picking pace with an increase in the number of houses sanctioned as well as the number of beneficiaries of the subsidy.
- Technological initiatives to enhance end to end digital journey and deliver superior borrowing experience to customers.

Threats

- Evolving Covid 19 situation and its impact on demand & portfolio quality.
- Increasing competition with some segments being dominated by Banks with lower cost of funds.

BUSINESS OVERVIEW AND PERFORMANCE

Business performance

The Company currently services about 36,635 customers and its loan book stood at ₹11,869 Crore in FY 2021 of which ₹7,935 Crore was towards housing loans, ₹3,394 Crore loans against property and developer finance loans contributed ₹540 Crore of the loan portfolio. Aditya Birla Housing Finance Limited (ABHFL) continued to grow its affordable loan book as part of the strategy to increase granular business in chosen segments of the market. Our progress in the last year for the affordable housing book has been strong. The book grew 1.5x from ~₹ 2,200 Crore as on March 2020 to ~₹ 3,200 Crore as on March 2021.

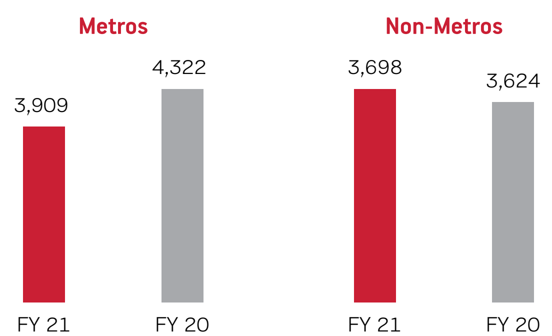
ABHFL focused on its strategic priorities:

Retail Granularity: Our core strategy is to procure and increase retail business and volumes. The Company worked towards developing a robust, retail-led business model and acquired ~9,000 new customers in FY 2021. The average ticket size dropped from ₹35 Lakh in Q4FY20 to ₹24 Lakh in Q4 FY21 and the overall book mix pertaining to non-metro locations increased to 49% this year from 46% previous year.

ABHFL further intends to grow in retail segment by expanding in tier II and beyond geographies with lean branch model.

Home Loans Sourcing

Focus on increasing reach and building retail granularity



Non-metro loan book mix at 49%

74 branches currently operational pan-India

Leverage Technology to reduce TAT & enhance customer experience: With the shift towards more granular business, ABHFL continued working on the operating model, accelerating digital capabilities to improve customer, distributor, and employee experience.

These upgradations of digital capabilities provided an opportunity for scaling up the distribution, customer acquisition model, enhancing customer service experience with improvement in TAT and achieving economies of scale with use of ABC group's network. ABHFL has been investing in digital technology both on sourcing and servicing front while collaborating with fintech companies.

Over the past one year ~90% of all customers have been onboarded through the digital application with several key features like digital KYC, Banking, Income Tax, Credit Bureau check. On the servicing side several digital services including Chatbot, Voicebot, Whatsapp, Web have been institutionalized. With the digital initiatives institutionalized and with more accurate data capture and aided by analytics both management decision and business forecast have been strengthened.

A few initiatives taken by the Company during the year were as under:

- Launched a sales manager assisted mobile application to speed up the onboarding process. 88% of all files were sourced digitally in the last quarter of FY21.
- Enable customer to pay fees online to ensure faster turnaround.
- Central Processing Hub for data standardization, cost optimization & resource planning.
- AI voice-bot calling used for collection and moratorium calling in FY21.
- Channels such as UPI, Wallets, Net banking, eNach introduced for digital collections. Digital payment is now at 95% of total collections.
- Multi-channel servicing introduced including WhatsApp, e-Bots, Google Assistant & Self-serve portal.
- WhatsApp channel is now live on 35 Service Requests catering to 70% of the overall digital volume.

Business resilience under lockdown

The Company considering internal and external information, credit reports, economy forecasts, industry reports have done analysis on the inputs and assumption used in making reasonable estimation of the impact of this pandemic on the repayment ability of its borrowers and make additional provisions as considered appropriate, over and above the extant provisions, for expected credit losses.

The Company had tightened the underwriting process for self-employed customers / employees of various sectors facing cash flows issues. The Company leveraged on digitization viz. whatsapp for superior customer service and faster turnaround time. The Company currently serves 81% of its customers as against 65% pre-lock down.

In line with the RBI circular(s) on Covid 19 regulatory package, the Company provided for moratorium option to all the eligible borrowers classified as standard. AI Voice Bot was implemented with Fin-Tech partner for extensive calling under morat and front end buckets. However, given that 100% loans are backed by security cover, the Company believed that the financial impact shall be mitigated to a large extent. ABHFL also extended the credit guarantee schemes. The silver lining in the cloud is that during the lockdown few State Governments provided for enablers viz. reduction in stamp duty and registration charges, inducing the first-time buyers to own a house and go for bigger flats, which let to increase in the demand in the last two quarters of FY 2021. The granular portfolio was backed up with 2x collateral and a third of affordable book under moratorium was covered by IMGC. The Company adopted flexi work policy with virtual desktop interface over cloud infrastructure and leveraging on these technologies uninterrupted support to the customers, vendors were given.

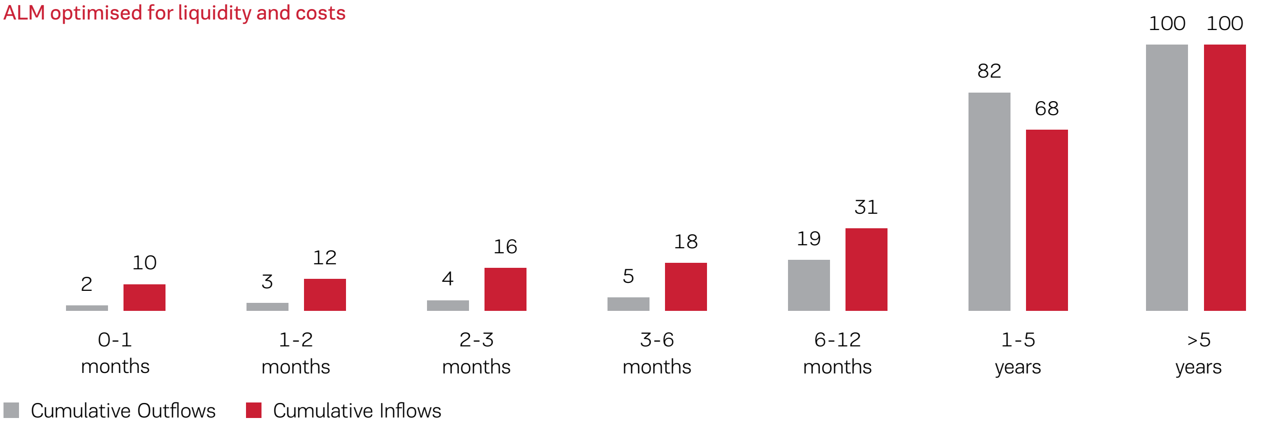
Asset Liability Management (ALM)

The Company's Asset Liability Management (ALM) system strikes balance between adequate liquidity and the cost for sourcing. The below chart depicts that the mismatch between the inflows and outflows for each of the buckets were within the regulatory limits.

Asset Liability Mix (ALM)

(%)

ALM optimised for liquidity and costs



Cumulative Surplus/ (Gap) (%)						
337	365	353	249	61	-17	0

Liquidity Management

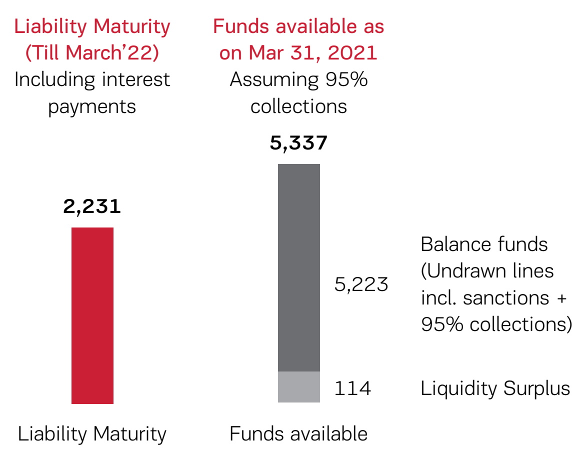
Considering the volatile and unprecedented times seen in FY 2021, the Company maintained adequate liquidity and had an average unutilized Bank Lines of ₹2,482 Crore and Liquid / Overnight Mutual Fund Investments of ₹199 Crore.

The Company had carried out liquidity stress test (as given on the right hand side) to ensure availability of liquid funds throughout FY 2021-22.

Assuming 95% collection efficiency till March 2022, the Company will have surplus of ₹3,106 Crore (Including undrawn lines), if collection efficiency is stressed further to only 50%, the Company will still have a surplus of ₹ 2,485 Crore (Including undrawn lines).

Adequate liquidity under stress test scenario

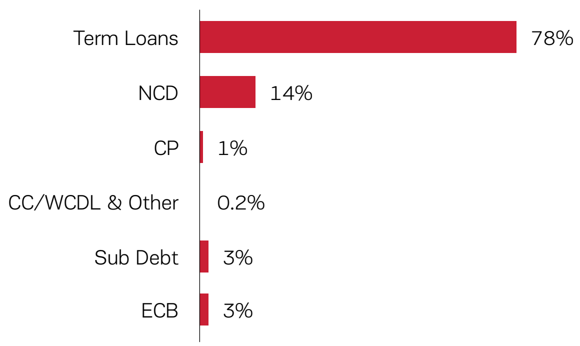
(%)



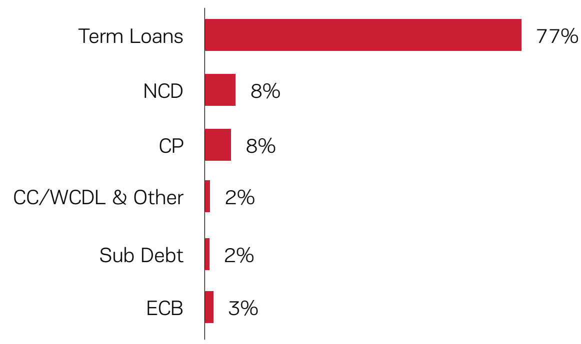
Management Discussion & Analysis (Contd.)

BORROWING PROFILE

The Company primarily sources funds from banks in the form of term loans and cash credit / WCDL and from the money market through Non-Convertible Debentures (NCDs) and commercial papers. During the year, the Company received fresh sanctions from various banks aggregating to ₹5,728 Crore, of which ₹3,500 Crore came from banks and ₹2,228 Crore from NHB. The Company also raised ₹700 Crore through private placement of Secured NCDs and ₹75 Crore through Sub-debt. The borrowing profile as on 31st March 2021 and 31st March 2020 is shown below:



31st March 2021: ₹10,344 Crore



31st March 2020: ₹11,516 Crore

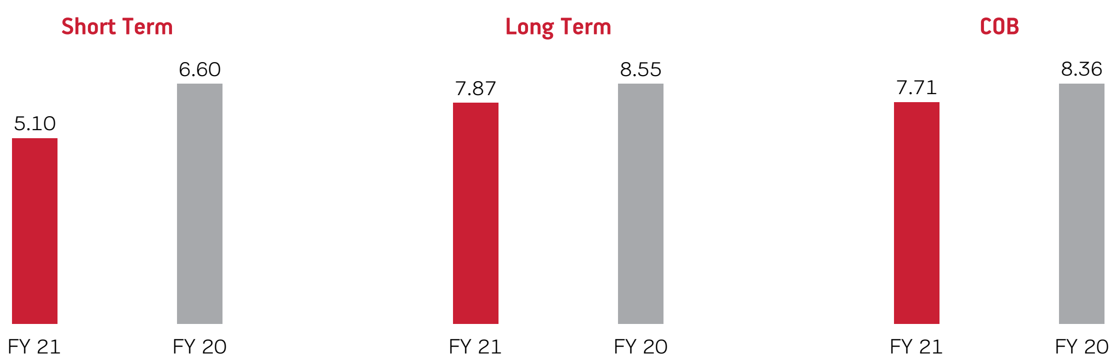
Cost of Funds

The Company was able to reduce the cost of borrowing by **65 bps** over previous year primarily on account of:

- prepayment, out of turn rate resets & spread reduction on ₹5,100 Crore of Term Loan.
- diversifying its source of funds which includes Term Loan/ NCD linked to Repo Rate/ Over Night MIBOR / T-Bill.

Average Cost of Borrowing

(%)



FY2022 – Way forward and Outlook on domestic growth

The beginning of FY 2022 saw second wave of the pandemic which was stronger than the first wave. However, as against the complete lockdown imposed in the first wave, state government imposed stricter restrictions in the second wave.

The uncertainty about Covid 19's spread remains the biggest known unknown. Thus, the forecasts of output growth, financial market conditions and the credit environment remain contingent on severity of pandemic, vaccination speed and policy response.

Nonetheless, the IMF in its April 2021 edition of world economic outlook has projected India to be fastest growing major economy in FY22 & FY23 with real GDP growth rates of 12.5% & 6.9% respectively on the base of 8.0% decline in FY21. RBI too has projected India's GDP baseline growth rate at 10.5% in FY22 and 6.8% in FY23.[2]

The long-term growth outlook for the affordable sector remains positive given the large untapped market, favourable demographic profile, housing shortage and government support in the form of tax sops and subsidies.

NBFC - HFC Outlook

The cumulative growth rate of the HFC's is expected to be around 8-10% of book portfolio in FY 2022, if the HFC's continue the growth momentum keeping slippages under control. However, with the rising Covid 19 infections and localised lockdowns remain a concern area. The second wave, if not contained soon, would not only significantly impact the economy but also adversely hit developers' cash flows and project delivery capabilities, giving rise to wider credit-negative implications.

Amidst this, the key purpose is that by FY2022, ABHFL's strategy is to further strengthen the government's vision of "Housing for All by 2022" and contribute to nation building in our humble way.

Risks and Concerns

The Company's risk philosophy involves developing and maintaining a high credit-quality portfolio within its risk appetite and the regulatory framework. While it is exposed to various types of risks, the most important among them are credit risk, market risk (which includes liquidity risk and price risk) and operational risk. The measurement, monitoring and management of risks remains a key focus area for the Company.

The Company's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment, measurement and mitigation procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked against best practices in the market.

For credit risk assessment, specific policies and processes are in place. Management of credit risk is carried out through credit policy definition, portfolio diversification, appraisal and approval processes, internal ratings, post sanction monitoring, operations control, fraud control, collection processes and remedial management procedures. For each product, programs defining customer segments, underwriting standards, security structures, etc. are specified to ensure consistency of credit patterns. All the cases are approved by Credit Committees formulated at different levels with respective approval limits.

Collections

A robust collection infrastructure is core to ABHFL's lending business. It has strengthened the collection capabilities by setting up dedicated collection teams for specific segments.

Internal control systems and their adequacy

The Company has adequate systems of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that the transactions are authorized, recorded and reported correctly. The Company carries out extensive and regular internal audit programs, policy reviews, guidelines and procedures to ensure that the internal control systems are adequate to protect the Company against any loss or misuse of the Company's assets.

Financial and operational performance

Positive Growth in key financial parameters: ABHFL continues to deliver strong core operating profit over the years. The focus on increasing the affordable segment led to change in the product mix and with the Company continuing to maintain the margins, the Net Interest Income of the Company grew by 17% over FY 2020 to ₹ 439.65 Crore. The cost rationalisation drive induced optimisation of the cost of borrowing and increased the operating efficiency which helped the Company to bring down the cost to income ratio to 39.98% in FY 2021 from 45% in FY 2020. The Pre-Provision Operating Profit and Profit After Tax both grew at 28% and 34 % over FY 2020 to reach ₹ 263.89 Crore and ₹ 137.23 Crore respectively. The Return on Equity and Return on Assets, excluding the impact of Covid 19 provision, were at 11.5% and 1.3% respectively.

[2]Source; RBI Monetary policy report April 2021

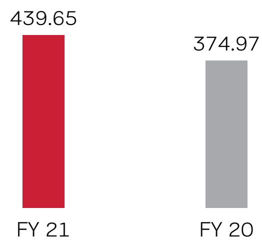
Management Discussion & Analysis (Contd.)

Net Interest Income

(All figures in ₹ Crore)

Margin improvement led by change in product mix

NIM	Δ: ↑ 58 bps	
NIM[1] %	3.53	2.96

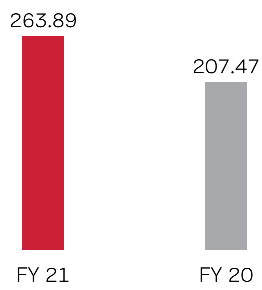


Pre Provisioning Operating Profit (PPOP)

(All figures in ₹ Crore)

Strong expansion in core profit margin (PPOP %)

PPOP %	Δ: ↑ 48 bps	
PPOP[3] %	2.20	1.73



[1] *NIM including fee (net of DSA Expenses)*

[2] *% computed based on average Loan Book*

[3] *DSA commission netted off against Total Revenue, accordingly previous period financials are reinstated*

Material developments in Human resources, including number of people employed

The Company has always aspired to be an organization and a workplace which attracts, retains and provides a canvas for talent to operate.

The Company believes that meaning at work is created when people relate to the purpose of the organization, feel connected to their leaders and have a sense of belonging. Our focus stays strong on providing our people a work environment that welcomes diversity, nurtures positive relationships, provides challenging work assignments and provides opportunities based on meritocracy for people to grow and build their careers with the Company in line with their aspirations.

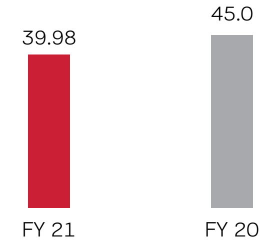
The employee strength of the Company was **643**, comprising of more than **83% millennials** and **13% women**.

Cost to Income Ratio (CIR)

(%)

CIR driven by operating leverage

CIR	Δ: ↓ 5.0 %	
Opex[2] %	1.47	1.41



Capital Adequacy Ratio (CAR)

The Capital adequacy ratio as on 31st March 2021 was 21.73%. The net worth of the Company as on 31st March 2021 was ₹1,519.15 Crore as against the previous year figure of ₹1,382.86 Crore.

KEY FINANCIALS

(₹ in Crore except %)

Key Performance Parameters		FY 2020-21	FY 2019-20
Lending Book		**11,869.58**	12,101.97
Average yield	(%)	**10.28**	10.39
Net Interest cost/ Avg. loan book	(%)	**6.81**	7.49
NIM*	(%)	**3.53**	2.96
Net Interest Income		**439.65**	374.97
Opex		**171.79**	166.72
Opex /Avg. Loan Book	(%)	**1.47**	1.41
Cost Income Ratio	(%)	**39.98**	45.00
Credit Provisioning		**87.51**	70.05
Credit Provisioning/Avg. Loan Book	(%)	**0.73**	0.59
Profit Before Tax		**176.38**	136.19
Profit After Tax		**137.23**	102.65
Net worth		**1,519.15**	1,382.86

**NIM including fee (net of DSA Expenses)*

Talent Management:

The Company's philosophy of building leaders from within continues to guide the actions towards identifying, developing, and nurturing talent. Our HR Strategy is constantly reviewed to be aligned towards developing our people for the future of the Company. Our people practices its foundation in the core philosophy of building people towards competitive advantage aimed at creating a performance culture, building a more engaged workforce, improving productivity and retention, and aligning its activities to the needs of the business.

In the last two years:

- ABHFL had invested significantly over the last year in identifying and developing talent across levels. Out of 121 employees across Middle & Senior Management 34 (28%) are part of our talent pool against the industry norm of 15%-20%, most of whom have been covered in our Leadership Development Program. These programs are aimed at fast tracking high potential of the organization.

- More than 55 employees have undergone a role change as a part of career progression.
- The key talent attrition in FY 21 has been significantly reduced to 4% from 8% in FY 20.

Employee Wellness and Engagement

The health and wellbeing of our people have always been top priority for us at ABHFL. The Company put in place robust processes for employee safety and support with 33 Flu Prevention Managers trained on safety protocols and assigned to check-in with employees and their families at regular intervals and supporting them when needed.

Availability of medical infrastructure and support systems were a huge challenge in the initial days of the pandemic and the Company devised a comprehensive support mechanism through which the employees were provided at home testing support, on call doctor assistance, hospitalization support etc. A 24*7 helpline number 18002702020 was used for central dissemination of information for employees to reach out for any help in this regard.

A comprehensive wellness program was launched recently which is aimed at helping employees improve their physical as well as emotional wellbeing. This will continue to be a key area of focus for the Company.

The celebration of Aditya Birla Housing Finance Day, the annual event to recognize excellence and exemplary performance of employees digitally is reflective of the Company's focus towards connecting with and recognising the efforts of the people. In FY 21 more than 51% of the employees have been recognized across various internal platforms like ABC Inspiration Awards, Udaan Awards- Annual, On the Spot and Quarterly Awards.

Covid Management

ABHFL also faced unprecedented challenges but was able to tide through the difficult times solely because of the collaborative efforts of teams across the business. ABHFL were early for transition of all the employees across 59 branches to working from home well before the announcement of national lockdown in March 2020. The Company as an organization have also managed to expand our branch locations to 75 branches amidst maintaining all necessary protocols.

The Company was also the first in the industry, with the relaxation of the lockdowns to open offices and branches, indicating our commitment towards the customers. Our preparations before reopening covered all aspects of safety protocols for our customers and employees.

Learning:

ABHFL's philosophy is to provide every employee with equal and continuous opportunities to learn & grow. Our learning interventions create an organisation wide impact as these are focused on enabling employees to do better at work both in functional as well as behavioural domain. Employees are encouraged to own their learning journey by identifying their development needs in the Management Development Program tool.

EVOLVE – All the behavioural learning initiatives, interventions are planned and collated under Evolve. An annual and monthly calendar of behavioural training programs, interventions, online modules are circulated to all employees.

The Learning Web – All pre and post functional training interventions and development initiatives are driven through the Learning Web, and a monthly calendar is circulated to all employees under THE FUNCTIONAL EXPRESS newsletter.

Last year the Learning & Development team went through a transformational shift wherein all traditional classroom sessions were given a face lift through virtual instructor led programs. These programs enabled us to cover **74%** of our employees across the length and breadth of the country giving the employees the flexibility to learn anytime and from anywhere. Additionally, with **3000+** E Learning courses and **19K+** video-based modules, 300 micro-learning modules in ABC University, our employees have accelerated their learnings for their benefit. **85%** of our employees in Middle and Junior management have undergone more than 1 e-learning course in FY21. Building the right skillsets in the most challenging times was one of the priorities for the team which led to building special focus on Change Management, building Digital Mindset and Customer Centricity. TARA was a unique women leadership development initiative with senior women leaders mentoring young women within the organization.

Productivity and profitability initiatives were executed under Functional Learning and Development for various Sales functions such as Branch Learning Diet (branch-based monthly knowledge building initiative), League of Leaders (for managerial capability development), and LKT (Lending Knowledge Test) for assessment of knowledge levels of Sales and Credit teams on Credit Policy and Product features.

Cautionary Statement

Statements in the Board's Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. The Company is not obliged to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development information or events or otherwise.

Board's Report

Dear Members,

The Board of Directors of Aditya Birla Housing Finance Limited ("**the Company**" or "**ABHFL**") is pleased to present the 12th (Twelfth) Annual Report and the Audited financial statements of the Company for the financial year ended 31st March 2021 ("**financial year under review**").

FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance for the financial year ended 31st March 2021 as compared to the previous financial year ended 31st March 2020 is summarised below:

(₹ in Crore)

Particulars	Financial Year	
	2020-21	2019-20
Total Income	1,284.91	1,301.18
Less: Finance Cost	849.23	926.99
Net Total Income	435.68	374.19
Less: Operating Expenses	171.79	166.72
Pre-provision operating Profit	263.89	207.47
Less: Impairment on financial instruments	87.51	71.28
Profit before tax	176.38	136.19
Less: Tax expenses	39.15	33.54
Profit after tax	**137.23**	**102.65**
Other comprehensive income (net of tax)	(0.94)	(8.00)
Total comprehensive income (net of tax)	**136.29**	**94.65**
Basic and diluted earnings per share	2.74	2.16
Transfer to Special Reserve	29.22	20.53

The above figures are extracted from the financial statements prepared in accordance with Indian Accounting Standards ("Ind AS") as notified under Sections 129 and 133 of the Companies Act, 2013 ("the Act") read with the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act. The detailed financial statements as stated above are available on the Company's website https://adityabirlahousingfinance.com/.

The financial statements of the Company are consolidated with Aditya Birla Capital Limited ("ABCL"), the Holding Company which has adopted Ind-AS. The Company has also prepared and submitted to ABCL the financial statements in Ind-AS Fair Value format.

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

Highlights of the Company's performance for the financial year ended 31st March 2021 are as under:

- As on 31st March 2021 the Company had a portfolio of ₹11,869.58 Crore with 36,635 active customers.
- Affordable Housing business had over ₹3,200 Crore of portfolio with over 22,000 active customers.
- Overall disbursal during the year was ₹3,018 Crore.
- Total income for the year was ₹1,284.91 Crore against ₹1,301.18 Crore for previous year.
- Opex was ₹171.79 Crore compared to ₹166.72 Crore for previous year.
- Borrowing cost was ₹849.23 Crore, 8 % lower than previous year.
- As a result, Pre-provisioning operating profit increased to ₹263.89 Crore from ₹207.47 Crore .
- Credit cost increased as a result of impact of Covid - ₹ 87.51 Crore in FY 2021 against ₹70.05 Crore last year.
- Profit Before Tax was up by 30% to ₹176.38 Crore.

MATERIAL EVENTS DURING THE YEAR

The Finance (No.2) Act, 2019 (23 of 2019) was amended to include all housing finance companies (HFC's) as one of the categories of Non-Banking Financial Company (NBFC's) and to give certain powers to Reserve Bank of India (the Bank/ RBI) to regulate HFCs.

Accordingly, the Bank in exercise of the powers conferred under the Reserve Bank of India Act, 1934 and National Housing Bank Act, 1987 and in supersession of earlier regulations/directions applicable to HFCs, had on 17th February 2021 issued the Non-Banking Financial Company (NBFC's) – Housing Finance Company (Reserve Bank) Directions, 2021. The Regulations intend to align the regulatory framework for HFCs with the one prevalent for NBFCs.

RBI in view of the Covid 19 pandemic, which caused financial stress for borrowers across the industry, announced various regulatory measures viz. Moratorium, Resolution Frame work for stressed accounts, Ex-gratia payout to facilitate revival and continuity of viable businesses etc.

Impact on the Business Continuity amidst the spread of Covid 19:

The outbreak of Covid 19 pandemic has severely impacted social and economic activities across the world. WHO has declared Covid 19 as a global pandemic. The Government of India, as a preventive measure to contain the spread of Covid 19 and to flatten the curve, declared lockdown from 24th March 2020 and taken various measures to control the spread of infection through FY 2021.

The Covid 19 pandemic has thrown both a challenge and opportunity to the Company. The Company responded proactively to the challenge posed by lockdown by activating its Business Continuity Plan (BCP). The Company's business operations were marginally impacted due to the lockdown to the extent face to face contact was required.

The Company has since been able to reduce the impact of lock down by taking a slew of measures including digitally enabling frontend sales force, enabling all the support functions to work from home etc. Overall, the Company could ensure seamless servicing of customers without any issues during the crisis.

The Company's BCP was enabled by its constant focus on a robust digital strategy. The Company further leveraged its digital assets for providing uninterrupted servicing to the customers and selling digitally. The details of BCP with reference to Covid 19 is covered comprehensively in Business Continuity section subsequently.

HOLDING / SUBSIDIARIES / JOINT VENTURES / ASSOCIATES COMPANIES

HOLDING COMPANY

During the financial year under review, Grasim Industries Limited remains the ultimate Holding Company and Aditya Birla Capital Limited continues to be the Holding Company of the Company. Grasim Industries Limited and Aditya Birla Capital Limited are listed at BSE Limited, National Stock Exchange of India Limited and Luxembourg Stock Exchange. As per clause 16(c) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is considered as a Material Subsidiary Company of Aditya Birla Capital Limited.

SUBSIDIARY COMPANY

The Company doesn't have any Subsidiary Company.

JOINT VENTURES/ ASSOCIATE COMPANY

As per the provisions of the Act, the Company did not have any Joint Ventures/ Associates during the financial year under review.

TRANSFER TO RESERVES

An amount of ₹29.22 Crore was transferred to Special Reserve in terms of Section 29C of the National Housing Bank Act (including ₹29.22 Crore to reserve u/s 36(1)(viii) of the Income Tax Act, 1961) during the financial year under review.

DIVIDEND

The Board of Directors did not recommend any dividend for the financial year under review.

SHARE CAPITAL

The Company's paid up Equity Share Capital as on 31st March 2021 was ₹501.20 Crore.

TRANSFER OF SHARES/ CHANGE IN NOMINEE SHAREHOLDERS

During the year, the Board of Directors had approved requests for transfer of shares from the nominees of Aditya Birla Capital Limited (ABCL), Holding Company as follows:

Sr. No.	Transferor	Transferee	Date of Transfer	No. of Shares
1	Mr. R. C Sharma (Nominee of ABCL)	Mr. Bhavdeep Pathak (Nominee of ABCL)	28th January 2021	1
2	Mr. Manoj Shah (Nominee of ABCL)	Mr. Rajesh Bamania (Nominee of ABCL)		1

DEPOSITORY

As on 31st March 2021, out of the Company's total equity paid-up share capital comprising of 50,11,97,682 Equity Shares, 50,11,97,668 Equity Shares were held in dematerialised mode.

CREDIT RATING

The credit ratings enjoyed by the Company from various rating agencies as on 31st March 2021 are detailed below:

Facility	India Ratings	Amount (₹ in Crore)	ICRA	Amount (₹ in Crore)
Commercial Paper	IND A1+	1,500	[ICRA] A1+	1,500
Non-Convertible Debentures	IND AAA; Outlook Stable	1,654	[ICRA] AAA with Stable Outlook	3,000
Subordinate Bonds	IND AAA; Outlook Stable	1,000	[ICRA] AAA with Stable Outlook	1,000
Market Linked Debentures	IND- PPMLD AAA emr'; Outlook Stable	500	-	500
Bank Lines	IND AAA Outlook Stable	20,000	[ICRA] AAA (stable) / ICRA A1+	15,000

PUBLIC DEPOSITS

The Company, being systemically important non deposit accepting housing finance company had not accepted deposits during the year and the provisions of section 73 of the Companies Act, 2013 read with the rules made thereunder are not applicable.

PARTICULARS OF LOANS GIVEN, INVESTMENT MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

Pursuant to provisions of Section 186 (11) of the Act, the Company being a housing finance company registered with the National Housing Bank (NHB) and engaged in the business of giving loans, is exempted from the provisions of the said section. Thus, the provisions of Section 186, except sub-section (1) of the Act, are not applicable to the Company.

Further, details of the loans given, investment made, guarantees given or security provided are stated in the notes to accounts forming part of the Annual Report.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The particulars with respect to the conservation of energy and technology absorption as required to be disclosed pursuant to provision of Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are attached as **Annexure I** to this Report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings during the financial year under review as well as during the previous financial year. However, the foreign exchange outgo during the financial year under review was approximate ₹27.61 Crore as compared to ₹7 Crore during the previous financial year.

PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details, as required under Section 197(12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are attached as **Annexure II** to this report.

Details as required under Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, with respect to information of employees of the Company will be provided to Member upon request made.

In terms of the provisions of Section 136(1) of the Act, the report and accounts, as set out therein, are being sent to all the Members whose email address(es) are registered with the Company via electronic mode, excluding the aforesaid details which are available for inspection by the Members via electronic mode. If any Member is interested in obtaining a copy thereof, the Member may write to the Company Secretary at the Registered Office of the Company in this regard.

MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company from the end of the financial year up to the date of this report.

CHANGE IN NATURE OF BUSINESS

During the financial year under review, there has been no change in the nature of business of the Company.

EMPLOYEE STOCK OPTION PLAN

Employee Stock Options have been recognised as an effective instrument to attract talent and align the interest of employees with that of the Company, thereby providing an opportunity to the employees to share in the growth of the Company and to create long term wealth in the hands of employees, thereby and acting as a retention tool.

In view of the above, ABCL had formulated "Aditya Birla Capital Limited Employee Stock Option Scheme 2017" ("Scheme 2017") for the employees of the Company and its Subsidiaries.

The shareholders of ABCL, vide their resolution passed on 19th July 2017 had also extended the benefits and coverage of the Scheme 2017 to the employees of its Subsidiary Companies. The shareholders of the Company at its meeting held on 10th August 2017 had approved the extension of benefits of the Aditya Birla Capital Limited Employee Stock Option Scheme 2017 ("Scheme 2017") to the permanent employees in the management cadre of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the financial year under review, prepared as per requirements of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, erstwhile Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 is presented as a separate section, which forms part of the Annual Report.

CORPORATE GOVERNANCE REPORT

The Company and Directors reaffirm their commitment to maintain the highest standards of corporate governance as applicable to the Company. Corporate Governance principles form an integral part of the core values of the Company. Corporate Governance Report forming part of this report for the year under review is attached separately as **Annexure III**.

RISK MANAGEMENT

Risk Management is at the core of our business and ensuring the right risk-return trade-off in keeping with our risk appetite is the essence of our risk management. The Company has a robust Risk Management framework which proactively addresses risks while looking to optimize the retuns that go with that risk.

The objectives and scope of the Risk Management broadly include:

- Risk identification;
- Risk Assessment;
- Risk Response and Risk Management strategy; and
- Risk monitoring, communication and reporting.

The financial year 2020-21 due to the pandemic and consequent lockdowns caused disruption and challenges. The Company showed good resilience due to the strong Business Continuity Plan and pandemic plans.

Over the years, the Company built a strong Risk Management Framework supported by well-established policies and procedures and a talented pool of Risk Professionals. The Company was able to face the unprecedented challenges during the last year and emerge stronger during these turbulent times due to some of these policies and framework. The organizational structure to address the risk consists of "Three lines of defense":

First is: Line Management (Functional Heads) to ensure that accountability and ownership is as close as possible to the activity that creates the risks;

Second is: Risk Oversight including the Risk and Compliance Function and Risk Management Committee.

Third is: Independent Assurance - Internal Audit, conducted by Independent Internal Auditors, whose work is reviewed by the Audit Committee.

Business Continuity

The Company has a well-documented Business Continuity Management Programme which has been designed to ensure continuity of critical processes during any disruption. The continual disruptions caused by the Covid 19 pandemic and frequent lockdowns tested the Business Continuity Policy of the Company, nevertheless, it continued to operate in line with the procedures outlined in its Business Continuity Plan, which was modified to take care of the evolving situation and a pandemic plans was developed keeping in view the interest of various stakeholders like employees, customers, partners, distributors, etc. within the overall regulatory requirements and guidelines. As a result, the Company was able to continue to operate and serve customers while taking care of the health of their employees.

To manage the impact of the pandemic on the Company, a Crisis Management Team (CMT) comprising of Leadership Team members and led by the Chief Executive Officer of the Company was formed.

Employees' health and safety was accorded top priority. Various steps were taken well before the lockdown to reduce congestion in office, maintain social distancing and enable work from home for the employees. Critical processes were identified, reviewed for implementation in a work from home scenario and wherever required alternate controls were instituted. The work from home plan was tested well in advance and glitches ironed out. After announcement of national lockdown, work from home was fully enabled for all employees. The Company also used lessons from 'work from home' experiment and reimagined work in a vibrant environment. Building on these lessons and practices executed during the crisis, ABHFL deployed workforce strategies and ecosystems banded together to leverage our collective and complementary capabilities and effect meaningful change.

The Business Continuity Plan was also supplemented with a Business Normalisation Plan. This enabled the Company to resume normal Business Operations wherever the conditions had normalised.

As the Covid19 pandemic continues to evolve, the efforts will be to support an effective return to work while ensuring safety of employees, distribution partners and customers. The Company expect the challenging times to continue for the next few months. However, it is well prepared to ensure stabilization and business continuity.

In view of the increased move to digital, there was a continued focus on Cyber Security and the Company has continued to invest in a strong Cyber Defence Programme.

CONTRACTS AND ARRANGEMENTS WITH RELATED PARTIES

During the financial year under review, all transactions entered into by the Company with related parties were in ordinary course of business and on an arm's length basis and were not considered material as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. Hence, disclosure in form AOC-2 under Section 134(3)(h) of the Act, read with the Rule 8 of the Companies (Accounts of Companies) Rules, 2014, is not applicable.

Prior omnibus approval of the Audit Committee is obtained for Related Party Transactions ("RPTs") which are of a repetitive nature and entered into in the ordinary course of business and at arm's length. A statement on RPTs specifying the details of the transactions, pursuant to each omnibus approval granted, is placed on a quarterly basis for review by the Audit Committee. There were no material transactions entered into with related parties during the period under review, which may have had any potential conflict with the interests of the Company at large.

The details of contracts and arrangements with related parties of the Company for the financial year under review are given in the notes to the financial statements. The policy on RPTs, as approved by the Board, is available on the Company's website https://adityabirlahousingfinance.com/ and is also attached as **Annexure IV** to this report.

INTERNAL FINANCIAL CONTROLS

The Board of Directors confirms that the Company has laid down a set of standards, processes and structure which enables implementation of internal financial controls across the organization with reference to financial statements and that such controls are adequate and are operating effectively. During the year under review, no material or serious observation was found for inefficacy or inadequacy of such controls.

Assurance on the effectiveness of internal financial controls is obtained through management reviews, control self-assessment, continuous monitoring by functional experts as well as testing of the internal financial control systems by the internal auditors during the course of their audit. During the year under review, no material or serious observation has been received from the Auditors of the Company, citing inadequacy of such controls.

INTERNAL AUDIT

The Company has in place an adequate internal audit framework to monitor the efficacy of internal controls with the objective of providing to the Audit Committee and the Board of Directors, an independent and reasonable assurance on the adequacy and effectiveness of the organization's risk management, internal control and governance processes. The framework is commensurate with the nature of the business, size, scale and complexity of its operations.

The internal audit plan is developed based on the risk profile of business activities of the organization. The audit plan covers process and policy audits at the head office and across various branches of the organization. The audits are carried out by an independent external firm. The audit plan is approved by the Audit Committee, which regularly reviews the compliance to the plan.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act and to the best of their knowledge and belief and according to the information and explanations obtained from the operating management, Directors of the Company state that:-

i) in the preparation of the Annual Accounts for the Financial Year ended 31st March 2021, the applicable accounting standards have been followed and there were no material departures from the same;

ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2021 and of the profit of the Company for financial year ended on that date;

iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) the Directors had prepared the Annual Accounts on a 'going concern basis';

v) the Directors had laid down internal financial controls and that such internal financial controls were adequate and were operating effectively; and

vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTMENT/RESIGNATION OF DIRECTORS

As on 31st March 2021, the Board of Directors of the Company ("the Board") comprised of 4 (Four) Directors including 2 (Two) Non-Executive Directors and 2 (Two) Independent Directors (including 1 Woman Director). Mrs. Anita Ramachandran's tenure was further extended for a period of 5 years. None of the Directors had resigned and there was no change in the Directors during the financial year under review.

Detailed information about the Board of Directors are provided in the Corporate Governance Report, which forms part of this report.

RETIREMENT BY ROTATION

Section 152 of the Act provides that unless the Articles of Association provide for retirement of all directors at every Annual General Meeting (AGM), not less than two-third of the total number of directors (excluding the Independent Directors) of a public company shall be liable to retire by rotation and of which one-third are liable to retire at every AGM. Accordingly and Mr. Rakesh Singh (DIN: 07006067), Non-Executive Director who retires by rotation this year, meets the fit and proper criteria stipulated under the Master Directions - Non-Banking Financial Company (NBFC's) – Housing Finance Company (Reserve Bank) Directions, 2021, as amended and being eligible, offers himself for re-appointment at the 12th (Twelfth) Annual General Meeting of the Company.

A detailed profile of Mr. Rakesh Singh seeking re-appointment is provided in the notice of the 12th (Twelfth) AGM of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted their declaration of independence, pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgement and without any external influence.

The Independent Directors have submitted a declaration that they have included their names in the Independent Director's Databank maintained by Indian Institute of Corporate Affairs as applicable.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience, expertise and hold highest standards of integrity.

FIT AND PROPER CRITERIA

All the Directors meet the fit and proper criteria stipulated under the Master Directions - Non-Banking Financial Company (NBFC's) – Housing Finance Company (Reserve Bank) Directions, 2021.

KEY MANAGERIAL PERSONNEL (KMP)

In terms of the provisions of Sections 2(51) and 203 of the Act, read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Netrapal Singh, Chief Executive Officer (CEO), Mr. Tushar Kotecha, Chief Financial Officer (CFO) and Mr. Muthiah Ganapathy, Company Secretary (CS), are the Key Managerial Personnel of the Company.

ANNUAL PERFORMANCE EVALUATION OF BOARD / COMMITTEES OF THE BOARD / INDIVIDUAL DIRECTORS

The evaluation framework for assessing the performance of the Directors of the Company comprises of contributions at the Meeting(s) and inputs in terms of strategic perspective or the growth and performance of the Company, amongst others.

Pursuant to the provisions of the Act and in terms of the framework of the Board Performance Evaluation, the Nomination and Remuneration Committee and the Board have carried out an annual performance evaluation of the Board, its Committees, individual Directors. The manner in which the evaluation has been carried out has been set out in the Corporate Governance Report which forms part of this report.

Outcome of the evaluation

The functioning of the Board and its Committees were found satisfactory. The Committees are functioning well and besides covering the Committee's terms of reference, as mandated by law, important issues are brought up and discussed in the Committee meetings. The Board was also satisfied with the contribution of Directors, in their individual capacities.

MEETINGS OF THE BOARD AND ITS COMMITTEES

BOARD

The Board meets at regular intervals to discuss and decide on the Company's performance and strategies. During the financial year under review, the Board met 5 (Five) times. Further details on the Board Meetings are provided in the Corporate Governance Report, which forms part of this report.

AUDIT COMMITTEE

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations.

In conducting such reviews, the Committee found no material discrepancy or weakness in the internal control system of the Company. The Committee also reviewed the procedures laid down by the Company for assessing and managing risks.

Further details on the Audit Committee are provided in the Corporate Governance Report, which forms part of this report.

During the financial year under review, all recommendations made by the Audit Committee were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Company has a duly constituted a Nomination and Remuneration Committee ("NRC"), with its composition, quorum, powers, role and scope in line with the applicable provisions of the Act. Further details on the NRC are provided in the Corporate Governance Report, which forms part of this report.

The NRC has formulated a policy on remuneration under the provisions of Section 178(3) of the Act, which is attached as **Annexure V** to this report and the same is uploaded on the website https://adityabirlahousingfinance.com/.

OTHER COMMITTEES

The Board of Directors has also constituted the following Committees under the relevant provisions of the Companies Act, 2013 read with Non-Banking Financial Company (NBFC's) – Housing Finance Company (Reserve Bank) Directions, 2021:

- Corporate Social Responsibility Committee
- Risk Management Committee
- Asset Liability Management Committee
- Information Technology (IT) Strategy Committee
- Securities Allotment & Transfer Committee

The details of all the Committees of the Board are provided in the Corporate Governance Report which forms part of this report.

ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) of the Companies act, 2013, the Annual Return in form MGT-7 for the Company is available on the Company's website https://adityabirlahousingfinance.com/

AUDITORS

STATUTORY AUDITORS, THEIR REPORT AND NOTES TO FINANCIAL STATEMENTS

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, as amended, M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants (Firm Registration No.:117366W/W-100018, LLP Identification No.: AAB-8737) were appointed as Statutory Auditors of the Company for a term of 5 (Five) years i.e. from the Seventh (7th) Annual General Meeting till the conclusion of ensuing Twelfth (12th) Annual General Meeting of the Company.

The observation(s) made in the Auditor's Report are self-explanatory and therefore, do not call for any further comments under Section 134(3)(f) of the Act. The Auditor's Report does not contain any qualifications, reservations, adverse remarks or disclaimer. The Statutory Auditors have not reported any incident of fraud to the Audit Committee or the Board of Directors under Section 143(12) of the Act during the financial year under review.

Reserve Bank of India ("RBI") had issued a circular dated 27th April 2021 on Guidelines for appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs). The same is applicable from end of first half of FY22.

The circular amongst other restrictions and conditions inter-alia stipulates that an Audit firm can be appointed as the Statutory Auditor for 3 years period only and thereafter, reappointment will be possible only after cooling period of six years in the same entity. Industry representations are being made for seeking relaxations/ clarifications for this circular.

Depending on the clarification/ relaxation, if any, received from RBI, information about continuation of existing Statutory Auditors for second term (who will be completing their t tenure at the ensuing AGM of the Company) or recommendation for the appointment of a new Statutory Auditor, by the shareholders shall be suitably provided in the notice of Twelfth (12th) Annual General Meeting of the Company as applicable.

SECRETARIAL AUDIT & SECRETARIAL COMPLIANCE

Pursuant to the requirements of Section 204(1) of the Act read with Rule 9 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. BNP & Associates, Practicing Company Secretaries to conduct the Secretarial Audit for the financial year under review.

The Secretarial Audit Report in Form MR-3 for the financial year under review, as received from M/s. BNP & Associates, Practicing Company Secretaries, is attached as **Annexure VI** to this report.

Pursuant to Regulation 34(3) and Schedule V of the SEBI Listing Regulations, the Annual Secretarial Compliance Report for the financial year under review is attached as **Annexure VII** to this report.

The Secretarial Audit Report and the Annual Secretarial Compliance Report do not contain any qualifications, reservations or adverse remarks. The Annual Secretarial Compliance Report for the financial year 2020-21 was submitted to the Stock Exchanges.

COST RECORDS AND AUDITORS

The provisions of Cost Audit as prescribed under Section 148 of the Companies Act, 2013 are not applicable to the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with Section 135 of the Act, the Board of Directors on the recommendation of CSR Committee had approved the CSR Policy which provided for the activities to be carried out. The CSR Policy is available on the Company's website https://adityabirlahousingfinance.com/.

In line with the statutory requirements under the Companies Act, 2013 and it's CSR Policy, the Company had undertaken projects in the areas of women empowerment & infrastructure development, healthcare, digital education, disability and livelihood. During the year under review, the Company spent /contributed ₹1.78 Crore towards aforesaid CSR projects.

The required disclosure as per Rule 8 of Companies (Corporate Social Responsibility Policy) Rules 2014 is attached as **Annexure VIII** to this Report. Further, the details on the Corporate Social Responsibility Committee are provided in the Corporate Governance Report, which forms part of this report.

WHISTLE BLOWER POLICY/VIGIL MECHANISM

In compliance with the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 the Company has formulated a whistle blower policy/ vigil mechanism for directors and employees to report any concerns. The said policy is available on Company's website https://adityabirlahousingfinance.com/.

POLICY ON PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The Company has in place policy which is in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints, if any, received regarding sexual harassment of women. The

Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy. We further state that during the financial year under review, there were no complaints received/cases filed / cases pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Company has complied with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

HUMAN RESOURCES

The Company believes that human resources are at the core of sustaining and building our organization and will play a critical role in its future growth. With an unswerving focus on nurturing and retaining talent, the Company provides avenues for learning and development through functional, behavioral and leadership training programs, knowledge exchange conferences and providing communication channels for information sharing, to name a few of the initiatives. Additional details on human resources are provided in the Management Discussion and Analysis report.

SECRETARIAL STANDARDS OF INSTITUTE OF COMPANY SECRETARIES OF INDIA (ICSI)

The Company is in compliance with the Secretarial Standards specified by ICSI on Meetings of the Board of Directors (SS-1), General Meetings (SS-2).

CODE FOR PROHIBITION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulation 2015, as amended, the Company has a Board approved code of conduct to regulate, monitor and report trading by insiders ('Code of Conduct') and a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ('Code of Fair Disclosure') for its listed Non-Convertible Debentures. Further details on the same form part of the Corporate Governance Report.

DEBENTURES

Vistra ITCL (India) Limited, having their office at Plot C-22, G-Block, ILFS Financial Centre, Bandra Kurla Complex, Bandra (E) Mumbai 400052 Tel: (022) 26533333, is the Debenture Trustee.

The details of unclaimed non-convertible debentures are given below:

- The total number of non-convertible debentures which have not been claimed by the investors or not paid by the housing finance company after the date on which the non-convertible debentures were due for redemption: Nil
- The total amount in respect of such debentures: Nil

OTHER DISCLOSURES:

In terms of applicable provisions of the Act, the Company discloses that during the financial year under review:

i. there was no issue of share (including sweat equity share) to employees of the Company under any scheme.

ii. there was no Scheme for provision of money for the purchase of its own share by employees or by trustees for the benefit of employees.

iii. there was no bonus issue or preferential issue of shares etc.

iv. there was no Issue of shares with differential rights.

v. there was no transfer of unpaid or unclaimed amount to Investor Education and Protection Fund.

vi. there were no significant or material orders passed by the Regulators or Hon'ble Courts or Tribunals which impact the going concern status and Company's operations in future.

vii. there was no proceeding for Corporate Insolvency Resolution Process initiated Under the Insolvency and Bankruptcy Code, 2016.

viii. there was no failure to implement any Corporate Action.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their appreciation for the support and co-operation extended by our various partners and other business associates. Your Directors gratefully acknowledge the ongoing co-operation and support provided by all Statutory and Regulatory Authorities.

Your Board also acknowledges the support and contribution of Company's Bankers, Stock Exchanges, Registrar of Companies, Depositories, the Reserve Bank of India, National Housing Bank, Securities and Exchange Board of India, Central and State Governments and other regulatory bodies.

Your Directors place on record their appreciation for the exemplary contribution made by the employees of the Company at all levels. Their dedicated efforts and enthusiasm have been pivotal to the Company's growth.

For and on behalf of the Board
Aditya Birla Housing Finance Limited

Sd/-	Sd/-
Ajay Srinivasan	**Rakesh Singh**
Director	Director
DIN: 00121181	DIN: 07006067

Date: 11th May 2021
Place: Mumbai

Annexure I

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

Particulars pursuant to the provisions of Section 134 (3) (m) of the Act, read with the Rule 8 (3) of the Companies (Accounts) Rules, 2014, are furnished hereunder:

A.	**CONSERVATION OF ENERGY**	
(i)	the steps taken or impact on conservation of energy;	None
(ii)	the steps taken by the company for utilising alternate sources of energy;	None
(iii)	the capital investment on energy conservation equipments;	None
B.	**TECHNOLOGY ABSORPTION**	
(i)	The efforts made towards technology absorption	**1. New Digital Initiatives** **Sales Web/Mobile App** – Customer dedupe, document uploads, Aadhaar verification and more features added. The app enables faster processing, reduced turnaround times, improved efficiencies. **Business Rule Engine** – A configurable rule engine hosts policy rules, eligibility calculators and custom score cards. This automation fastens the credit decisioning process, reduces human dependency and subjectivity in decisioning. Configurable engine also ensures faster turnaround time for incorporating changes in Credit Policy. Furthermore, the data form business rule engine can be used for analytics to strengthen the custom score cards. **Digital service integrations** – Facilities like Multibureau credit check, Hunter fraud check, Experian Scorecards, Lead Service integrations, Video KYC, OCR integrated statement services, Aadhaar verification have led to faster processing of applications and better management of credit risk and lead conversion cycles. **2. Customer Initiatives** **Online digital payments** via Paytm and Billdesk, bank ECS to enable customers to make payments faster. This has improved collections, ease of use for the customer, faster credit to customers due to direct deposits. **Multichannel reach** via Whatsapp, NLP based Chatbots, Email, SMS. These have helped customers raise requests about their accounts and build awareness of products and new services. Enhanced engagement has brought about savings in traditional paper mode communications, faster servicing, better loyalty and higher NPS scores. **Video Personal Discussion** - Video Personal Discussion technology was enabled for credit managers to do a video discussion with prospects along with geo tagging. **Ubona Digital Call processing** – Implemented new call centre digital calling platform. This has improved tracking, customer identification, reduced TATs with additional features for voice biometrics. **Pre filled Loan agreement** – This ensures the agreement details are populated directly by the LMS. This has led to reduction of errors, standardized layout and faster processing of loan agreements. **Risk Adjusted benchmark pricing** – To deal with market dynamics, the risk adjusted benchmark rates were defined for different customer segments. This has improved application decisions and also reduced the turnaround times.
		3. Operational Processing Initiatives **Loan Origination and Loan Management system.** Enhanced A3S Omnifin LOS-LMS integrated platform for tighter processing of the lead to disbursement and loan management process. This integrated admin system has helped managed credit risk and workflows for faster turnaround on customer applications. **Robotic Process Automation** – 50 new manual processes were automated leading to 74 in total and has significantly improved operational processing times. **Barcode and Biometric** enablers have sped up the process of locating and verifying the documents. This has led to reduction in errors and saving in manpower efforts.

		4. Infrastructure Initiatives **Hyperconvergence Nutanix platform** – This flexible platform has several advantages over conventional virtual environments and improved scalability. The time to create new virtual machines for development has reduced and ability to run EOD/EOM jobs has reduced by 60% and ability to increase resources to scale up on demand has improved. **Application performance and log monitoring** To ensure reliability and uptime of our systems, a real time application performance monitoring and a log monitoring solution (True Sight), has been deployed and extended to monitor all key systems. This helped with faster detection, troubleshooting and resolution of any applications having slow performance. **Unified Ticketing and Change Management Tool** – To ensure tracking of IT incidents, Remedy Helpdesk has been implemented. This has ensured better tracking and responsiveness to incidents
(ii)	The benefits derived as a result of the above efforts (e.g. Product improvements, cost reduction, product development, import substitution, etc.)	New initiatives in technology such as integration with financial services have improved the application verification and validations. Customer focused transactions on Whatsapp, chatbot, Google Voice Assistant, service portal have improved services. Lead conversion on email BOT has resulted in significant increase of business generation and fulfillment. RPA and Application Performance Monitoring (APM) tools have improved process efficiency by 60%.
(iii)	Particulars of imported technology in the last three years (reckoned from beginning of the financial year)	None
	a) Details of technology imported	None
	b) Year of import	None
	c) Has technology been fully absorbed	None
	d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof	None
(iv)	the expenditure incurred on Research and Development.	None

Aditya Birla Housing Finance Limited

Sd/-
Ajay Srinivasan
Director
DIN: 00121181

Sd/-
Rakesh Singh
Director
DIN: 07006067

Date: 11th May, 2021
Place: Mumbai

Annexure II

Details to be included in the Board report as per Section 197(12) & Rule 5 (1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for financial year 2020-21

1. Ratio of remuneration of each Director to median remuneration of the employees of the Company for the financial year.

The Company doesn't pay remuneration to any of its Directors. Sitting fees for attending the meetings are being paid only to Independent Directors and not to Non-executive non-Independent Directors. In view of this, the ratio of remuneration of each Director to the median employees' remuneration is not computed.

2. Percentage increase in remuneration of each Director, CEO, CFO, CS in the FY 2020-21

Netrapal Singh CEO	**Tushar Kotecha** CFO	**Muthiah Ganapathy** CS
Nil	Nil	Nil

Note: No remuneration was paid to any of the directors, except sitting fees.

3. Percentage increase in median remuneration of employees in the FY 2020-21

Nil

4. No. of permanent employees on rolls of the Company

643

5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year – Nil

Average percentile increase in the salaries of the managerial personnel in the last financial year – Nil

6. It is hereby affirmed that the remuneration paid is as per the remuneration policy of the Company.

Annexure III

Report on Corporate Governance

OUR VALUES

Integrity
Acting and taking decisions in a manner that is fair and honest. Following the highest standards of professionalism and being recognised for doing so. Integrity for us means not only financial and intellectual integrity, but encompasses all other forms as are generally understood.

Commitment
On the foundation of integrity, doing all that is needed to deliver value to all stakeholders. In the process, being accountable for our own actions and decisions, those of our team and those on the part of the organisation for which we are responsible.

Passion
An energetic, intuitive zeal that arises from emotional engagement with the organisation that makes work joyful and inspires each one to give his or her best. A voluntary, spontaneous and relentless pursuit of goals and objectives with the highest level of energy and enthusiasm.

Seamlessness
Thinking and working together across functional groups, hierarchies, businesses and geographies. Leveraging diverse competencies and perspectives to garner the benefits of synergy while promoting organisational unity through sharing and collaborative efforts.

Speed
Responding to internal and external customers with a sense of urgency. Continuously striving to finish before deadlines and choosing the best rhythm to optimise organisational efficiencies.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

"Our values provide us with our roots and they provide us with our wings."

Shri Kumar Mangalam Birla
Chairman, Aditya Birla Group

Aditya Birla Group is one of the pioneers in the field of Corporate Governance. As a part of the Group, the Company is committed to continuously adopt and adhere to the best governance practices, to achieve the ultimate goal of making the Company a value-driven organisation.

During the financial year under review, the Institute of Company Secretaries of India (ICSI) conferred an Honorary Degree of the ICSI to Shri Kumar Mangalam Birla, Chairman of the Aditya Birla Group. In his acceptance speech Shri Birla said, "It is a privilege to be the 1st industrialist to be receiving the honorary degree of such a prestigious institute as the ICSI and an honour to have received it from Hon'ble Minister Shri Piyush Goyal. The CS community has been helping navigate the governance culture throughout the country even in the time of pandemic. The Company Secretaries are the Heroes of the Country and I am proud to be a part of them".

Strong corporate governance is indispensable to resilient and vibrant capital markets and is an important instrument of investor protection. It is the blood that fills the veins of transparent corporate disclosure and high-quality accounting practices. It is the muscle that moves a viable and accessible financial reporting structure. Without financial reporting premised on sound, honest numbers, capital markets will collapse upon themselves.

The Company is a material subsidiary of Aditya Birla Capital Limited.

The Company is one of the young and new age business ventures of Aditya Birla Group having a strong parentage and is part of a leading financial services conglomerate. It is a mix of solid traditional and cultural foundations along with the right perspective to cater to the evolving financial needs of its customers.

The Company's governance practices are a product of self-desire, reflecting the culture of trusteeship that is deeply ingrained in its value system and reflected in its strategic thought process. At a macro level, the Company's governance philosophy rests on five basic tenets, viz., Board accountability to the Company and Members, strategic guidance and effective monitoring by the Board.

The Corporate Governance framework of your Company is based on an effective and independent Board, separation of the Board's supervisory role from the Senior Management team and constitution and functioning of Board Committees, as required under applicable laws.

The Board functions either as a full Board or through various Committees constituted to oversee specific functions. The Senior Management provides the Board detailed reports on the Company's performance periodically.

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

The Company is in compliance with the requirements stipulated under the applicable Regulatory requirements with respect to corporate governance.

The details of compliance with Corporate Governance requirements during the financial year ended 31st March 2021 ("financial year under review") are as follows:

I. BOARD OF DIRECTORS

Composition

The Board of Directors ("the Board") of the Company comprises of 4 (Four) Directors, which included 2 (Two) Independent Directors of which 1 (One) is a Woman Director and 2 (Two) Non-Executive (Non-Independent) Directors. The Companies Act, 2013 mandates every listed or such class(es) of companies to have one-third of the total number of Directors as Independent Directors. The composition of the Board is in conformity with the requirements of the Companies Act, 2013 ("the Act"). Pursuant to the provisions of the Sections 149 and152 read with Schedule IV to the Companies Act, 2013 and the rules made thereunder and the recommendation of the Nomination and Remuneration Committee and the Board of Directors and based on evaluation, qualification, expertise track record, integrity, 'fit and proper' criteria, Mrs. Anita Ramachandran (DIN: 00118188) was re-appointed as an Independent Director of the Company for a further period of five consecutive years with effect from 28th August, 2020.In terms of the provisions of the Act, the Directors submit necessary disclosures regarding the positions held by them on the Board and/or Committees of other Companies, from time to time.

On the basis of such disclosures, it is confirmed that as on the date of this report, none of the Directors: -

a) hold Directorships in more than 10 (Ten) public Companies

b) hold Directorships in more than 7 (Seven) listed entities

c) serve as an Independent Director in more than 7 (Seven) listed entities

d) is a Member of more than 10 (Ten) Committees or Chairperson of more than 5 (Five) Committees across all the public Companies in which he/she is a Director and

e) are related to each other.

All Independent Directors on the Board are Non-Executive Directors as defined under the Act. The maximum tenure of the Independent Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as stipulated under Section 149(6) of the Act and provided the required declaration under section 149(7) of the Act.

The brief profile of the present Directors on the Board is available on the Company's website https://adityabirlahousingfinance.com/.

The details of the Directors of the Company with regard to their other Directorships, Committee positions, including that in listed entities, as on 31st March 2021 are as follows:

Name of the Director	Designation / Category	No. of Directorship(s) in other Public companies[1]	Committee Positions held in other Companies[2]		Names of other listed entities where Director is an Independent Director (excluding the Company)[3]
			Member	Chairperson	
Mr. Ajay Srinivasan (DIN: 00121181)	Non-Executive Director	5	5	-	-
Mr. Rakesh Singh (DIN: 07006067)	Non-Executive Director	2	1	-	-
Mrs. Anita Ramachandran (DIN: 00118188)	Independent Director	8	6	1	• Grasim Industries Limited • Rane Limited • Metropolis Healthcare Limited
Mr. V Chandrasekaran (DIN: 03126243)	Independent Director	7	1	3	• Tamilnadu Newsprint & Papers Limited • CARE Ratings Limited • Tata Investment Corporation Limited

Notes:

1. Excluding Directorship in the Company, Foreign Companies, Private Limited Companies and Companies under Section 8 of the Act.
2. Only two Committees viz. Audit Committee and Stakeholders Relationship Committee of all Public Limited Companies are considered.
3. Only listed companies are considered.

Brief Profile of Directors:

Sr. No.	Name of Director	Qualification	Field of Specialisation
1.	Mr. Ajay Srinivasan	BA with Honours in Economics from St. Stephens College, University of Delhi and Post Graduate Diploma in Management from the Indian Institute of Management, Ahmedabad	Banking & Financial Services
2.	Mr. Rakesh Singh	Post-Graduation in International Relations from University of Lucknow, Advance Management Program from Harvard Business School & Executive Program in Business management from Indian Institute of Management, Calcutta	Banking & Financial Services
3.	Mr. V Chandrasekaran	Chartered Accountant.	Banking & Financial Services
4.	Mrs. Anita Ramachandran	MMS- Jamnalal Bajaj Institute of Management Studies	Management Consultant

The Board members collectively display the following qualities –

- Integrity: fulfilling a Director's duties and responsibilities;
- Curiosity and courage: asking questions and persistence in challenging management and fellow board members where necessary;
- Interpersonal skills: working well in a group, listening well, tact and ability to communicate their point of view frankly;
- Interest: in the organisation, its business and the people;
- Instinct: good business instincts and acumen, ability to get to the crux of the issue quickly;
- Belief in diversity;
- Active participation: deliberations in the meeting

The Directors are professionals, possessing wide experience and expertise in their areas of function and with their collective wisdom fuel the Company's growth.

Mode of conducting meetings:

Video-conferencing facility is provided to enable the Directors present at other locations to be able to participate in the meetings. The same is conducted in due compliance with the applicable laws.

With a view to leverage technology, save paper and support sustainability, the Company has adopted a web based application for conducting the board/ committee meetings. All the documents forming part of the meeting viz. agenda, notes to agenda are uploaded on the application for Directors to access through I-Pad or browser. The application meets high standards of security and integrity required for storage and transmission of meeting related documents.

Pursuant to the spread of Covid 19 pandemic all the meetings were held via audio-visual mode on Microsoft teams application during the financial year under review.

Board's Functioning and Procedure

The Company's Board plays a pivotal role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibilities and accountabilities are well defined. All relevant information is regularly placed before the Board. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions.

The Board meets at least once in every quarter to review the quarterly results and other items on the agenda and additional meetings are held to address specific needs and business requirements of the Company.

In consultation with the Director, the Chief Executive Officer and the Chief Financial Officer, the Company Secretary prepares the agenda along with the explanatory notes therein and circulates it to the Directors and invitees. During the financial year under review, all the meeting of Board and its Committees were held through audio-visual mode on MS Teams, pursuant to the spread of Covid 19 pandemic. The necessary quorum was present for all the Board Meetings and Committee Meetings.

5 (Five) Board Meetings were held during the financial year under review.

The details of the Board Meetings held during the financial year under review, dates on which held and number of Directors present are as follows

Date of Board Meeting	Board Strength	No. of Directors Present
30th May 2020	4	4
11th June 2020	4	4
03rd August 2020	4	4
30th October 2020	4	4
28th January 2021	4	4

The Board has unfettered and complete access to any information within the Company. Members of the Board have complete freedom to express their views on agenda items and can discuss any matter at the meeting with the permission of the Chairperson. The Board periodically reviews all the relevant information, which is required to be placed before it pursuant to the applicable rules and regulations and in particular reviews and approves corporate strategies, business plans, annual budgets and capital expenditure, etc. The Board provides direction and exercises appropriate control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and societal expectations.

The details of attendance of each Director at the Board meeting(s) held during the financial year under review and at the previous Annual General Meeting ("AGM") of the Members of the Company held on 28th August 2020, through virtual mode are as follows:

Name of Director	No. of Board Meetings		Attended Last AGM
	Held	Attended	
Mr. Ajay Srinivasan	5	5	No
Mr. Rakesh Singh	5	5	No
Mr. V Chandrasekaran	5	5	Yes
Mrs. Anita Ramachandran	5	5	No

Code of Conduct for Board Members and Senior Management

The Company has adopted and made applicable Code of Conduct for the Board Members and Senior Management Personnel of the Company ("the Code").

The Senior Management Personnel of the Company have made disclosures to the Board confirming that there are no material financial and/or commercial transactions between them and the Company that could have potential conflict of interest with the Company.

All the Board Members and Senior Management Personnel have confirmed compliance with the Code during the financial year under review.

Performance evaluation of the Board

A formal evaluation mechanism has been adopted for evaluating the performance of the Board, the Committees thereof, individual Directors. The evaluation is based on criteria which include, amongst others, providing strategic perspective, attendance, time devoted and preparedness for the meetings, quality, quantity and timeliness of the flow of information between the Board members and the Management, contribution at the meetings, effective decision making ability, role and effectiveness of the Committees. The Directors completed questionnaires providing feedback on functioning of the Board, Committees and individual Directors.

Separate Meeting of Independent Directors

In accordance with the provisions of SS 2.3 of the Secretarial Standard on the Meetings of Board of Directors, a Meeting of the Independent Directors of the Company was held on 28th January 2021 without the presence of the Non-Independent Directors and the members of the Management. The Meeting was attended by both the Independent Directors. They discussed matters, including, on the performance/ functioning of the Company, reviewing the performance of the Board, taking into account the views of Non-Executive & Non-Independent Director, assessed the quality, quantity and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform their duties, etc.

Prohibition of Insider Trading

In terms of the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company adopted a Code of Conduct to Regulate, Monitor and Report trading by Designated Persons in listed or proposed to be listed securities of the Company ("the Insider Code"). The Insider Code aims at preserving and preventing misuse of unpublished price sensitive information. All Designated Persons as defined under the Insider Code are covered under the Insider Code, which provides inter alia for periodical disclosures and obtaining pre-clearances for trading in the Non-Convertible Debentures (NCDs) of the Company.

The Board has also adopted a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("UPSI") which also includes details of the Company's policy for determination on 'legitimate purposes' as per the requirements of the SEBI (Prohibition of Insider Trading) Regulations and is available on the Company's website https://adityabirlahousingfinance.com/.

The Board and designated persons have affirmed compliance with the Insider Code. Mr. Muthiah Ganapathy, Company Secretary is the "Compliance Officer" in terms of the Insider Code.

II. COMMITTEES OF THE BOARD

The Board has constituted the Committees with specific terms of reference as per the requirements of the Act, NHB /RBI's Master Directions and other applicable provisions. The Board accepted all recommendations of the Committees which were mandatorily required, during the financial year under review.

The Board Committees play a vital role in the effective compliance and governance of the Company in line with their specified and distinct terms of reference and role and responsibilities. The Chairperson of the respective Committees report to the Board on the deliberations and decisions taken by the Committees and conduct themselves under the supervision of the Board. The minutes of the meetings of all Committees are placed before the Board for its perusal on a regular basis.

The Board has presently constituted the following Committees including pursuant to the provisions of the Act and NHB/RBI Master Directions:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Risk Management Committee
4. Corporate Social Responsibility Committee
5. Asset Liability Management Committee
6. Securities Allotment & Transfer Committee
7. Information Technology (IT) Strategy Committee

1. Audit Committee

The Company has a qualified and independent Audit Committee, which acts as a link between the Management, the Statutory and Internal Auditors and the Board. Its composition, powers, role and scope are in accordance with the applicable provisions of Section 177 of the Act. All the Members of the Audit Committee are financially literate. Moreover, the Chairman and Members of the Audit Committee have accounting or related financial management expertise.

The Audit Committee comprises of 3 (Three) members of the Board viz Mr. Ajay Srinivasan, Mrs. Anita Ramachandran and Mr. V Chandrasekaran with more than half being Independent Directors. Mr. V Chandrasekaran is the Chairman of the Audit Committee.

During the financial year under review, the Audit Committee met 5 (Five) times on 30th May 2020, 03rd August 2020, 30th October 2020, 26th November 2020 and 28th January 2021.

The composition and attendance during the financial year under review are as follows:

Name of Member	Category	No. of meetings	
		Held	Attended
Mr. V Chandrasekaran	Independent Director (Chairman)	5	5
Mr. Ajay Srinivasan	Non-Executive Director	5	5
Mrs. Anita Ramachandran	Independent Director	5	5

The Chairman of the Audit Committee, Mr. V Chandrasekaran attended the Annual General Meeting of the Company held on 28th August 2020.

The Auditors and the Key Managerial Personnel of the Company are invited to attend the Audit Committee Meetings. In addition, other Senior Management Personnel are also invited to the Audit Committee meetings from time to time, for providing such information as may be necessary. The Committee also engages expert consultants, advisors as may necessary to the extent it considers appropriate to assist in its functioning. The Company Secretary acts as the Secretary to the Committee.

The Audit Committee monitors and effectively supervises the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and maintain the integrity and quality of financial reporting.

The Audit Committee also reviews from time to time, the audit and internal control procedures, the accounting policies of the Company and oversees the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible.

The Audit Committee has all the powers as specified in Section 177 of the Act to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, as considered necessary.

In accordance with the applicable provisions of the Act, the scope, functions and terms of reference of the Audit Committee inter alia cover the following matters:

The Committee shall, while acting as a catalyst in helping the organisation to achieve its objectives, also assist the Board of Directors in overseeing and reviewing: -

1. work carried out in the financial reporting process by the Management, the Internal Auditor and the Statutory Auditor and processes and safeguards employed by them;
2. audit(s) of the Company's financial statements, appointment(s), independence and performance of Internal and Statutory Auditors;
3. quality and integrity of the accounting, internal and external auditing and reporting practices of the Company, adequacy and reliability of internal control system;
4. evaluation of internal financial controls and the risk management systems;
5. overall compliance by the Company with legal and regulatory requirements;
6. any other area that the Board of Directors of the Company may mandate/direct the Audit Committee to take up.

Report on Corporate Governance (Contd.)

Audit Committee reviews the following information:

1. Management Discussion and Analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management letters / letters of internal control weaknesses issued by the Statutory Auditors, if any;
4. Internal audit reports and discussion with the Internal Auditors on any significant findings and follow-up thereon;
5. Statement indicating deviation or variation in the use of proceeds of issue of listed non-convertible debt securities, if any.

During the financial year under review, the Audit Committee reviewed the internal controls put in place to ensure that the accounts of the Company are properly maintained and that the accounting transactions are in accordance with prevailing laws and regulations. In conducting such reviews, the Committee found no material or serious observation for inefficacy or inadequacy of such controls. The Committee has also reviewed the procedures laid down by the Company for assessing and managing risks applicable to the Company.

2. NOMINATION AND REMUNERATION COMMITTEE

The composition of the Committee is in line with the applicable provisions of Section 178 of the Act. The Committee is mainly entrusted with the responsibility of formulating criteria for determining the qualifications, positive attributes and independence of the present and proposed Directors as well as recommending a policy to the Board relating to the remuneration of Directors, Key Managerial Personnel and Senior Management Personnel.

During the financial year under review, the Committee met 2 (Two) times on 30th May 2020 and 09th October 2020. The necessary quorum was present for the meetings.

The composition and attendance during the financial year under review are as follows:

Name of Member	Category	No. of meetings	
		Held	Attended
Mrs. Anita Ramachandran	Independent Director (Chairperson)	2	2
Mr. Ajay Srinivasan	Non-Executive Director	2	2
Mr. Rakesh Singh	Non-Executive Director	2	2
Mr. V Chandrasekaran	Independent Director	2	2

The Company Secretary acts as a Secretary to the Committee.

Terms of reference of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee is authorised to:

a) Formulate and recommend to the Board, an NRC policy relating to remuneration for Directors, Key Managerial Personnel and other employees;

b) Formulate criteria for determining qualifications, positive attributes and independence of Directors;

c) Ensure that remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals;

d) Any other matter as the NRC Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Remuneration Policy

The Executive Remuneration Philosophy/Policy adopted by the Company forms part of Board's Report as Annexure V.

Performance evaluation criteria for Independent Directors

The Directors of the Company evaluate the following:

- performance of Independent Directors;
- fulfilment of the independence criteria as specified in Companies Act and their independence from the management.

The evaluation is based on the following criteria as to how an Independent Director:

1. Invests time in understanding the Company and its unique requirements;
2. Brings in external knowledge and perspective to the table for discussions at the meetings;
3. Expresses his/her views on the issues discussed at the Board and
4. Keeps himself/herself current on areas and issues that are likely to be discussed at the Board level.

3. Risk Management Committee (RMC)

Risk Management is the process that can contribute progressively to organisational improvement by providing Management with a greater insight into risks and their impact. The Company has a robust Risk Management framework which proactively addresses risks and seizes opportunities so as to gain competitive advantage and protects and creates value for the stakeholders.

The objectives and scope of the Risk Management Committee broadly include monitoring the risks associated with the Company and frame & implement policies to mitigate them.

The Risk Management Committee comprises of 1 (One) Independent Director, 2 (Two) Non-Executive Director. Mr. V Chandrasekaran is the Chairman of the Risk Management Committee. The Company Secretary acts as the Secretary to the Committee.

During the financial year under review, the Risk Management Committee met 4 (Four) times on 27th April 2020, 17th August 2020, 18th December 2020 and 25th February 2021. The necessary quorum was present for all the meetings.

The composition and attendance during the financial year under review are as follows:

Name of Member	Category	No. of meetings	
		Held	Attended
Mr.V Chandrasekaran	Independent Director (Chairman)	4	4
Mr. Ajay Srinivasan	Non-Executive Director	4	4
Mr. Rakesh Singh	Non-Executive Director	4	4

4. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

In terms of provision of Section 135 of the Act, the Company constituted Corporate Social Responsibility ("CSR") Committee.

The Corporate Social Responsibility Committee comprises Mrs. Anita Ramachandran - Independent Director, Mr. Ajay Srinivasan and Mr. Rakesh Singh Non -Executive Directors. Mrs. Rajashree Birla, Chairperson of Aditya Birla Centre for Community Initiatives and Rural Development and Dr. Pragnya Ram, Group Executive President, Corporate Communications and CSR are the permanent invitees. Mrs. Anita Ramachandran is the Chairperson of the Committee.

During the financial year under review, the Committee met 2(Two) times on 14th December 2020 and 22nd March 2021. The necessary quorum was present for the meetings.

The composition and attendance during the financial year are as follows:

Name of Member	Category	No. of meetings	
		Held	Attended
Mrs. Anita Ramachandran	Independent Director (Chairperson)	2	2
Mr. Ajay Srinivasan	Non-Executive Director	2	2
Mr. Rakesh Singh	Non-Executive Director	2	1

The Company Secretary acts as a Secretary to the Committee.

The Committee recommends to the Board the CSR activities to be undertaken and the amount to be contributed thereof.

Terms of Reference of the Committee are as follows:

1. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
2. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
3. To monitor the CSR policy of the Company from time to time;
4. Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

5. Asset Liability Management Committee (ALCO)

During the financial year under review, the Asset-Liability Management Committee met 5 (Five) times on 09th April 2020, 10th July 2020, 09th October 2020, 08th January 2021 and 26th February 2021 through video-conferencing mode. The necessary quorum was present for the meetings.

Report on Corporate Governance (Contd.)

The composition and attendance during the financial year are as follows:

Name of Member	Designation	No. of meetings	
		Held	Attended
Mr. Rakesh Singh	Director	5	5
Mr. Netrapal Singh	Chief Executive Officer	5	5
Mr. Tushar Kotecha	Chief Financial Officer	5	5
Mr. Dharmendra Patro*	Chief Risk Officer	4	4
Mr. Anubhav Katare	Deputy Chief Manager- Treasury	5	5

** Member w.e.f 30th May 2020)*

Company Secretary and Head-Information Technology are the permanent invitees.

Terms of reference of the ALCO is to monitor and maintain the adequate liquidity balance and ensure that the difference between borrowing(s) and lending are not exceeding the limits as prescribed by Reserve Bank of India (RBI)/National Housing Bank (NHB) and to review the reports to be filed with the RBI/NHB.

6. SECURITIES ALLOTMENT & TRANSFER COMMITTEE

The Board had constituted "Securities Allotment & Transfer Committee" to oversee the process of issue and allotment of shares.

The Committee comprises of following members:

Name of Member	Designation
Mr. Ajay Srinivasan	Director
Mr. Rakesh Singh	Director
Mr. Netrapal Singh	Chief Executive Officer
Mr. Tushar Kotecha	Chief Financial Officer
Mr. Muthiah Ganapathy	Company Secretary

During the financial year under review, no meeting was held.

7. INFORMATION TECHNOLOGY (IT) STRATEGY COMMITTEE

Pursuant to Master Direction - Information Technology Framework for the NBFC Sector and in line with the Company's initiatives to implement information security management system, IT Governance, IT policy along with Business Continuity, information and Cyber Security, the Company had constituted Information Technology(IT) Strategy Committee.

During the financial year under review, the IT Strategy Committee met 2 (Two) times on 23rd May, 2020 and 20th November 2020. The necessary quorum was present for all the meetings.

The composition and attendance during the financial year are as follows:

Name of the Member	Designation	No. of IT Strategy Committee meetings held	
		Held	Attended
Mr. V. Chandrasekaran	Independent Director	2	2
Mr. Netrapal Singh	Chief Executive Officer	2	2
Mr. Tushar Kotecha	Chief Financial Officer	2	2
Mr. Dharmendra Patro*	Chief Risk Officer	1	1
Mr. Ganesh Kotian	Head-Operations & Customer Service	2	2
Mr. Krishna Iyer#	Head IT	1	1
Mr. Sudesh Puthran^	Chief Technology Officer	1	1
Mr. Aseem Joshi	Head – IT Infrastructure	2	2
Mr. Ashish Rane	Head – IT Applications	2	2
Mr. Debaprasad Das	Lead- HFC IT Projects	2	2
Mr. Vaman Nene	Enterprise Architect	2	2
Mr. Gopakumar Panicker	Head of Information Security (CISO)	2	2

** Member w.e.f 30th May 2020*

 # Member w.e.f 30th May 2020

^ Resigned w.e.f. 01st July 2020

Whistle Blower Policy / Vigil Mechanism

Pursuant to section 177(9) of the Act, the Company has framed its whistle blower policy. The whistle blower policy/vigil mechanism provides a mechanism for employees and other parties to report instances and concerns about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct. Adequate safeguards are provided against victimisation to those who avail the mechanism. Summary of cases as and when reported, along with status are placed before the Audit Committee and Board for their review and discussion. The policy is in line with the Company's code of conduct, vision and values and is available on Company's website https://adityabirlahousingfinance.com/.

III. OTHER DISCLOSURES

Related Party Transactions (RPT)

During the financial year under review, the Company had entered into related party transactions which were on an arm's length basis and in the ordinary course of business. There were no material transactions with any related party as per the provisions of Section 188 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014. All related party transactions were approved by the Audit Committee of the Company.

Particulars of related party transactions are listed out under the notes to accounts forming part of the Annual Report. The RPT policy forms part of the Board's Report as Annexure IV and is also available on Company's website https://adityabirlahousingfinance.com/.

Disclosure of accounting treatment

The Company has followed all the applicable Accounting Standards while preparing the financial statements.

Management

1. The Management Discussion and Analysis forms part of the Annual Report and is in accordance with the requirements laid out in RBI/NHB Master Directions.
2. No material transaction has been entered into by the Company with its related parties that may have a potential conflict with interests of the Company.

Remuneration of Directors

Sitting fees of ₹ 50,000/- for each meeting of the Board, ₹ 25,000/- for each meeting of the Audit Committee and ₹ 20,000/- for each meeting of other Committees is paid to the Independent Directors of the Company.

The Company is not paying any kind of remuneration/ commission to its Directors except sitting fees.

Non-Executive Directors' Compensation and Disclosure

Sitting fees paid for attending meetings of the Board / Committees have been approved by the Board. No commission was recommended/ paid to any of the Directors during the financial year under review.

The details of sitting fees paid to the Independent Directors for FY 2020-21 are as under:

(Amount in ₹)

Name of the Director	Board Meeting	Committee					Total
		Audit	Risk	Nomination & Remuneration	CSR	IT strategy	
Mrs. Anita Ramachandran	2,50,000	1,25,000	NA	40,000	40,000	NA	4,55,000
Mr. V Chandrasekaran	2,50,000	1,25,000	80,000	40,000	NA	40,000	5,35,000

Confirmation of criteria of Independence

The Board of Directors of the Company confirm that the Independent Directors fulfil the conditions specified in the Companies Act, 2013 and are independent of the management.

Processing System (NEAPS) and BSE Portal for Electronic filing

The financial results and other intimations/ disclosures required to be made to the Stock Exchanges are electronically filed through NSE Electronic Application Processing System (NEAPS) portal i.e. https://neaps.nseindia.com/NEWLISTINGCORP/ and BSE portal i.e. https://listing.bseindia.com.

Adoption of Mandatory and Discretionary Requirements

During the financial year under review, the Company complied with all the mandatory requirements and discretionary requirements of the SEBI Listing Regulations:

1. For the financial year 2020-21, the Company's financial statements are with unmodified audit opinion.
2. The Internal Auditors directly report to the Audit Committee.

Other Disclosures:

1. Total fees for all services paid to the statutory auditor of the Company viz. M/s Deloitte Haskins & Sells LLP during the financial year under review was as under:

(₹ in Crore)

Particulars	FY 2020-21
Audit Fees & Limited Review	0.28
Tax Audit	0.02
Other Services	0.08
Reimbursement of Expenses	0.01
Total	**0.39**

2. During the financial year under review, no complaints were received/ cases filed/ disposed or pending under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Report on Corporate Governance (Contd.)

Shareholders & General Information

a) General Body Meetings

The particulars of the last three Annual General Meetings (AGMs) of the Company are given below:

AGM	Year	Date of the AGM	Time	Venue
11th	2020	28th August 2020	04:00 p.m.	In Mumbai by Video Conferencing through Microsoft Teams Application
10th	2019	12th July 2019	05:30 p.m.	**Registered Office.** Address: Indian Rayon Compound, Veraval, Gujarat 362266.
9th	2018	05th June 2018	09.00 a.m.	

General Shareholder Information

Date, Time and Venue of the 12th Annual General Meeting	2nd August 2021 at 05:00 p.m. through Video Conferencing through Microsoft Teams Application
Financial Year	2020-21
Corporate Identification Number (CIN)	U65922GJ2009PLC083779
Address for correspondence	One World Center, Tower 1, 18th Floor, Jupiter Mill Compound, Senapati Bapat Marg, Elphinstone Road, Mumbai – 400 013
Registration / licence/ authorisation, obtained from other financial sector regulators	National Housing Bank certificate of Registration No. 07.0113.14 dated 09th July, 2014

Means of Communication

Results

The Company's financial results are periodically submitted to the Stock Exchanges and published in Newspaper.

Further, the financial results approved by the Board at its meeting held for this purpose and the result presentations are also sent via e-mail to the Debentureholders whose email address is registered with the Company and are also simultaneously made available on Company's website https://adityabirlahousingfinance.com/.

Website

The Company's website https://adityabirlahousingfinance.com/ contains a separate section namely "Financial Results and Reports". Further, the annual report of the Company is available under this section on the website in a downloadable form.

Annexure IV

Policy on Related Party Transactions

INTRODUCTION & PURPOSE

The Board of Directors of the Company, on recommendation of the Audit Committee, has adopted this policy to- a) regulate transactions of the Company with it's related parties (as defined and identified under the Companies Act, 2013 (the "Act"); b) ensure high standards of Corporate Governance while dealing with related parties; and c) ensure optimum compliance with various applicable laws prescribed for related party transactions ("RPT").

DEFINITION

a) **Related Party Transaction (RPT):** A Related Party Transaction means any contract or arrangement entered into by the Company with any of its related under section 188 (1) of the Companies Act, 2013.

b) **Materiality:** The materiality of any RPT will be ascertained as per the thresholds prescribed under the Act.

c) **Arm's Length Basis:** Terms will be treated as on 'Arm's Length Basis' if the commercial and key terms are comparable and are not materially different with similar transactions with non-related parties considering all the aspects of the transactions such as quality, realizations, other terms of the contract, etc. In case of contracts with related parties for specified period / quantity / services, it is possible that the terms of one off comparable transaction with an unrelated party are at variance, during the validity of contract with related party. In case the Company is not doing similar transactions with any other non-related party, terms for similar transactions between other non-related parties of similar standing can be considered to establish 'arm's length basis'. Other methods prescribed for this purpose under any law can also be considered for establishing this principle.

d) **Ordinary Course of Business:** Transactions will be considered in ordinary course if they are entered in pursuance of the business objective of the Company and necessary for Company's operations or related financial activities, including the fixed assets transactions, except:

   i) transactions involving transfer/demerger/acquisition/ business restructuring transaction of a business or a unit thereof;

   ii) lending/ borrowing/ providing or receiving guarantees to/ from entities other than the entities which are consolidated in the Company's Consolidated Financial Statements;

   iii) investing in equity or instruments convertible in equity of the entities other than the entities which are consolidated in the Company's Consolidated Financial Statements as per approved budget or divesting any such investment for an amount exceeding Rupees Ten Crore or five percent of Company's net worth, whichever is lower;

   iv) any other items which are required to be reported as 'Exceptional Item' in the Company's annual financial statements

POLICY

a) The RPTs should be in conformity with the prevailing rules and regulations prescribed by law.

b) All RPTs shall be placed before Audit Committee for approval of the Audit Committee, as required under the provisions of the Act.

c) The Audit Committee may grant omnibus approval for RPTs which are repetitive in nature, provided that such approval shall remain valid for period not exceeding one year, during which period the commercial terms of approved RPTs may change, provided that arm's length criterion shall be ensured at the time of each such change. Where the need for RPTs cannot be foreseen and requisite details are not available, any two officials of the Company namely the Manager/Managing Director/Chief Executive Officer, Chief Financial Officer and Company Secretary shall be authorized to review the requirement and grant their omnibus approval for such transactions provided that value of each such transaction shall not exceed Rs. 1 crore.

d) The RPTs should be in the interests of the Company and its terms should be based on commercial prudence/ generally accepted commercial practices.

e) The Company will give priority to transactions with related party entities whose Financial Statements are consolidated in the Company's Consolidated Financial Statements, provided all other criteria set by this Policy are met.

f) Subject to sub clause (g) below, any RPT which is not in the ordinary course of business of the Company or not at arm's length shall be effected only with prior approval of the Board of Directors of the Company, on recommendation of Audit Committee.

g) The RPTs which cross the Materiality thresholds shall be entered by the Company only with prior approval of shareholders of the Company through special resolution, as per applicable provisions of the Act, as may be amended from time to time.

h) Subject to the applicable laws, the Audit Committee shall have the power to ratify, revise or terminate the RPTs, which are not in accordance with this Policy.

Annexure IV (Contd.)

i) Exclusions: The following shall not be deemed as a RPT:

   i) Any transaction that involves the providing of compensation to a director by way of salary, fee, commission, perquisites, rent free accommodation or otherwise, in connection with his or her duties to the Company;

   ii) Contributions made by the Company to a charitable organization, trust, foundation or university at which a related party is a trustee, director or employee other than an key managerial personnel (or comparable position), provided that the each such contribution, made in a particular financial year, does not exceed two per-cent (2%) of the Company's average net profit for the preceding three financial years;

   iii) Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the related party.

ADMINISTRATIVE MEASURES

The Company's management shall institute appropriate administrative measures to ensure that all RPTs entered into by the Company are in compliance with applicable laws and this Policy.

All persons dealing with the related party(ies) shall, irrespective of their level, be responsible or compliance with this Policy. All Unit Heads and Finance & Commercial Heads shall certify compliance with this Policy, on a quarterly basis, to the Audit Committee. The detailed processes relating to implementation of this Policy, as may be approved by the Audit Committee from time to time, shall be followed by all concerned. The Internal Auditors of the Company shall review the RPTs entered into by the Company on a periodic basis and report their observations to the Audit Committee.

The Company Secretary shall be responsible to maintain/ update the list of related parties (as required by applicable laws) and provide the same to all concerned. It is the duty of all employees of the Company to ensure that they do not deal with related parties under any kind of influence or coercion. The cases involving any unwarranted pressure should be promptly reported as per mechanism provided under the Whistle Blower Policy of the Company.

INTERPRETATION

In any circumstance where the provisions of this Policy differ from any existing or newly enacted law, rule, regulation or standard governing the Company, the relevant law, rule, regulation or standard will take precedence over this Policy until such time as this Policy is changed to conform to the said law, rule, regulation or standard. In case of any clarification required with respect to this Policy, kindly contact the Company Secretary of the Company.

DISCLOSURE

The Policy shall be made available at Aditya Birla Housing Finance Limited website https://adityabirlahousingfinance.com/ and a web link thereto shall be provided in the Company's Annual Report.

Annexure V

Aditya Birla Group

Executive Remuneration Philosophy

At the Aditya Birla Group, we expect our executive team to foster a culture of growth and entrepreneurial risk-taking. Our Executive Compensation Philosophy supports the design of programs that align executive rewards – including incentive programs, retirement benefit programs, promotion and advancement opportunities – with the long-term success of our stakeholders. Our reward programs recognize and reward executives who display initiative, deliver superior individual performance, and contribute to sustainable corporate and business success.

OUR BUSINESS AND ORGANIZATIONAL MODEL

Our Group is a conglomerate and organized in a manner such that there is sharing of resources and infrastructure. This results in uniformity of business processes and systems thereby promoting synergies and exemplary customer experiences.

I. Objectives of the Executive Remuneration Program

Our executive remuneration program is designed to attract, retain, and reward talented executives who will contribute to our long-term success and thereby build value for our shareholders. Our executive compensation program is intended to:

1. Provide for monetary and non-monetary remuneration elements to our executives on a holistic basis
2. Emphasize "Pay for Performance" by aligning incentives with business strategies to reward executives who achieve or exceed Group, business and individual goals.

II. Covered Executives

Our Executive remuneration Philosophy applies to the following:

1. Director
2. Key Managerial Personnel: CFO, CS, any others CEO equivalent (ex: Deputy Managing Director)
3. Senior Management

III. Business and Talent Competitors

We benchmark our executive pay practices and levels against peer companies in similar industries, geographies and of similar size. In addition to this, we look at secondary reference (internal and external) benchmarks in order to ensure that pay policies and levels across the Group are broadly equitable internally and support the Group's global mobility objectives for executive talent. The additional reference points may take into account the executive pay practices and pay levels in other markets and industries, recognizing the differences in levels and medium of pay.

IV. Executive Pay Positioning

We aim to provide competitive remuneration opportunities to our executives by positioning target total remuneration (including perks and benefits, annual incentive pay-outs, long term incentive pay-outs at target performance) and target total cash compensation (including annual incentive pay-outs) at target performance directionally between median and top quartile of the primary talent market. We recognize the size and scope of the role and the market standing, skills and experience while positioning our executives.

We use secondary market data only as a reference point for determining the types and amount of remuneration while principally believing that target total remuneration packages should reflect the typical cost of comparable executive talent available in the sector.

V. i. Executive Pay-mix

Our executive pay-mix aims to strike the appropriate balance between key components: (i) Fixed Cash compensation (Basic Salary + Allowances) (ii) Annual Incentive Plan (iii) Long-Term Incentives (iv) Perks and Benefits.

ii. Performance Goal Setting

We aim to ensure that for both annual incentive plans and long term incentive plans, the target performance goals shall be achievable and realistic.

Threshold performance (the point at which incentive plans are paid out at their minimum, but non-zero, level) shall reflect a base-line level of performance, reflecting an estimated 90% probability of achievement.

Target performance is the expected level of performance at the beginning of the performance cycle, taking into account all known relevant facts likely to impact measured performance.

Maximum performance (the point at which the maximum plan payout is made) shall be based on an exceptional level of achievement, reflecting no more than an estimated 10% probability of achievement.

VI. i. Performance Measurement

Annual Incentive Plan:

We tie annual incentive plan pay-outs of our executives to relevant financial and operational metrics achievement and their individual performance. We annually align the financial and operational metrics with priorities/ focus areas for the business.

Annexure V (Contd.)

Long-Term Incentive:

Our Long-term incentive plans incentivize stretch performance, link executive remuneration to sustained long term growth and act as an attraction and retention tool

We use stock options as the primary long-term incentive vehicle for our executives as we believe that they best align executive incentives with stockholder interests.

We grant restricted stock units, as a secondary long term incentive vehicle, to motivate and retain our executives.

ii. **Executive Benefits and Perquisites**

Our executives are eligible to participate in our broad-based retirement, health and welfare, and other employee benefit plans. In addition to these broad-based plans, they are eligible for other benefits plans commensurate with their roles. These benefits are designed to encourage long-term careers with the Group. They are also eligible for certain perquisites with each perquisite serving a clear business purpose or need.

Other Remuneration Elements

Each of our executives is subject to an employment agreement. Each such agreement generally provides for a total remuneration package for our executives including continuity of service across the group companies. We limit other remuneration elements, for e.g. Change in Control (CIC) agreements, severance agreements, to instances of compelling business need or competitive rationale and we do not provide for any tax gross-ups for our executives.

RISK AND COMPLIANCE

We aim to ensure that the Group's remuneration programs do not encourage excessive risk taking. We review our remuneration programs for factors such as

1. Remuneration mix overly weighted towards annual incentives
2. Uncapped pay-outs
3. Unreasonable goals or thresholds
4. Steep pay-out cliffs at certain performance levels that may encourage short-term decisions to meet pay-out thresholds

CLAW BACK CLAUSE:

In an incident of restatement of financial statements due to fraud or non-compliance with any requirement of the Companies Act 2013 and the rules made thereafter, we shall recover from our executives the remuneration received in excess of what would be payable to him / her as per restatement of financial statements the executives is obligated to pertaining to the relevant performance year.

IMPLEMENTATION

The Group and Business Centre of Expertise teams will assist the Nomination & Remuneration Committee in adopting, interpreting and implementing the Executive Remuneration Philosophy. The costs of these services will be established through “arm’s length”, market-based agreements entered into as needs arise in the normal course of business.

Annexure VI

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the year ended 31st March 2021

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial personnel) Rules,2014]

To
The Members
Aditya Birla Housing Finance Limited,

We have conducted a Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Aditya Birla Housing Finance Limited. **CIN No-U65922GJ2009PLC083779** (hereinafter called the 'Company') during the financial year from 1st April 2020 to 31st March 2021, ('the year'/ 'audit period'/ 'period under review').

We conducted the Secretarial Audit in a manner that provided us a reasonable basis for evaluating the company's corporate conducts/statutory compliances and expressing our opinion thereon.

We are issuing this report based on:

(i) our **verification** of the books, papers, minute books, soft copy as provided by the company and other records maintained by the Company and furnished to us, forms/ returns filed and compliance related action taken by the company during the financial year ended 31st March 2021 as well as before the issue of this report,

(ii) **Compliance Certificates** confirming Compliance with all laws applicable to the company given by Key Managerial Personnel / Senior Managerial Personnel of the company and taken on record by Audit Committee / Board of Directors, and

(iii) **Representations** made, documents shown and information provided by the company, its officers, agents, and authorised representatives during our conduct of secretarial Audit.

We hereby report that in our opinion, during the audit period covering the financial year ended on 31st March 2021 the Company has:

(i) complied with the statutory provisions listed hereunder, and

(ii) Board-processes and compliance mechanism are in place

to the extent, in the manner and subject to the reporting made hereinafter.

The members are requested to read along with our letter of even date annexed to this report as Annexure- A.

1. Compliance with specific statutory provisions

We further report that:

1.1 We have examined the books, papers, minute books and other records maintained by the Company and the forms, returns, reports, disclosures and information filed or disseminated during the year according to the applicable provisions/ clauses of:

(i) The Companies Act, 2013 and the Rules made thereunder;

(ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iii) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings

(iv) The following Regulations Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Regulations'):

a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and

c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(v) Secretarial Standards issued by The Institute of Company Secretaries of India (Secretarial standards).

1.2 During the period under review, and also considering the compliance related action taken by the company after 31st March 2021 but before the issue of this report, the company has, to the best of our knowledge and belief and based on the records, information, explanations and representations furnished to us:

(i) **Complied with** the applicable provisions/clauses of the Act, Rules, SEBI Regulations and Agreements mentioned under of paragraph 1.1

(ii) **Generally complied with** the applicable provisions/ clauses of:

(a) The Act and rules mentioned under paragraph 1.1 (i);

Annexure VI (Contd.)

(b) The Secretarial standards on meetings of the Board of Directors (SS-1) and Secretarial standards on General Meetings (SS-2) mentioned under paragraph 1.1 (v) above to the extent applicable to Board meetings held during the year and the 11th Annual General Meeting held on 28th August 2020 and Extra-ordinary General Meeting held on 8th July 2020 and the resolution passed by circulation. The Compliance of the provisions of the Rules made under the Act [paragraph 1.1(i)] and SS-1 [paragraph 1.1(v) with regard to the Board meetings held through video conferencing on various dates were verified based on the minutes of the meetings, shown to us, by the company

1.3 We are informed that, during/ in respect of the year, the company was not required to initiate any compliance related action in respect of the following laws/ rules/ regulations/ standards, and was consequently not required to maintain any books, papers, minute books or other records or file any form/ returns thereunder:

a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment ;

b. The Securities Contracts (Regulation) Act, 1956 and the Rules made thereunder except relating to transfer of securities

c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

f. The Securities and Exchange Board of India (Registrars to an issue and share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

1.4 Based on the nature of business activities of the Company, the following specific Acts/Laws /Rules / Regulations are applicable to the Company, which has been duly complied with.

a. National Housing Bank Act, 1987 and the directions issued thereunder from time to time.

b. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

c. Prevention of Money Laundering Act, 2002

2. Board processes:

We further report that:

2.1 The Board of Directors of Company as on 31st March 2021 comprised of:

(i) Two Non- Executive Non Independent Director, and

(ii) Two Non- Executive Independent Directors, including a woman Independent Director

2.2 The processes relating to the following changes in the composition of the board of Directors and Key Managerial Personnel during the year were carried out in compliance with the provisions of the Act:

i. Reappointment of Mr Ajay Srinivasan, director retiring by rotation at the AGM held on 28th August 2020

ii. Reappointment of Mrs Anita Ramachandran, as Independent Director for second term of five year with effect from 28th August 2020 was approved by members at Extra-ordinary General Meeting held on 8th July 2020

2.3 Adequate notice was given to all the directors to enable them to plan their schedule for the Board meetings.

2.4 Notice of Board meetings was sent to directors at least seven days as required under Section 173(3) of the Act and SS-1.

2.5 Agenda and detailed notes on agenda were sent to the directors at least seven days before the board meetings.

2.6 Agenda and detailed notes on agenda for the following items were either circulated separately less than seven days before or at the Board meetings and consent of the Board for so circulating them was duly obtained as required under SS-1:

(i) Supplementary agenda notes and annexures in respect of unpublished price sensitive information such as audited financial statement/ results, unaudited financial results and connected papers, and

(ii) Additional subjects/ information/ presentations and supplementary notes.

2.7 A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings.

2.8 We note from the minutes verified that, at the Board meetings held during the year:

(i) Majority decisions were carried through; and

(ii) No dissenting views were expressed by any Board member on any of the subject matters discussed, that were required to be captured and recorded as part of the minutes.

3. Compliance mechanism

There are reasonably adequate systems and processes in the company, commensurate with the company's size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. We further report that during the audit period, the company has:

(i) Obtained approval from its members at the Extra-ordinary General Meeting of the company held on 28th August 2020

a) to borrow funds not exceeding ₹ 20,000 crore

b) to grant authority for mortgaging or creating charge on company's assets as a security towards borrowings not exceeding ₹ 20,000 Crore

c) authorising the issuance of Secured Redeemable Non-Convertible Debenture for amount not exceeding ₹ 4,000 Crore and Subordinated Debt qualifying as Tier-II Capital in the form of Unsecured, Redeemable, Non-Convertible Bonds in the nature of Debentures for amount not exceeding ₹ 1,000 Crore on a private placement basis

(ii) Issued and allotted Secured Redeemable, Non-convertible Debentures worth of ₹ 700 Crore by a way of private placement.

(iii) Issued and allotted Unsecured Redeemable Non-convertible Debentures worth of ₹ 75 Crore by a way of private placement.

For BNP & Associates
Company Secretaries

Avinash Bagul
Partner
FCS 5578 /CP No. 19862
Peer Review No-637/2019
UDIN-F005578C000241099
Firm Reg No-P2014MH037400

Place: Mumbai
Date: Date: 4th May 2021

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report

Annexure VI (Contd.)

ANNEXURE A

To,
The Members,
Aditya Birla Housing Finance Limited

Secretarial Audit Report of even date is to be read along with this letter.

1. The Company's management is responsible for maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations and standards. Our responsibility is to express an opinion on the secretarial records produced for our audit.
2. We have followed such audit practices and processes as we considered appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, we have also considered compliance related action taken by the company after 31st March 2021 but before the issue of this report.
4. We have considered compliance related actions taken by the company based on independent legal /professional opinion obtained as being in compliance with law.
5. We have verified the secretarial records furnished to us on a test basis to see whether the correct facts are reflected therein. We also examined the compliance procedures followed by the company on a test basis. We believe that the processes and practices we followed, provides a reasonable basis for our opinion.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
7. We have obtained the management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
8. Our Secretarial Audit Report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For BNP & Associates
Company Secretaries

Avinash Bagul
Partner
FCS 5578 /CP No. 19862
Peer Review No-637/2019
UDIN-F005578C000241099
Firm Reg No-P2014MH037400

Place: Mumbai
Date: 4th May 2021

Annexure VII

SECRETARIAL COMPLIANCE REPORT

of ADITYA BIRLA HOUSING FINANCE LIMITED
for the year ended 31st March 2021

We have conducted the Annual Secretarial Compliance Audit of Aditya Birla Housing Finance Limited (hereinafter referred to as "the Company") in terms of compliance with Regulation 24A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. In view of the ongoing pandemic COVID-19 and the consequent lockdown [as directed by the Central and State Governments from time to time], and various travel and other restrictions imposed by authorities in the state of Maharashtra, the process of audit has been modified for the period under review.

We have examined:

(a) all the documents and records made available to us electronically and explanation provided by the Company ("the debt listed entity") [material wholly owned subsidiary of ADITYA BIRLA CAPITAL LIMITED (listed entity).],

(b) the filings/ submissions made by the listed entity with Securities and Exchange Board of India ("SEBI") and the Stock Exchanges,

(c) content on the website of the Company,

(d) other relevant document/ filings, for the year ended 31st March 2021 ("Review Period") in respect of compliance with the provisions of:

   a. the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

   b. the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by SEBI;

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; NOT APPLICABLE

(d) SEBI (Buyback of Securities) Regulations, 2018; NOT APPLICABLE

(e) SEBI (Share Based Employee Benefits) Regulations, 2014; NOT APPLICABLE

(f) SEBI (Issue and Listing of Debt Securities) Regulations, 2008;

(g) SEBI (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations,2013; NOT APPLICABLE

(h) SEBI (Prohibition of Insider Trading) Regulations, 2015;

(i) Housing Finance Companies (NHB) Directions, 2010

(j) Corporate Governance (NHB) Directions, 2016

(k) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

(l) and circulars/ guidelines issued by the National Housing Bank thereunder;

Based on the above examination, we hereby report that, during the review period, the Company has:

a) complied with the applicable provisions of the above Regulations and circulars/ guidelines issued thereunder;

b) maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

c) The following are the details of actions taken against the Company during the Review Period:

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/remarks of the Practicing Company Secretary, if any.
1	National Housing Bank (NHB)	Pursuant to the inspection of records of the company by National Housing Bank (NHB) pertaining to year ended 31st March 2019, it issued a show cause notice vide its Letter No. NHB(ND)/HFC/DOS/Sup. /A-5582/2020 dated 10th September 2020 stating Non – compliance with the provisions of paragraph 28 (1) note (1) and (2) of the Housing Finance Companies (NHB) Directions, 2010 and Policy Circular No. 41.	The National Housing Bank (NHB) imposed a penalty of Rs. 11,800/-(inclusive of GST) on the Company.	The Company has replied to the demand made by National Housing Bank vide letter dated 7th October, 2020 and 1. has paid the penalty imposed by National Housing Bank 2. has disclosed in the Notes to Account point no. 1.7.2 of the Annual Financial Statements for the year ended 31st March 2021 and 3. disclosed the same on the website of the Company

Annexure VII (Contd.)

d) We further confirm that there have been no other actions taken against the Company/ its promoters/ directors either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

e) We further confirm that the previous year Secretarial Compliance Report dated 30th May, 2020 had similar observations and were well addressed with appropriate action.

For **DILIP BHARADIYA & ASSOCIATES**

DILIP BHARADIYA
Proprietor
FCS No.: 7956, C P No.: 6740
UDIN: F007956C000200885

Place: Mumbai
Date: 4th May 2021

Annexure VIII

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILTY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021 OF ADITYA BIRLA HOUSING FINANCE LIMITED

1. Brief outline on CSR Policy of the Company:

CSR Policy of the Company is enunciated in accordance with Section 135 of Companies Act, 2013 read with Corporate Social Responsibility Rules, 2014 (as amended from time to time) and CSR Voluntary Guidelines issued by Ministry of Corporate Affairs.

Our CSR Vision is to actively contribute to the social and economic development of the communities in which the company operates. In so doing build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

(Mrs. Rajashree Birla, Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development)'

Our CSR Activities are undertaken broadly in the area of 'Education', 'Health Care', Sustainable Livelihood', 'Infrastructure Development,' 'Social Change'.

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. The Company believes and acts on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
MEMBERS				
1	Ms. Anita Ramachandran	Independent Director (Chairperson)	2	2
2	Mr. Ajay Srinivasan	Non-Executive Director	2	2
3	Mr. Rakesh Singh	Non-Executive Director	2	2
PERMANENT INVITEES				
4	Mrs. Rajashree Birla	Chairperson, Aditya Birla Centre for Community Initiatives and Rural Development	2	2
5	Dr. Pragnya Ram	Group Executive President, Corporate Communications and CSR	2	2

3. Web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company

https://adityabirlahousingfinance.com/.

4. Details of Impact Assessment of CSR Projects carried out in pursuance of Sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable:

Pursuant to Rule 8 (3) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 the Company is not required to appoint an Independent Agency for carrying out Impact Assessment for its CSR Projects for FY 2020-21.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be set-off for the financial year, if any (in ₹)
	-	NIL	NIL

6. **Average net profit of the company as per section 135(5):** ₹ 88.99 Crore

7. (a) **Two percent of average net profit of the company as per section 135(5):** ₹ 1.78 Crore

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** NIL

   (c) **Amount required to be set off for the financial year, if any:** NIL

   (d) **Total CSR obligation for the financial year (7a+7b-7c):** ₹ 1.78 Crore

Annexure VIII (Contd.)

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (₹in Crore)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer	Name of the Fund	Amount	Date of transfer.
1.78	NIL	-	-	Nil	-

(b) Details of CSR amount spent against ongoing projects for the financial year:

Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/ No)	Location of the project.		Project duration (Years)	Amount allocated for the project (in Rs.)	Amount spent in the current financial Year (in Rs.)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.)	Mode of Imple-mentation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
1	Habitat for Humanity India Trust	Women Empowerment & Infrastructure development	Yes	Maharashtra	Nagpur	2	75,00,000	75,00,000	-	No		
2	Sri Sathya Sai Health and Education Trust	Promoting health care including preventive health care	Yes	Pan India		2	25,00,000	25,00,000	-	No		
3	Tamarind Tree Trust	Promoting Education	Yes	Pan India		2	20,60,000	20,60,000	-	No		
4	Kalyani Charitable Trust	Promoting education, including special education and employment enhancing vocation skills especially among children	Yes	Maharashtra	Thane	2	24,65,000	24,65,000	-	No	Aditya Birla Capital Foundation CSR Registration No. CSR00003351	
5	India - Driving Education Empowerment and Development Foundation	Promoting education	Yes	Rajasthan	Jodhpur and Pali	2	12,75,000	12,75,000	-	No		
6	Dhriiti – The Courage Within	Women Empowerment	Yes	Odissa	Nuapada & Kandhamal	2	17,00,000	17,00,000	-	No		
	TOTAL						**1,75,00,000**	**1,75,00,000**				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/ No).	Location of the project.		Amount spent for the project (in ₹).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.	
				State	District			Name	CSR registration number.
	Total					**NiL**			

(d) Amount spent in Administrative Overheads: ₹ 0.0298 Crore (Rounded off to 0.03 Crore)

(e) Amount spent on Impact Assessment, if applicable: NIL

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): 1.78 Crore

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ in Crore)
(i)	Two percent of average net profit of the company as per section 135(5)	1.78
(ii)	Total amount spent for the financial year	1.78
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	NIL

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any			Amount remaining to be spent in succeeding financial years(in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
	-	NIL	-	-	NIL	-	-
	Total						

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID.	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (in ₹)	Amount spent on the project in the reporting Financial Year (in ₹)	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed / Ongoing.
	-	-	-	-	NIL	-	-	-
	Total							

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Asset wise details are required to be provided.

Asset 1:

(a) Date of creation or acquisition of the capital asset(s): None

(b) Amount of CSR spent for creation or acquisition of capital asset: NIL

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc: Not Applicable

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset): Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5): Not Applicable

For and on behalf of the Board
Aditya Birla Housing Finance Limited

Sd/-
Anita Ramachandran
Chairperson – CSR Committee
DIN – 00118188

Sd/-
Netrapal Singh
Chief Executive Officer

Date: 11th May, 2021
Place: Mumbai

Independent Auditor's Report

To The Members of Aditya Birla Housing Finance Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of **Aditya Birla Housing Finance Limited** (the "Company"), which comprise the Balance Sheet as at 31st March 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Emphasis of Matter

We draw attention to Note 8 of the financial statements, in which the Company describes the continuing uncertainties arising from COVID-19 pandemic.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	Auditor’s Response
Allowances for Expected Credit Losses: (Refer Note 8 to the financial statements) As at 31st March 2021, the carrying value of loan assets measured at amortised cost, aggregated ₹11,80,262.71 lakh (net of allowance of expected credit loss ₹18,694.45 lakh) constituting approximately 95% of the Company’s total assets. Significant judgement is used in classifying these loan assets and applying appropriate measurement principles. The allowance for expected credit losses (“ECL”) on such loan assets measured at amortised cost is a critical estimate involving greater level of management judgement. As part of our risk assessment, we determined that the allowance for ECL on loan assets (including undisbursed commitments) has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements. The elements of estimating ECL which involved increased level of audit focus are the following: • Qualitative and quantitative factors used in staging the loan assets measured at amortised cost. • Basis used for estimating Probabilities of Default (“PD”).	**Principal audit procedures:** We have examined the policies approved by the Board of Directors of the Company that articulate the objectives of managing each portfolio and their business models. We have also verified the methodology adopted for computation of ECL (“ECL Model”) that addresses policies approved by the Board of Directors, procedures and controls for assessing and measuring credit risk on all lending exposures measured at amortised cost. Additionally, we have confirmed that adjustments to the output of the ECL Model is consistent with the documented rationale and basis for such adjustments and that the amount of adjustment has been approved by the Audit Committee of the Board of Directors. Our audit procedures related to the allowance for ECL included the following, among others: • Testing the design and effectiveness of internal controls over the following: – completeness and accuracy of the Exposure at Default (“EAD”) and the classification thereof into stages consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors to be applied.

Key Audit Matter	Auditor's Response
• Basis used for estimating Loss Given Default ("LGD"). • Judgements used in projecting economic scenarios and probability weights applied to reflect future economic conditions. • Adjustments to model driven ECL results to address emerging trends.	– completeness, accuracy and appropriateness of information used in the estimation of the PD and LGD for the different stages depending on the nature of the portfolio; and – computation of the ECL including methodology used to determine macro economic overlays and adjustments to the output of the ECL Model. • Also, for a sample of ECL allowance on loan assets tested: – we tested the input data such as ratings and period of default and other related information used in estimating the PD; – we evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD. – we evaluated the incorporation of the applicable assumptions into the ECL Model and tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company. • We also tested the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee. • We also assessed the disclosures made in relation to the ECL allowance to confirm compliance with the provisions of Ind AS 107.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

Independent Auditor's Report (Contd.)

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:

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

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

c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting

g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

   i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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

2. As required by the Companies (Auditor's Report) Order, 2016 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 21039826AAAADX7234)

Place: Mumbai
Date: 11th May 2021

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE "ACT")

We have audited the internal financial controls over financial reporting of Aditya Birla Housing Finance Limited (the "Company") as of 31st March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 21039826AAAADX7234)

Place: Mumbai
Date: 11th May 2021

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. In respect of its property, plant and equipment:

    a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the property, plant and equipment.

    b) The property, plant and equipment were physically verified during the previous year by the Management in accordance with a regular programme of verification, which in our opinion provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.

    c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

2. According to the information and explanations given to us, the Company is engaged primarily in lending activities and these activities do not require the Company to hold any inventories. Hence reporting under clause (ii) of the CARO 2016 is not applicable.

3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, the Company has not granted any loans, made investments, provide guarantees and security under provisions of section 185 and 186 of the Companies Act, 2013 and hence reporting under clause (iv) of the CARO 2016 is not applicable.

5. According to the information and explanations given to us, the Company has not accepted any deposit during the year hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder is not applicable.

6. The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under Clause 3(vi) of the Order is not applicable to the Company.

7. According to the information and explanations given to us in respect of statutory dues:

    a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Goods and Service Tax, cess and other statutory dues applicable to it with the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Employee's State Insurance, Duty of Customs, Duty of Excise and Cess during the year.

    b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at 31st March 2021 for a period of more than six months from the due date of payment / the date they became payable, as applicable.

    c) There were no dues in respect of Income-tax, Goods and Service Tax, Duty of Customs, Duty of Excise, and Value Added Tax or Cess which have not been deposited as on 31st March 2021 on account of disputes.

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

9. According to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purpose for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us the Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
13. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. According to the information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the CARO 2016 is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
16. According to the information and explanations given to us the Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
(Partner)
(Membership No. 039826)
(UDIN: 21039826AAAADX7234)

Place: Mumbai
Date: 11th May 2021

Standalone Balance Sheet

As at 31st March 2021

₹ in Lakh

	Note No.	As at 31 Mar 21	As at 31 Mar 20
ASSETS			
(1) FINANCIAL ASSETS			
(a) Cash and cash equivalents	5	37,737.34	40,020.60
(b) Derivative financial instruments	6	-	1,070.50
(c) Receivables			
(I) Trade receivables	7	250.45	213.77
(II) Other receivables	7	187.40	100.99
(d) Loans	8	11,80,262.71	12,11,209.09
(e) Investments	9	10,120.38	54,692.14
(f) Other financial assets	10	1,013.37	480.80
		12,29,571.65	**13,07,787.89**
(2) NON FINANCIAL ASSETS			
(a) Current tax assets (Net)		156.86	1,257.04
(b) Deferred tax assets (Net)	11	3,931.01	2,232.68
(c) Property, plant and equipment	12	658.84	903.29
(d) Right to use assets	14	1,493.32	2,288.82
(e) Intangible assets under development		119.55	28.02
(f) Other intangible assets	13	485.52	510.11
(g) Other non-financial assets	15	1,161.42	920.92
		8,006.52	**8,140.88**
TOTAL ASSETS		**12,37,578.17**	**13,15,928.77**
LIABILITIES AND EQUITY			
LIABILITIES			
(1) FINANCIAL LIABILITIES			
(a) Payables			
Trade payables			
(i) total outstanding dues of micro enterprises and small enterprises	16	28.70	69.55
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	16	3,412.38	2,621.35
(b) Derivative financial instruments	6	306.73	-
(c) Debt securities	17	1,73,428.50	1,91,000.88
(d) Borrowings other than debt securities	18	8,61,134.24	9,49,081.79
(e) Subordinated liabilities	19	34,199.24	26,608.02
(f) Lease Liability	20	1,584.65	2,602.12
(g) Other financial liabilities	21	10,386.88	4,507.28
		10,84,481.32	**11,76,490.99**
(2) NON- FINANCIAL LIABILITIES			
(a) Current tax liabilities (Net)		68.94	-
(b) Provisions	22	823.43	779.79
(c) Other non-financial liabilities	23	289.19	371.74
		1,181.56	1,151.53
TOTAL LIABILITIES		**10,85,662.88**	**11,77,642.52**
(3) EQUITY			
(a) Equity share capital	24	50,119.77	50,119.77
(b) Other equity	25	1,01,795.52	88,166.48
TOTAL EQUITY		**1,51,915.29**	**1,38,286.25**
TOTAL LIABILITIES AND EQUITY		**12,37,578.17**	**13,15,928.77**

See accompanying notes forming part of the financial statements.

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 039826

Place: Mumbai
Date: 11th May 2021

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Tushar Kotecha
Chief Financial Officer

Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 4th May 2021

Statement of Profit and Loss Account

For the year ended 31st March 2021

₹ in Lakh

	Particulars	Note No.	Year ended 31 Mar 21	Year ended 31 Mar 20
	REVENUE FROM OPERATIONS			
	Interest income	26	1,23,451.45	1,24,343.78
	Fees and commission income		3,801.00	4,083.02
	Net gain on fair value changes in investments	27	803.29	1,412.67
	Net gain on derecognition of financial instruments classified under amortised cost category	28	-	121.95
I	**Total revenue from operations**		**1,28,055.74**	**1,29,961.42**
II	Other income	29	435.28	156.23
III	**Total income (I+II)**		**1,28,491.02**	**1,30,117.65**
	EXPENSES			
	Finance costs	30	84,922.79	92,698.53
	Net loss on derecognition of financial instruments classified under amortised cost category	28	10.83	-
	Impairment of financial instruments	31	8,740.25	7,127.68
	Employee benefit expenses	32	11,239.33	11,325.27
	Depreciation, amortisation and impairment	12, 13 & 14	1,117.79	1,165.53
	Other expenses	33	4,822.18	4,181.81
IV	**Total expenses**		**1,10,853.17**	**1,16,498.82**
V	**Profit before tax (III-IV)**		**17,637.85**	**13,618.83**
VI	**Tax expenses**			
	(1) Current tax	11	5,415.69	3,613.72
	(2) Deferred tax	11	(1,666.63)	(74.56)
	(3) Income tax for earlier years	11	165.47	(185.58)
	Total tax expenses		**3,914.53**	**3,353.58**
VII	**Profit for the year (V-VI)**		**13,723.32**	**10,265.25**
VIII	**Other comprehensive income**			
	(1) Items that will not be reclassified to profit or loss			
	Re-measurement gains/ (losses) on defined benefit plans		99.84	(91.03)
	Income tax relating to the items that will not be reclassified to profit or loss	11	(25.13)	22.91
			74.71	(68.12)
	(2) Items that will be reclassified to profit or loss			
	Re-measurement gains/ (losses) on hedge instruments		(225.83)	(978.81)
	Income tax relating to the items that will not be reclassified to profit or loss	11	56.84	246.35
			(168.99)	**(732.46)**
	Other comprehensive income		**(94.28)**	**(800.58)**
IX	**Total comprehensive income for the year (VII+VIII) (Comprising profit and other comprehensive income for the year)**		**13,629.04**	**9,464.67**
X	**Earnings per equity share of ₹10 each**			
	Basic & diluted earnings per equity share	37	2.74	2.16

See accompanying notes forming part of the financial statements.

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Sanjiv V. Pilgaonkar
Partner
Membership No: 039826

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Tushar Kotecha
Chief Financial Officer

Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 11th May 2021

Place: Mumbai
Date: 4th May 2021

Cash Flow Statement

For the year ended 31st March 2021

₹ in Lakh

	Particulars	For the year ended 31 Mar 21		For the year ended 31 Mar 20	
A.	**CASH FLOW FROM OPERATING ACTIVITIES**				
(a)	**Profit before tax**		17,637.85		13,618.83
	Adjustments for:				
	Depreciation and amortisation	1,117.79		1,165.53	
	Interest on lease liability	176.37		225.25	
	Profit on surrender of lease liability/ income from rent concession	(331.84)		-	
	Impairment on financial instruments including loss on derecognition of financial assets at amortised cost	8,751.08		7,005.73	
	Net gain on Fair value changes	(803.29)		(1,412.67)	
	Loss/ (profit) on derecognition of property, plant and equipment	(2.80)		0.23	
(b)	**Operating profit before working capital changes**		26,545.16		20,602.90
	Adjustments for:				
	Decrease/(increase) in trade receivables	(123.09)		(119.23)	
	Decrease/(increase) in loans	22,195.30		(73,720.85)	
	Decrease/(increase) in other financial assets	(532.57)		(75.80)	
	Decrease/(increase) in derivative financial instruments	1,151.40		(2,049.31)	
	Decrease/(increase) in other assets	(332.44)		(155.95)	
	(Decrease)/increase in trade payables	750.18		80.06	
	(Decrease)/increase in provisions	143.48		171.45	
	(Decrease)/increase in other financial liabilities	8,949.42		3,477.68	
	(Decrease)/increase in other liabilities	(82.55)		113.20	
(c)	**Cash used in operating activities**		58,664.29		(51,675.85)
	Direct taxes paid (net of refund)	(4,412.04)		(3,991.07)	
	Net cash used in operating activities (A)		**54,252.25**		**(55,666.92)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**				
	Purchase of property, plant and equipment, acquisition of intangible assets	(538.04)		(527.63)	
	Proceeds from sale of property, plant and equipment	21.65		17.84	
	Profit on sale of current investments	874.55		1,220.53	
	(Purchase)/sale of current investments (net)	44,500.50		(54,500.00)	
	Net cash used in investing activities (B)		**44,858.66**		**(53,789.26)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**				
	Proceeds from share capital issue including securities premium (net of share issue expense)	-		9,990.00	
	Payment of lease liability	(525.56)		(672.43)	
	Proceeds from long term borrowings	2,60,261.00		3,13,945.00	
	Repayment of long term borrowings	(2,74,010.41)		(1,72,139.39)	
	Net proceeds/ repayment for short term borrowings	(87,119.20)		(1,654.57)	
	Net cash from financing activities (C)		**(1,01,394.17)**		**1,49,468.61**

Cash Flow Statement

For the year ended 31st March 2021

₹ in Lakh

	Particulars	For the year ended 31 Mar 21	For the year ended 31 Mar 20
D.	**NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)**	**(2,283.26)**	**40,012.43**
E.	**CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR**	**40,020.60**	**8.17**
F.	**CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR***	**37,737.34**	**40,020.60**
	Additional Information:		
	Interest received	1,22,307.72	1,22,684.08
	Interest paid	81,111.42	90,327.55

Includes fixed deposits of NIL (31st March 2020 ₹35,143.84 Lakh) & current account balance of ₹34,819.50 Lakh (31st March 2020: NIL) which are earmarked for disbursement of loan in affordable segment.

See accompanying notes forming part of the financial statements.

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

Sanjiv V. Pilgaonkar
Partner
Membership No: 039826

Place: Mumbai
Date: 11th May 2021

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer

Tushar Kotecha
Chief Financial Officer

Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 4th May 2021

Statement of Changes in Equity

For the year ended 31st March 2021

a. Equity share capital

₹ in Lakh

	As at 31 Mar 21		As at 31 Mar 20	
	No.'s	Amount	No.'s	Amount
Equity shares of ₹10 each issued, subscribed and fully paid				
As at beginning of the year	**50,11,97,682**	**50,119.77**	**47,55,56,656**	**47,555.67**
Shares issued during the year	-	-	2,56,41,026	2,564.10
As at end of the year	**50,11,97,682**	**50,119.77**	**50,11,97,682**	**50,119.77**

b. Other equity

₹ in Lakh

	Reserves & surplus				Items of other comprehensive income	Total other equity
	Securities premium	Retained earnings	Special reserve u/s 29C of The National Housing Bank Act, 1987	Reserve u/s 36(1)(viii) of the Income Tax Act, 1961	Cash flow hedge reserve	
Balance as at 1st April 2019	64,156.31	5,175.44	79.98	2,064.27	-	71,476.00
Profit for the year	-	10,265.25	-	-	-	10,265.25
Other comprehensive income	-	(68.12)	-	-	(732.46)	(800.58)
Total comprehensive income	**-**	**10,197.13**	**-**	**-**	**(732.46)**	**9,464.67**
Transfer to special reserve u/s 29C of The National Housing Bank Act, 1987	-	(248.87)	248.87	-	-	-
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961	-	(1,804.19)	-	1,804.19	-	-
Less: Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29C of the National Housing Bank Act, 1987	-	-	-	-	-	-
Addition on issue of shares during the year	7,435.90	-	-	-	-	7,435.90
Utilisation against share issue expense	(10.00)	-	-	-	-	(10.00)
Transition impact of Ind AS 116 (net of tax)		(200.09)				(200.09)
Balance as at 31st March 2020	**71,582.21**	**13,119.42**	**328.85**	**3,868.46**	**(732.46)**	**88,166.48**
Balance as at 1st April 2020	71,582.21	13,119.42	328.85	3,868.46	(732.46)	88,166.48
Profit for the year	-	13,723.32	-	-	-	13,723.32
Other comprehensive income/ (losses)	-	74.71	-	-	(168.99)	(94.28)
Total comprehensive income	**-**	**13,798.03**	**-**	**-**	**(168.99)**	**13,629.04**
Transfer to special reserve u/s 29C of National Housing Bank Act, 1987	-	-	-	-	-	-
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961	-	(2,922.15)	-	2,922.15	-	-
Less: Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29C of the National Housing Bank Act, 1987	-	-	-	-	-	-
Addition on issue of shares during the year	-	-	-	-	-	-
Balance as at 31st March 2021	**71,582.21**	**23,995.30**	**328.85**	**6,790.61**	**(901.45)**	**1,01,795.52**

See accompanying notes forming part of the financial statements.

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Sanjiv V. Pilgaonkar
Partner
Membership No: 039826

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer
Place: Mumbai
Date: 4th May 2021

Tushar Kotecha
Chief Financial Officer

Muthiah Ganapathy
Company Secretary

Place: Mumbai
Date: 11th May 2021

Notes

to the financial statements for the year ended 31st March 2021

1 CORPORATE INFORMATION

Aditya Birla Housing Finance Limited (the 'Company' or 'ABHFL') is a public Company domiciled in India and incorporated on 27th July 2009. The Company has received a Certificate of Registration from the National Housing Bank ('NHB') on 9th July 2014 to commence / carry on the business of Housing Financial Institution ('HFC') without accepting public deposits.

2 BASIS OF PREPARATION AND PRESENTATION

2.1 The accompanying financial statements have been prepared and presented under the historical cost convention except for certain financial assets and liabilities measured at fair value; and defined benefit plans where plan assets are measured at fair value, in accordance with accounting principles generally accepted in India, the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ('the Act') and (Companies (Indian Accounting Standards) Rules, 2015).

The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified accounting standards.

To provide more reliable and relevant information about the effect of certain items in the Balance Sheet and Statement of Profit and Loss, the Company has changed the classification of certain items. Previous period/year figures have been re-grouped or reclassified, to confirm to such current period grouping / classifications. There is no impact on Equity or Net Loss due to these regrouping / reclassifications.

Amounts in the financial statements are presented in Indian Rupees in lakh rounded off to two decimal places as permitted by Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupee to two decimal places.

2.2 Presentation of financial statements

The Company presents its balance sheet in order of liquidity in compliance with requirements of Schedule III of the Companies Act 2013 ("the Act") applicable for Non Banking Finance Companies ("NBFC"). An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented in note 48.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

3.1.1 The effective interest rate method

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Any fees collected or costs incurred in respect of financial instruments form an integral part of the EIR.

3.1.2 Interest income

The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets

When a financial asset becomes credit-impaired (as set out in note 3.21) and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial assets cures and is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on all trading assets and other financial assets which are required to be measured at FVTPL is recognised using the contractual interest rate in net gain on fair value changes.

3.2 Recognition of income and expenses

3.2.1 Fee and commission income

Fee and commission income include fees other than those that are an integral part of EIR. The Company recognises the fee and commission income in accordance with the terms of the relevant contracts / agreement and when it is probable that the Company will collect the consideration.

3.2.2 Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established.

3.3 Property, plant and equipment

All items of property, plant and equipment (PPE) are stated at historical cost, net of accumulated depreciation and impairment loss if any. The cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on straight line basis so as to write off the cost of the assets (other than freehold land) less their residual values, using the rates arrived at based on the useful lives estimated by the Management. The Company has used the following useful life to provide depreciation on its property, plant and equipment.

Asset	Useful life as prescribed by Schedule II of the Co's Act, 2013"	Estimated useful life
Office computers and electronic equipment	3 years	4 Years
Vehicles	8 years	5 Years
Furniture, fixtures and other office equipment	10 years	7 Years
Buildings	60 years	60 years
Leasehold improvements	Over the primary period of the lease	Over the primary period of the lease or 3 years; whichever is lower"

Useful life of assets different from as prescribed in Schedule II has been estimated by management and is supported by the technical assessment. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Depreciation on assets acquired / sold during the year is recognised on a pro-rata basis to the statement of profit and loss from/ till the date of acquisition or sale.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

3.4 Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over a period of 3 years or it's useful life whichever is lower.

Amortisation on the intangible assets added/disposed off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/ discarding.

The amortisation period and the amortisation method are reviewed at least at each financial year end. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

Intangible assets under development

Expenditure on Research and/or development eligible for capitalisation are carried as intangible assets under development where such assets are not yet ready for their intended use.

3.5 Impairment of non financial assets

The Company assesses at each reporting date whether there is an indication that an non financial asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount and the resulting impairment loss is charged to the statement of profit and loss.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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

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3.6 Taxes

3.6.1 Current tax

Current tax assets and liabilities 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 Indian Income Tax Act, 1961.

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

3.6.2 Deferred tax

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

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised 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 utilised

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

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

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

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

3.7 Retirement and other employee benefits

3.7.1 Short term employee benefits

Employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service. Liabilities recognised in respect of short term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3.7.2 Defined contribution plan

Retirement benefit in the form of Government managed Employee Provident Fund and Government managed Employee Pension Fund are the defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective schemes which are recognised as an expense, when an employee renders the related service.

3.7.3 Defined benefit plan

The Company operates a defined benefit gratuity plan, which requires contributions to be made to a separately administered fund. The Company's liabilities under Payment of Gratuity Act and compensated absences are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method.

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Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the balance sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

Remeasurements, comprising of actuarial gains and losses on retirement benefits arising from experience adjustments and changes in actuarial assumptions are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

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

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

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

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

3.7.4 Long term incentive benefit

Other long term incentive benefits includes future encashment or availment, at the option of the employee subject to the rules framed by the Company which are expected to be availed or encashed beyond 12 months from the end of the year and long term incentive payable to employees on fulfilment of criteria prescribed by the Company.

3.7.5 Termination benefits

Termination benefits such as compensation under employee separation schemes are recognised as expense when the Company's offer of the termination benefit is accepted or when the Company recognises the related restructuring costs whichever is earlier.

3.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur at amortised cost using EIR.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.9 Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with banks with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

3.10 Earnings per share

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

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

3.11 Provisions, contingent liabilities and contingent assets

Provisions are recognised when there is a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. Provisions are determined based on best estimate required to settle the obligation at the balance sheet date.

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

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent assets are not recognised in the financial statements. Contingent assets are disclosed where an inflow of economic benefits is probable.

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Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

3.12 Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Uncalled liability on shares and other investments partly paid;

c) Funding related commitment to associate and joint venture companies; and

d) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

3.13 Leases

3.13.1 Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises right – of – use ("ROU") asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the under lying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value – in – use) is determined on an individual asset basis unless the asset generates cash flows that are largely dependent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortised cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment on exercise of an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

3.13.2 Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

For operating leases, rental income is recognised on a straight line basis over the term of the relevant lease.

3.14 Special reserve

The Company creates special reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987. For this purpose any special reserve created by the Company under Section 36(1)(viii) of the Income- tax Act, 1961 is considered to be an eligible transfer.

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3.15 Securities premium

Securities premium is recognised for shares issued at premium. The issue expenses of securities which qualify as equity instruments are written off against securities.

3.16 Financial instruments – initial recognition

3.16.1 Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities and borrowings when funds reach the Company.

3.16.2 Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

3.16.3 Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised."

3.16.4 Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVTPL).

3.17 Financial assets and liabilities

3.17.1 Bank balances, loans, trade receivables and financial investments at amortised cost

The Company measures Bank balances, Loans, Trade receivables and other financial investments at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

3.17.2 Debt securities and other borrowed funds

After initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on issue funds, and costs that are an integral part of the EIR. A compound financial instrument which contains both a liability and an equity component is separated at the issue date.

3.17.3 Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

1. The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis.

2. The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

3. The liabilities containing one or more embedded derivatives, unless they do not significantly modify the cash flows that would otherwise be required by the contract, or it is clear with little or no analysis when a

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similar instrument is first considered that separation of the embedded derivative(s) is prohibited.

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

3.17.4 Undrawn loan commitments

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

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

3.18 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in FY 2020-21 and FY 2019-20.

3.19 Modification and derecognition of financial asset

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. When a financial asset is modified the Company assesses whether this modification results in derecognition.

In the case where the financial asset is derecognised the loss allowances for ECL is remeasured at the date of derecognition to determine the net carrying amount of the asset at that date. The difference between this revised carrying amount and the fair value of the new financial asset with the new terms may lead to a gain or loss on derecognition. The new financial asset may have a loss allowance measured based on 12-month ECL except where the new loan is considered to be originated-credit impaired.

When the contractual terms of a financial asset are modified and the modification does not result in derecognition, the Company determines if the financial asset's credit risk has increased significantly since initial recognition.

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or it retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

3.20 Derecognition of financial liabilities

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

3.21 Repossession of collaterals

To mitigate the credit risk on financial assets, the Company seeks to use collateral, as per the powers conferred on the HFC under SARFAESI act. In its normal course of business, the Company does not physically repossess properties or other assets in its portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. As a result of this practice, the residential properties under legal repossession processes are not recorded on the balance sheet and not treated as non-current assets held for sale

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3.22 Derivatives and hedging activities

Derivatives are only used for economic hedging purposes and not as a speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at FVTPL.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company designates certain derivatives as either: hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value changes) hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or hedges of a net investment in a foreign operation (net investment hedges).

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items including whether the changes in the cash flows of the hedging instrument are expected to offset changes in cash flows of hedged items. The Company documents its risk management objective before undertaking hedge transactions.

3.22.1 Cash flow hedges that qualify for hedge accounting

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within Other Income.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within 'finance cost' at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset.

When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/(losses).

3.23 Impairment of financial assets

3.23.1 Overview of the ECL principles

The Company records allowance for expected credit losses (ECL) for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) as outlined in note 3.23.2.

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

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

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

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

Stage 1	When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
Stage 3	Loans considered credit-impaired. The Company records an allowance for the LTECLs.
POCI	Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised

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based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

3.23.2 The calculation of ECLs

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

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

PD	The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
EAD	The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
LGD	The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value.

The mechanics of the ECL method are summarised below:

Stage 1	The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.
Stage 2	When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
Stage 3	For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
POCI	POCI assets are financial assets that are credit impaired on initial recognition. The Company only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit-adjusted EIR.
Loan commi-tments	When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the four scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.

For a loan and an undrawn commitment, ECLs are calculated and presented together with the loan. For loan commitments, the ECL is recognised within provisions.

3.23.3 Significant increase in credit risk

The Company monitors all financial assets and financial guarantee contracts that are subject to the impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk the Company will measure the loss allowance based on lifetime rather than 12-month ECL.

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In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date based on the remaining maturity of the instrument with the risk of a default occurring that was anticipated for the remaining maturity at the current reporting date when the financial instrument was first recognised. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort, based on the Company's historical experience and expert credit assessment.

Given that a significant increase in credit risk since initial recognition is a relative measure, a given change, in absolute terms, in the Probability of Default will be more significant for a financial instrument with a lower initial PD than compared to a financial instrument with a higher PD. As a back-stop when loan asset becomes 30 days past due, the Company considers that a significant increase in credit risk has occurred and the asset is in stage 2 of the impairment model, i.e. the loss allowance is measured as the lifetime ECL.

3.23.4 Credit-impaired financial assets

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. Credit-impaired financial assets are referred to as Stage 3 assets. Evidence of credit impairment includes observable data about the following events:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- restructuring of loans due to financial difficulty of the borrowers;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event. Instead, the combined effect of several events may have caused financial assets to become credit-impaired. The Company assesses whether debt instruments that are financial assets measured at amortised cost or FVOCI are credit-impaired at each reporting date. To assess if corporate debt instruments are credit impaired, the Company considers factors such as bond yields, credit ratings and the ability of the borrower to raise funds.

A loan is considered credit-impaired when a concession is granted to the borrower due to deterioration in the borrower's financial condition. The definition of default includes unlikeliness to pay indicators and a back-stop if amounts are overdue for 90 days or more.

3.23.5 Trade receivables and other assets

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated for changes in the forward-looking estimates.

3.23.6 Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as: GDP growth, unemployment rates, Central Bank base rates, house price indices, etc

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

3.23.7 Write-offs

Financial assets are written off either partially or in their entirety only when the Company had concluded that it had no reasonable expectations of recovering the asset and has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instrument on statement of profit and loss.

3.23.8 Presentation of allowance for ECL in the Balance Sheet

For financial assets measured at amortised cost, loss allowances for ECL are presented in the statement of financial position as a deduction from the gross carrying amount of the assets.

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to the financial statements for the year ended 31st March 2021

3.24 Determination of fair value

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

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

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

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

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

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as below:

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

3.25 Security deposits

At initial recognition the carrying value of the refundable deposits is taken at present value of all expected future principal repayments discounted using market rates prevailing at the time of inception. For Interest expenses, the difference between present market value and deposit made is recognised as prepayment and amortised in the Statement of Profit and loss over the benefit period on systematic basis. Interest income is recognised at the prevailing market rates.

3.26 Statement of cash flows

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

3.27 Foreign currencies

Functional currency of the Company and foreign operations has been determined based on the primary economic environment in which the Company and its foreign operations operate considering the currency in which funds are generated, spent and retained.

Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the transaction date. At each Balance Sheet date, foreign currency monetary items are reported at the rates prevailing at the year-end. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in the Statement of Profit and Loss in the period in which they arise.

3.28 Share-based payment arrangements

The stock options granted to employees by the holding Company's (i.e. Aditya Birla Capital Limited) Stock Options Schemes, are measured at the fair value of the options at the grant date. The fair value of the options is treated as discount and accounted as employee compensation cost over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. The cost incurred by the holding Company, in respect of options granted to employees of the Company, is being recovered by holding Company and it is charged to the Statement of Profit and Loss of the Company over the period of vesting.

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4 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

4.1 Impairment of financial asset

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

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

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

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

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5. CASH AND CASH EQUIVALENTS

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Balances with banks	37,737.34	4,876.76
Term deposits with banks with original maturity of three months or less	-	35,143.84
	37,737.34	**40,020.60**

Foot note: There are no earmarked balances with banks.

6 DERIVATIVE FINANCIAL INSTRUMENTS

₹ in Lakh

		As at 31 Mar 21	As at 31 Mar 20
6.1	**Financial Asset**		
	Cross currency interest rate derivatives	-	1,070.50
		-	**1,070.50**
6.2	**Financial Liability**		
	Cross currency interest rate derivatives	306.73	-
		306.73	**-**

7 RECEIVABLES

₹ in Lakh

		As at 31 Mar 21	As at 31 Mar 20
I	**Trade receivables**		
	Receivables considered good - unsecured	188.76	143.66
	Other receivables from customers	61.69	70.11
		250.45	**213.77**
II	**Other receivables**		
	Unsecured considered good		
	Receivable from related parties (refer note 35 (II) (b))	187.40	100.99
		187.40	**100.99**

Foot note:

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms including limited liability partnership (LLP's) or private companies respectively in which any director is a partner, a director or a member. Further, there are no receivables for which there has been a significant increase in credit risk or which have become credit impaired.

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8 LOANS (AT AMORTISED COST)

₹ in Lakh

		As at 31 Mar 21	As at 31 Mar 20
(A)	Loans relating to financing activity (refer note 8.1.1)	11,98,957.16	12,21,857.30
	Total (A) – Gross	**11,98,957.16**	**12,21,857.30**
	Less: Impairment loss allowance (refer note 8.1.2)	(18,694.45)	(10,648.21)
	Total (A) – Net	**11,80,262.71**	**12,11,209.09**
(B)	(a) Secured by tangible assets (property including land and building)	11,97,538.18	12,21,120.12
	(b) Unsecured, considered good	1,418.98	737.18
	Total (B) – Gross	**11,98,957.16**	**12,21,857.30**
	Less: Impairment loss allowance	(18,694.45)	(10,648.21)
	Total (B) – Net	**11,80,262.71**	**12,11,209.09**
(C)	(I) Loans in India		
	(a) Public sector	-	-
	(b) Others	11,98,957.16	12,21,857.30
		11,98,957.16	**12,21,857.30**
	(II) Loans outside India	-	-
	Total (C) – Gross	**11,98,957.16**	**12,21,857.30**
	Less: Impairment loss allowance	(18,694.45)	(10,648.21)
	Total (C) – Net	**11,80,262.71**	**12,11,209.09**

8.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loans relating to financing activity, as follows:

8.1.1 Reconciliation of gross carrying amount:

₹ in Lakh

	Stage 1	Stage 2	Stage 3	Total
31 Mar 21				
Gross carrying amount opening balance	11,82,529.83	23,696.62	15,630.85	12,21,857.30
New assets originated or purchased	2,97,099.62	4,442.81	406.12	3,01,948.55
Assets derecognised or repaid (excluding write offs)	(3,20,670.21)	(2,515.48)	(895.88)	(3,24,081.57)
Transfers to stage 1	6,659.85	(5,735.74)	(924.11)	-
Transfers to stage 2	(30,765.90)	30,873.91	(108.01)	-
Transfers to stage 3	(4,617.64)	(4,674.34)	9,291.98	-
Amounts written off	(81.64)	(335.88)	(349.60)	(767.12)
Gross carrying amount closing balance	**11,30,153.91**	**45,751.90**	**23,051.35**	**11,98,957.16**

₹ in Lakh

	Stage 1	Stage 2	Stage 3	Total
31 Mar 20				
Gross carrying amount opening balance	11,27,751.85	14,831.76	8,291.39	11,50,875.00
New assets originated or purchased	3,47,506.24	66.22	135.24	3,47,707.70
Assets derecognised or repaid (excluding write offs)	(2,72,334.71)	11.25	(1,663.38)	(2,73,986.84)
Transfers to stage 1	11,194.60	(10,871.56)	(323.04)	-
Transfers to stage 2	(22,752.47)	22,761.89	(9.42)	-
Transfers to stage 3	(8,830.94)	(3,102.94)	11,933.88	-
Amounts written off	(4.74)	-	(2,733.82)	(2,738.56)
Gross carrying amount closing balance	**11,82,529.83**	**23,696.62**	**15,630.85**	**12,21,857.30**

Notes

to the financial statements for the year ended 31st March 2021

8.1.2 Reconciliation of ECL balance is given below:

₹ in Lakh

	Stage 1	Stage 2	Stage 3	Total
31 Mar 21				
ECL allowance - opening balance	3,973.27	1,691.14	4,983.80	10,648.21
New assets originated or purchased	1,655.50	312.04	126.53	2,094.07
Assets derecognised or repaid (excluding write offs)	(1,106.28)	75.10	(193.31)	(1,224.49)
Transfers to Stage 1	585.76	(394.04)	(191.72)	-
Transfers to Stage 2	(128.43)	151.66	(23.23)	-
Transfers to Stage 3	(17.80)	(298.25)	316.05	-
Impact on year end ECL of exposures transferred between stages during the year	(168.85)	2,988.19	2,737.20	5,556.54
ECL recognised due to change in credit risk	1,326.55	99.12	914.30	2,339.97
Recoveries	(46.96)	(2.46)	23.58	(25.84)
Amounts written off	(1.26)	(280.34)	(412.41)	(694.01)
ECL allowance - closing balance	**6,071.50**	**4,342.16**	**8,280.79**	**18,694.45**

₹ in Lakh

	Stage 1	Stage 2	Stage 3	Total
31 Mar 20				
ECL allowance - opening balance	2,505.04	216.71	3,659.28	6,381.03
New assets originated or purchased	1,044.52	4.06	953.54	2,002.12
Assets derecognised or repaid (excluding write offs)	(634.98)	(0.58)	(257.12)	(892.68)
Transfers to Stage 1	173.37	(120.24)	(53.13)	-
Transfers to Stage 2	(74.19)	75.60	(1.41)	-
Transfers to Stage 3	(31.60)	(75.53)	107.13	-
Impact on year end ECL of exposures transferred between stages during the year	(69.67)	540.28	3,019.18	3,489.79
ECL recognised due to change in credit risk	1,061.96	1,051.69	458.79	2,572.44
Recoveries	(1.16)	(0.85)	(41.96)	(43.97)
Amounts written off	(0.02)	-	(2,860.50)	(2,860.52)
ECL allowance - closing balance	**3,973.27**	**1,691.14**	**4,983.80**	**10,648.21**

Foot notes:

A. *Moratorium in accordance with the Reserve Bank of India (ROI) guidelines -*

Moratorium was granted by the Company on the payment of instalments falling due between 1st March 2020 and 31st August 2020 to the eligible borrowers pursuant to the guidelines issued by Reserve Bank of India ("RBI") dated, 27th March 2020, 17th April 2020 and 23rd May 2020 relating to COVID-19 Regulatory Package. The Company has considered the repayment behaviour and delinquencies in respect of such borrowers in staging its loan assets and in estimating the corresponding allowance for expected credit loss.

B. *Estimation of uncertainty relating to COVID-19 global health pandemic -*

In estimating the expected credit loss (ECL) allowance the Company has taken into consideration internal and certain sources of external information upto the date of approval of these financial statements. The Company has also performed sensitivity analysis on the inputs and assumptions used in estimating the ECL allowance and has embedded in its ECL allowance an adjustment of ₹2,891.00 Lakh during the current year in addition to the management overlay of ₹1,810.00 Lakh embedded until 31st March 2020, for credit risks arising from macro economic factors. Based on the Company's expectations of future economic conditions, it expects to recover the carrying amount of its loan assets. The extent to which global health pandemic will impact the Company's provision on financial assets will depend on future developments, which are highly uncertain. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

C. *Resolution Framework for COVID-19 related Stress*

During the year ended 31st March 2021, the Company has invoked resolution plans to relieve COVID-19 pandemic related stress to eligible borrowers with a total outstanding of ₹38,173.98 Lakh as of 31st March 2021. The resolution plans are based on the parameters laid down in accordance with the guidelines issued by the RBI on 6th August 2020 and policy approved by the Board of Directors of the Company. As of 31st March 2021; all the resolution plans under this framework were duly implemented.

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to the financial statements for the year ended 31st March 2021

9 INVESTMENTS

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Investments carried at fair value through Profit & Loss		
Mutual Fund unit (unquoted)	10,120.38	54,692.14
	10,120.38	**54,692.14**

Foot note:

All investments are made within India. Further, there are no mutual fund investment for which there has been a significant increase in credit risk or which have become credit impaired.

10 OTHER FINANCIAL ASSETS

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Security deposit	271.47	476.86
Other receivables	741.90	3.94
	1,013.37	**480.80**

11 INCOME TAX

The components of income tax expense for the years ended 31st March 2021 and 31st March 2020 are as under:

₹ in Lakh

Particulars	Year ended 31 Mar 21	Year ended 31 Mar 20
Recognised in statement of profit and loss		
Current tax	5,415.69	3,613.72
Deferred tax relating to origination and reversal of temporary differences	(1,666.63)	(74.56)
Tax charges	**3,749.06**	**3,539.16**
Adjustment in respect of current income tax of earlier years	165.47	(185.58)
Total tax charges	**3,914.53**	**3,353.58**

11.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31st March 2021 and 31st March 2020 is, as follows:

₹ in Lakh

Particulars	Year ended 31 Mar 21	Year ended 31 Mar 20
Accounting profit before tax	17,637.85	13,618.83
At India's statutory income tax rate of (31st March 2021: 25.168%; 31st March 2020: 25.168%)	4,439.09	3,427.59
Adjustment in respect of current income tax of earlier years	-	-
Rate adjustments	-	528.43
Differences other than temporary in nature on account of tax benefit u/s 36(1)(viii) of the Income Tax Act, 1961 and others	(690.61)	(416.86)
Deferred tax difference for earlier years recognised in current year for brought forward losses, impairment loss allowance and others	0.58	-
Income tax expense reported in the statement of profit and loss	**3,749.06**	**3,539.16**

The effective income tax rate for 31st March 2021 is 21.26% (31st March 2020: 25.99%).

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to the financial statements for the year ended 31st March 2021

11.2 Deferred tax assets (Net)

₹ in Lakh

	Year ended 31 Mar 21	Year ended 31 Mar 20
Deferred tax asset		
Timing differences on account of		
Impairment allowance for financial assets	4,705.02	2,679.94
Provision for employee benefits	215.25	288.08
Differences in depreciation as per income tax & as charged in financials	76.10	59.84
Cash flow hedges	303.18	246.35
Recognition of ROU asset and lease liability under Ind AS 116	77.41	77.41
Deferred tax asset (A)	**5,376.96**	**3,351.62**
Deferred tax liability		
Timing differences on account of		
Tax deduction under Section 36(1)(viia) of Income Tax Act, 1961	538.35	214.60
Recognition of financial instruments under amortised cost under Ind AS 109	907.59	904.34
Deferred tax liability (B)	**1,445.94**	**1,118.94**
Deferred tax asset (net) (A-B)	**3,931.02**	**2,232.68**

Deferred tax credit (Net)

₹ in Lakh

	Year ended 31 Mar 21	Year ended 31 Mar 20
Recognised in statement of profit and loss		
Impairment allowance for financial assets	(1,701.33)	(235.57)
Provision for employee benefits	47.70	229.13
Differences in depreciation as per income tax & as charged in financials	(16.26)	(4.60)
Deferred tax liability on amortised cost under Ind AS 109	3.25	(93.59)
Rate difference in initial recognition of ROU asset and lease liability under Ind AS 116	-	30.07
	(1,666.64)	**(74.56)**
Recognised in OCI		
Deferred tax on re-measurement gains/ (losses) on defined benefit plans	(25.13)	22.91
Deferred tax on re-measurement gains/ (losses) on cash flow hedges	56.83	246.35
	31.70	**269.26**
Total deferred tax expense recognised (including OCI)	**(1,698.34)**	**(343.82)**

Notes

to the financial statements for the year ended 31st March 2021

12. PROPERTY, PLANT AND EQUIPMENT

₹ in Lakh

	Building	Plant & Equipment	Furniture & fixtures	Vehicle	Office equipment	Leasehold improvements	Total
Gross block							
As at 1st April 2019	**255.52**	**644.33**	**36.18**	**175.84**	**130.43**	**266.16**	**1,508.46**
Adjustment	-	-	0.25	-	5.10	20.53	25.88
Additions	-	289.36	6.74	31.48	32.23	4.83	364.64
Deletions	-	(8.78)	(4.89)	(18.72)	(6.74)	(12.34)	(51.47)
As at 31st March 2020	**255.52**	**924.91**	**38.28**	**188.60**	**161.02**	**279.18**	**1,847.51**
Adjustment	-	-	-	-	-	-	-
Additions		60.13	2.21	8.39	9.19	-	79.92
Deletions	-	(19.54)	(5.86)	(35.48)	(16.85)	(101.43)	(179.16)
As at 31st March 2021	**255.52**	**965.50**	**34.63**	**161.51**	**153.36**	**177.75**	**1,748.27**
Accumulated depreciation							
As at 1st April 2019	**8.77**	**308.58**	**17.68**	**55.96**	**55.95**	**188.23**	**635.17**
Adjustment	-	-	0.25	-	5.10	20.53	25.88
Charge for the year	4.38	195.26	9.47	36.13	35.02	36.31	316.57
Reduction	-	(8.76)	(2.54)	(5.70)	(4.06)	(12.34)	(33.40)
As at 31st March 2020	**13.15**	**495.08**	**24.86**	**86.39**	**92.01**	**232.73**	**944.22**
Adjustment	-	-	-	-	-	-	-
Charge for the year	4.38	200.57	5.87	37.50	29.46	27.75	305.53
Reduction	-	(19.15)	(4.82)	(25.38)	(14.37)	(96.60)	(160.32)
As at 31st March 2021	**17.53**	**676.50**	**25.91**	**98.51**	**107.10**	**163.88**	**1,089.43**
Net book value							
As at 31st March 2020	**242.37**	**429.83**	**13.42**	**102.21**	**69.01**	**46.45**	**903.29**
As at 31st March 2021	**237.99**	**289.00**	**8.72**	**63.00**	**46.26**	**13.87**	**658.84**

Foot note:
Assets pledged as security: Buildings with gross block ₹255.52 Lakh and accumulated depreciation ₹17.53 Lakh (31st March 2020: Gross block ₹255.52 Lakh and accumulated depreciation ₹13.15 Lakh) is subject to a first charge to secure debentures issued by the Company.

13 OTHER INTANGIBLES ASSET

₹ in Lakh

	Computer Software
Gross block	
As at 1st April 2019	**717.14**
Additions	439.32
Deletions/adjustment	-
As at 31st March 2020	**1,156.46**
Adjustment	-
Additions	297.58
Deletions/adjustment	-
As at 31st March 2021	**1,454.04**
Accumulated amortisation	
As at 1st April 2019	**358.56**
Charge for the year	287.79
Reduction	-
As at 31st March 2020	**646.35**
Adjustment	-
Charge for the year	322.17
Reduction	-
As at 31st March 2021	**968.52**
Net book value	
As at 31st March 2020	**510.11**
As at 31st March 2021	**485.52**

Foot note:
Company does not have any internally generated intangible assets.

Notes

to the financial statements for the year ended 31st March 2021

14 ROU ASSET

₹ in Lakh

	ROU Asset
Gross block	
As at 1st April 2019	-
Additions	2,849.99
Deletions/adjustment	-
As at 31st March 2020	**2,849.99**
Additions	1,061.29
Deletions/adjustment	(1,991.97)
As at 31st March 2021	1,919.31
Accumulated amortisation	
As at 1st April 2019	-
Charge for the year	**561.17**
Reduction	-
As at 31st March 2020	**561.17**
Charge for the year	490.09
Reduction	(625.27)
As at 31st March 2021	**425.99**
Net book value	
As at 31st March 2020	**2,288.82**
As at 31st March 2021	**1,493.32**

15 OTHER NON-FINANCIAL ASSETS

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Capital advances	-	60.90
Prepaid expense	514.60	443.43
Retirement benefits gratuity fund (refer note 47)	502.92	273.70
Balances with tax authorities	137.99	137.02
Deferred lease expense	5.91	5.87
	1,161.42	**920.92**

16 PAYABLES

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
(I) Trade payables		
(i) total outstanding dues of micro enterprises and small enterprises (refer note 38)	28.70	69.55
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3,412.38	2,621.35
	3,441.08	**2,690.90**

17 DEBT SECURITIES

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
At amortised cost		
Secured		
Redeemable non convertible debentures (refer foot note (ii) below)	1,63,450.16	1,03,909.91
Unsecured		
Commercial papers (refer note (iii) below)	9,978.34	87,090.97
Total (A)	**1,73,428.50**	**1,91,000.88**
Debt securities in India	1,73,428.50	1,91,000.88
Debt securities outside India	-	-
Total (B)	**1,73,428.50**	**1,91,000.88**

Notes

to the financial statements for the year ended 31st March 2021

Foot notes:

(i) *The Company does not have any convertible debt securities.*

(ii) *The debt securities are secured by way of mortgage of the immovable property and have first pari- passu charge on receivables of the Company. The repayment terms and rate of interest of redeemable non convertible debentures are as under:*

₹ in Lakh

Maturing upto 3 years, Rate of interest (ROI) 5.99% to 9.40 % p.a.	As at 31 Mar 21	As at 31 Mar 20
ABHFL NCD L4 FY 2016-2017, ROI: 7.90% p.a (XIRR basis); Maturity date: 16th April 2020	-	7,546.67
ABHFL NCD L1 FY 2016-2017, ROI: 7.85% p.a; Maturity date: 9th June 2020	-	3,014.32
ABHFL NCD I2 - FY 2016-17, ROI: 7.80% p.a (XIRR basis); Maturity date: 13th August 2020	-	6,403.06
ABHFL NCD A2 - FY 2015-16, ROI: 8.95% p.a; Maturity date: 22nd March 2021	-	501.17
ABHFL NCD A1 - FY 2016-17, ROI: 8.75% p.a.; Maturity date: 20th April 2021	1,624.12	1,623.82
ABHFL NCD C1 - FY 2018-19, ROI: 8.85% p.a.(XIRR basis); Maturity date: 7th June 2021	5,695.23	5,231.17
ABHFL NCD E1 - FY 2017-18, ROI: 7.60% p.a.; Maturity date: 30th June 2021	8,924.31	8,922.99
ABHFL NCD D1 - FY 2018-19, ROI: 8.82% p.a.(XIRR basis); Maturity date: 26th July 2021	10,571.32	9,702.12
ABHFL NCD F1 - FY 2019-20, ROI: 8.18 % (XIRR basis); Maturity date: 24th September 2021	2,253.29	2,082.44
ABHFL NCD G1 - FY 2018-19, ROI: 9.40% p.a.(XIRR basis); Maturity date: 26th October 2021	2,983.67	2,726.47
ABHFL NCD D2 - FY 2018-19, ROI: 8.82% p.a.; Maturity date: 28th October 2021	2,115.51	2,115.23
ABHFL NCD L2 - FY 2016-17, ROI: 8.00% p.a.; Maturity date: 10th March 2022	5,023.24	5,023.24
ABHFL NCD L3 - FY 2016-17, ROI: 8.00% p.a.; Maturity date: 18th March 2022	5,012.66	5,012.65
ABHFL NCD A1 - FY 2017-18, ROI: 8.00% p.a.; Maturity date: 1st April 2022	4,857.94	4,857.94
ABHFL NCD I1 - FY 2018-19, ROI: 9.30% p.a.(XIRR basis); Maturity date: 13th April 2022	22,203.05	20,332.48
ABHFL NCD C1 - FY 2017-18, ROI: 8.00% p.a.; Maturity date: 7th June 2022	10,648.49	10,648.90
ABHFL NCD F1 - FY 2017-18, ROI: 7.60% p.a.; Maturity date: 8th September 2022	2,083.35	2,083.10
ABHFL NCD PPMLD FY 2019-20, ROI: 7.95% XIRR.; Maturity date: 30th September 2022	1,682.04	1,557.78
ABHFL NCD K1 - FY 2019-20, ROI: 6.22% p.a.; Maturity date: 17th February 2023 (2nd Coupon = 3.72% + 250bps i.e. 6.22%; 1st Coupon: 5.26% + 250 bps = 7.76% Benchmark 12 Month T-Bill + 250 bps spread Reset on yearly basis with fixed spread of 250 bps)	2,516.79	2,520.96
ABHFL NCD A1 - FY 2020-21, ROI: 8.00% p.a.; Maturity date: 17th May 2023	43,035.88	-
ABHFL NCD F1 - FY 2020-21, ROI: 6.05% p.a.; Maturity date: 8th September 2023	5,162.52	-

Notes

to the financial statements for the year ended 31st March 2021

₹ in Lakh

Maturing upto 3 years, Rate of interest (ROI) 5.99% to 9.40 % p.a.	As at 31 Mar 21	As at 31 Mar 20
ABHFL NCD L1 - FY 2020-21, ROI: 5.99% p.a (initial fixing rate).; Maturity date: 15th March 2024 The first interest payment is set as an average (Simple) rate of previous four quarters reset coupon rate e.g. Coupon rate to be paid on 18th March 2022 is the average of coupon rate on 18th March 2021 (initial coupon) and the rate computed on the reset date being 18th June 2021, 18th September 2021 and 18th December 2021 (1st Coupon: Avg T-Bill rate as stated above + 275 bps = Average of Benchmark 12 Month T-Bil for specified datesl + 275 bps spread Reset on quarterly basis and payable annually with fixed spread of 275 bps)	25,053.13	-
	1,61,446.54	**1,01,906.50**

₹ in Lakh

Maturing after 3 years, Rate of interest (ROI) 8.95 % p.a.	As at 31 Mar 21	As at 31 Mar 20
ABHFL NCD A1 - FY 2015-16, ROI: 8.95% p.a; Maturity date: 20th March 2026	2,003.62	2,003.41
	2,003.62	**2,003.41**
Total Debt securities	**1,63,450.16**	**1,03,909.91**

(iii) The repayment terms of commercial papers are as under-

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Maturing upto 3 months*	9,978.34	87,090.97
	9,978.34	**87,090.97**

** The above is net of unamortised discounting charges on commercial paper amounting to ₹21.66 Lakh (31st March 2020: ₹409.03 Lakh)*

18 BORROWINGS OTHER THAN DEBT SECURITIES

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Secured		
Term loan from banks (refer foot note (i) below)	7,83,697.71	8,52,567.31
NHB Refinance (refer foot note (ii) below)	22,592.87	30,305.00
External Commercial Borrowing (ECB) (refer foot note (iii) below)	36,604.07	37,963.32
Loan repayable on demand from banks		
Working capital demand loan (refer foot note (iv) below)	-	18,503.82
Cash Credit (refer foot note (v) below)	1,301.92	8,487.76
Overdraft (refer foot note (vi) below)	16,537.67	598.58
	8,60,734.24	**9,48,425.79**
Unsecured		
Loan from related party		
Inter corporate borrowings (refer foot note (vii) below)	400.00	656.00
	400.00	**656.00**
Total (A)	**8,61,134.24**	**9,49,081.79**
Borrowings in India	8,24,417.29	9,11,310.54
Borrowings outside India	36,716.95	37,771.25
Total (B)	**8,61,134.24**	**9,49,081.79**

Notes

to the financial statements for the year ended 31st March 2021

Foot notes:

(i) *The term loans from banks are secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate of interest of term loans are as under-*

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Maturing upto 3 years, rate of interest 4.88 % p.a. - 8.75 % p.a.	5,17,522.04	-
Maturing after 3 years, rate of interest 5.50 % p.a. - 8.75 % p.a.	2,66,175.67	-
Maturing upto 3 years, rate of interest 6.68 % p.a. - 9.00 % p.a.	-	4,86,229.72
Maturing after 3 years, rate of interest 7.95 % p.a. - 8.90 % p.a.	-	3,66,337.59
	7,83,697.71	**8,52,567.31**

(ii) *The NHB Refinance is secured by way of first pari-passu charge on the receivables of the Company. The refinance facility of ₹22,592.87 Lakh (31st March 2020 - ₹30,305.00 Lakh) is further guaranteed by way of corporate guarantee issued by holding Company. The repayment terms and rate of interest are as under-*

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Maturing upto 3 years, rate of interest 8.20% p.a. and 8.30% p.a.	16,302.00	-
Maturing after 3 years, rate of interest 8.20% p.a. and 8.30% p.a.	6,290.87	
Maturing upto 3 years, rate of interest 8.95 % p.a. - 9.05 % p.a.	-	16,302.00
Maturing after 3 years, rate of interest 8.95 % p.a. - 9.05 % p.a.	-	14,003.00
	22,592.87	**30,305.00**

(iii) *The external commercial loan is secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate of interest are as under-*

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Maturing upto 3 years, rate of interest 7.79 %p.a.	36,604.07	37,963.32
	36,604.07	**37,963.32**

(iv) *The working capital loans are secured by way of first pari-passu charge on receivables of the Company. The repayment terms and rate of interest of working capital loans are as under-*

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Repayable on demand, rate of interest 7.50% to 8.70 % p.a.	-	18,503.82

(v) *The cash credit facilities are secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate of interest of cash credit are as under-*

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Repayable on demand, rate of interest 8.50% p.a.	1,301.92	-
Repayable on demand, rate of interest 8.00% p.a. to 8.65% p.a.	-	8,487.76

(vi) *The overdraft on account of cheques issued but not presented as on the balance sheet date are backed by cash credit facilities which are secured by way of first pari-passu charge on the receivables of the Company. The repayment terms and rate if interest is same as applicable to cash credit facilities.*

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Repayable on demand	16,537.67	598.58

Notes

to the financial statements for the year ended 31st March 2021

(vii) The intercorporate borrowings are unsecured borrowing taken from related parties. The repayment terms of loans from related party are as under-

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Repayable on demand, rate of interest 4.00% p.a.	400.00	-
Repayable on demand, rate of interest 7.50% p.a.	-	656.00

19 SUBORDINATED LIABILITIES

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Unsecured		
Sub ordinate debts - debentures (refer foot note below)	34,199.24	26,608.02
	34,199.24	**26,608.02**

The repayment terms and rate of interest (ROI) of subordinate debentures are as under-

₹ in Lakh

Maturing after 3 years, Rate of interest (ROI) 7.43% to 9.10 % p.a.	As at 31 Mar 21	As at 31 Mar 20
ABHFL Sub Debt Series 'SD1' FY 2016-17, ROI: 9.10 % p.a; maturity date - 3rd July 2026	1,595.45	1,594.65
ABHFL Sub Debt Series 'SD2' FY 2016-17, ROI: 9.10 % p.a; maturity date - 7th July 2026	1,062.07	1,061.51
ABHFL Sub Debt Series 'SD3' FY 2016-17, ROI: 9.10 % p.a; maturity date - 13th July 2026	1,590.80	1,589.95
ABHFL Sub Debt Series 'SD4' FY 2016-17, ROI: 8.99 % p.a; maturity date - 24th July 2026	2,643.33	2,639.82
ABHFL Sub Debt Series 'SDB1' FY 2017-18, ROI: 8.50 % p.a; maturity date - 14th May 2027	6,418.84	6,415.01
ABHFL Sub Debt Series 'SDC1' FY 2017-18, ROI: 8.50 % p.a; maturity date - 1st June 2027	7,990.76	7,985.13
ABHFL Sub Debt Series 'SDC1' FY 2019-20, ROI: 8.94 % p.a; maturity date - 8th June 2029	5,325.69	5,321.96
ABHFL Sub Debt Series 'SDJ1' FY 2020-21, ROI: 7.43 % p.a; maturity date - 15th January 2031	7,572.30	-
	34,199.24	**26,608.02**

20 LEASE LIABILITY

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Liability for lease payments	1,584.65	2,602.12
	1,584.65	**2,602.12**

21 OTHER FINANCIAL LIABILITIES

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Payable for salaries, bonus and other employee benefits	1,857.81	2,254.66
Payable for Capital expenditure	17.07	146.99
Other financial liabilities relating to customer accounts	8,512.00	2,105.63
	10,386.88	**4,507.28**

Notes

to the financial statements for the year ended 31st March 2021

22 PROVISIONS

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Provision for employee benefits		
Compensated absences	299.46	338.78
Gratuity (refer note 47)	523.97	441.01
	823.43	**779.79**

23 OTHER NON-FINANCIAL LIABILITIES

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Payable to government authorities	289.19	371.74
Other Payable	-	-
	289.19	**371.74**

24 EQUITY SHARE CAPITAL

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Authorised		
1000,000,000 (31st March 2020: 1000,000,000) equity shares of ₹10 each	1,00,000.00	1,00,000.00
	1,00,000.00	**1,00,000.00**
Issued, subscribed and fully paid up shares		
501,197,682 (31st March 2020: 501,197,682) equity shares of ₹10 each, fully paid up	50,119.77	50,119.77
	50,119.77	**50,119.77**

A) Reconciliation of the number of shares outstanding at the beginning and at the end of the year.

₹ in Lakh

	Numbers	Amount
As at 1st April 2019	47,55,56,656	47,555.67
Add: shares issued during the year	2,56,41,026	2,564.10
As at 31st March 2020	50,11,97,682	50,119.77
Add: shares issued during the year	-	-
As at 31st March 2021	**50,11,97,682.00**	**50,119.77**

B) Shares held by holding Company

	As at 31 Mar 21	As at 31 Mar 20
Aditya Birla Capital Limited, holding Company	50,11,97,682	50,11,97,682

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

	As at 31 Mar 21	As at 31 Mar 20
Aditya Birla Capital Limited, holding Company % Holding	100%	100%

Notes

to the financial statements for the year ended 31st March 2021

D) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed, if any, by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be receiving remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of the equity shares held by the shareholders.

E) During the past five years immediately preceding the current financial year, the Company has not issued any shares pursuant to any contract without payment being received in cash or by way of bonus shares and have also not engaged in any buyback of its own equity.

25 OTHER EQUITY

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Securities premium (refer foot note (i) below)	71,582.21	71,582.21
Special reserve u/s 29C of The National Housing Bank Act, 1987(refer foot note (ii) below)	328.85	328.85
Reserve u/s 36(1)(viii) of the Income Tax Act, 1961 (refer foot note (iii) below)	6,790.61	3,868.46
Retained earnings (refer foot note (iv) below)	23,995.30	13,119.42
Cash flow hedge reserve (refer foot note (v) below)	(901.45)	(732.46)
	1,01,795.52	**88,166.48**

Foot notes:

(i) Securities premium

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Balance at beginning of year	71,582.21	64,156.31
Addition: Received on issue of shares during the year	-	7,435.90
Deduction: Utilisation against share issue expense	-	(10.00)
Balance at end of year	**71,582.21**	**71,582.21**

Securities premium is credited when shares are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, write-off equity related expenses like underwriting costs, etc.

(ii) Special reserve u/s 29C of The National Housing Bank Act, 1987 (refer note 3.13)

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Balance at beginning of year	328.85	79.98
Addition: Amount transferred from surplus balance in the Statement of Profit and Loss	-	248.87
Balance at end of year	**328.85**	**328.85**

As per Section 29C of The National Housing Bank Act, 1987 (the "NHB Act"), the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose any Special Reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961, is considered to be an eligible transfer. The amount transferred to special reserve u/s 29C of the NHB Act includes ₹2,922.15 Lakh (31st March 2020: ₹1,804.19 Lakh) for Special Reserve in terms of Section 36(1)(viii) of the Income-tax Act, 1961.

Notes

to the financial statements for the year ended 31st March 2021

(iii) Reserve u/s 36(1)(viii) of the Income Tax Act, 1961

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Balance at beginning of year	3,868.46	2,064.27
Addition: Amount transferred from surplus balance in the Statement of Profit and Loss	2,922.15	1,804.19
Less: Amount withdrawn from the special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29C of the National Housing Bank Act, 1987	-	-
Balance at end of year	**6,790.61**	**3,868.46**

(iv) Retained earnings

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Balance at beginning of year	13,119.42	5,175.44
Profit for the year	13,723.32	10,265.25
Remeasurement of defined employee benefit plans	74.71	(68.12)
Impact of IndAS 116	-	(200.09)
Transfer to special reserve u/s 29C of The National Housing Bank Act, 1987	-	(248.87)
Transfer to reserve u/s 36(1)(viii) of the Income Tax Act, 1961	(2,922.15)	(1,804.19)
Items of other comprehensive income recognised directly in retained earnings	-	-
Re-measurement gains/ (losses) on defined benefit plans	-	-
Balance at end of year	**23,995.30**	**13,119.42**

(v) Cash flow hedge reserve

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Balance at beginning of year	(732.46)	-
Net change during the year	(168.99)	(732.46)
Balance at end of year	**(901.45)**	**(732.46)**

26 INTEREST INCOME

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
- On financial assets measured at amortised cost		
Interest on loans and advances to customers	1,23,104.59	1,24,142.33
Other interest income	346.86	201.45
	1,23,451.45	**1,24,343.78**

Notes

to the financial statements for the year ended 31st March 2021

27 NET GAIN ON FAIR VALUE CHANGES IN INVESTMENTS

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Net gain on financial instruments at fair value through profit or loss	803.29	1,412.67
Total Net gain on fair value changes	**803.29**	**1,412.67**
Fair Value changes:		
Realised	682.41	1,220.53
Unrealised	120.88	192.14
	803.29	**1,412.67**

28 NET GAIN/(LOSS) ON DERECOGNITION OF FINANCIAL INSTRUMENTS UNDER AMORTISED COST CATEGORY

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Reversal of expected credit loss on derecognition of financial instruments	694.01	2,860.50
Bad debts written off (net off of recoveries for write off of previous years)	(704.84)	(2,738.55)
	(10.83)	**121.95**

29 OTHER INCOME

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Interest on income tax refund	41.38	118.92
Profit on sale of property, plant and equipment	2.80	-
Profit on surrender of right to use asset	294.26	-
Income from rent concession due to COVID-19	37.58	-
Rental Income	59.26	37.31
	435.28	**156.23**

30 FINANCE COST

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
- On financial liabilities measured at amortised cost		
Interest on borrowings	71,609.14	80,485.76
Interest on debt securities	13,042.92	11,373.80
Interest on lease liability	176.37	225.25
Other interest expense	94.36	613.72
	84,922.79	**92,698.53**

31 IMPAIRMENT ON FINANCIAL INSTRUMENTS (MEASURED AT AMORTISED COST)

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
- On Financial Assets measured at amortised cost		
Loans (refer note 8.1.2)	8,740.25	7,127.68
	8,740.25	**7,127.68**

Notes

to the financial statements for the year ended 31st March 2021

32 EMPLOYEE BENEFIT EXPENSES

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Salaries, bonus and allowances	10,591.94	10,577.54
Contribution to provident and other funds (refer note 47)	416.72	382.81
Retirement benefit expense - Gratuity	126.30	108.19
Employee stock option expenses (refer note 41)	20.44	51.33
Staff welfare expenses	83.93	205.40
	11,239.33	**11,325.27**

33 OTHER EXPENSES

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Rental charges payable under operating leases (refer note 36)	637.27	607.65
Travelling and conveyance	208.90	371.88
Water and electricity	109.54	131.69
Repairs and maintenance	1,112.76	876.92
Insurance	236.02	79.01
Credit rating expenses	126.06	114.58
Legal and professional charges	868.80	755.53
Rates and taxes	31.14	64.95
Printing and stationery	63.82	127.49
Contract service charges	256.62	296.56
Advertisement expenses	281.66	102.91
Postage expenses	57.31	87.24
Miscellaneous expenses	832.28	565.40
	4,822.18	**4,181.81**

34 CONTINGENT LIABILITIES AND COMMITMENTS

Contingent liabilities

Claims against the Company not acknowledged as debts on account of legal disputes ₹8.10 Lakh (31st March 2020: ₹4.96 Lakh). Unfavourable outcome of these legal cases if any do not have any material and adverse impact on the financial position of the Company as on the balance sheet date.

The Company is not exposed to any other contingent liabilities as on the balance sheet except as mentioned above for legal disputes.

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) on account of property, plant and equipment ₹0.16 Lakh (31st March 2020: ₹1.57 Lakh) and on account of intangible assets ₹185.31 Lakh (31st March 2020: ₹166.01 Lakh).

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35 RELATED PARTY DISCLOSURES

I) List of related parties as per Ind AS -24 with whom transactions have taken place during the year.

(A) Where control exists

Aditya Birla Capital Limited (ABCL) (Holding Company)
Grasim Industries Limited (Ultimate Holding Company)

(B) Fellow subsidiaries

Aditya Birla Finance Limited (ABFL)
Aditya Birla Capital Technology Services Limited (ABCTSL)
Aditya Birla Sun Life Insurance Company Limited (ABSLICL)
Aditya Birla Sun Life AMC Limited (ABSLAMCL)
Aditya Birla Money Limited (ABML)
Aditya Birla Health Insurance Co. Ltd. (ABHI)
Aditya Birla Financial Shared Services Limited (ABFSSL)
Aditya Birla Insurance Brokers Limited (ABIBL)
Aditya Birla PE Advisors Private Limited (ABPEL)
Aditya Birla Wellness Private Limited (ABWPL)
Ultratech Cement Limited (UCL)
Aditya Birla Insulators (ABI)

(C) Key management personnel

Mr. Netrapal Singh	Chief Executive Officer (w.e.f. 30th July 2019)
	Chief Business Officer (upto 29th July 2019)
Mr. Tushar Kotecha	Chief Financial Officer (w.e.f 31st July 2019)
	Chief Financial Officer and Manager (upto 30th July 2019)

II) Transactions with related parties

(a) Purchase and sale of services

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Referred in (A) above		
Other operating expenses		
Aditya Birla Capital Limited	279.54	378.98
Employees Stock option plan expenses		
Aditya Birla Capital Limited	20.44	51.33
Interest expenses		
Aditya Birla Capital Limited	53.70	146.72
Other Comprehensive Income - Gratuity (gain)/loss		
Aditya Birla Capital Limited	(2.90)	5.31
Recovery of other operating expenses		
Aditya Birla Capital Ltd.	4.64	-
Referred in (B) above		
Other operating expenses		
Aditya Birla Finance Limited	1,507.82	1,547.26
Aditya Birla Money Limited	0.26	0.88
Aditya Birla Sun Life AMC Limited	1.27	0.60
Aditya Birla Capital Technology Services Limited	124.83	7.08
Aditya Birla Health Insurance Co. Ltd.	0.12	1.71
Aditya Birla Financial Shared Services Limited	861.77	818.97
Aditya Birla PE Advisors Private Limited	0.89	-

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₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Aditya Birla Insurance Brokers Limited	0.18	-
Aditya Birla Wellness Private Limited	0.47	-
Ultratech Cement Limited	0.23	-
Interest expenses		
Aditya Birla Sun Life Insurance Company Limited	128.49	129.78
Other Comprehensive Income - Gratuity (gain)/loss		
Aditya Birla Financial Shared Services Limited	(41.79)	7.35
Recovery of other operating expenses		
Aditya Birla Finance Limited	365.21	465.43
Aditya Birla Insurance Brokers Limited	7.48	52.34
Aditya Birla Sun Life AMC Limited	3.80	3.80
Ultratech Cement Limited	51.90	-
Aditya Birla Financial Shared Services Limited	4.64	-
Income		
Aditya Birla Health Insurance Co. Ltd.	121.84	118.50
Aditya Birla Sun Life Insurance Company Limited	165.07	132.66
Referred in (C) above		
Remuneration	320.30	326.15
(Mr. Netrapal Singh - 1st April 2019 to 31st March 2021) (Mr. Tushar Kotecha - 1st April 2019 to 30th July 2019)		

b) Outstanding balances arising from purchase and sale of services

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Referred in (A) above		
Payable		
Aditya Birla Capital Limited	28.41	24.00
Referred in (B) above		
Receivable (refer note 7)		
Aditya Birla Money Limited	-	3.41
Aditya Birla Sun Life AMC Limited	-	0.27
Aditya Birla Insurance Brokers Limited	-	20.53
Aditya Birla Health Insurance Co. Ltd.	67.79	44.22
Aditya Birla Sun Life Insurance Company Limited	119.60	32.56
Payable		
Aditya Birla Finance Limited	299.60	236.21
Aditya Birla Health Insurance Co. Ltd.	-	0.43
Aditya Birla Financial Shared Services Limited	126.35	118.46
Aditya Birla Money Limited	0.25	-
Aditya Birla Capital Technology Services Limited	22.40	-
Aditya Birla Wellness Private Limited	0.44	-
Aditya Birla Sun life Asset Management Company Limited	0.59	-
Ultratech Cement Limited	0.12	-
Other balances (Receivables)		
Aditya Birla Financial Shared Services Limited	6.03	7.43
Aditya Birla Capital Technology Services Limited	0.49	-

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c) Loans from related parties

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Referred in (A) above		
Aditya Birla Capital Limited		
Loan balance at the beginning of the year	656.00	2,600.00
Loan obtained (including inter corporate borrowings)	500.00	16,242.00
Loans repaid (including inter corporate borrowings)	756.00	18,186.00
Loan balance at the end of the year	400.00	656.00
Interest accrued on above	-	-
Referred in (B) above		
Aditya Birla Sun Life Insurance Company Limited		
Loan balance at the beginning of the year	1,500.00	1,500.00
Loan obtained (issue of debentures)	-	-
Loans repaid	500.00	-
Loan balance at the end of the year	1,000.00	1,500.00
Interest accrued but not due on above	74.29	75.54

d) Other transactions

₹ in Lakh

	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Referred in (A) above		
Capital issued		
Aditya Birla Capital Limited		
Share capital issued during the year*	-	10,000.00
*Includes securities premium of ₹Nil (31st March 2020: ₹7,435.90 Lakh)		
Capital Outstanding		
Aditya Birla Capital Limited		
Equity share capital outstanding	50,119.77	50,119.77
Referred in (B) above		
Other transactions		
Aditya Birla Financial Shared Services Limited (Recovery of transfer employees)	0.50	0.75
Aditya Birla Financial Shared Services Limited (Sale of Fixed Assets)	2.55	-
Aditya Birla Sun Life Insurance Company Limited (Recovery of transfer employees)	12.65	5.13
Aditya Birla Money Limited (Recovery of transfer employees)	0.16	3.41
Aditya Birla Finance Limited (Reimbursement relating to CWIP)	-	32.16
Aditya Birla Finance Limited (Sale of Fixed Assets)	2.44	4.74
Aditya Birla Finance Limited (Purchase of Fixed Assets)	-	0.35
Aditya Birla Sun Life Insurance Company Limited (Purchase of Fixed Assets)	-	1.59
Aditya Birla PE Advisors Private Limited (Purchase of Fixed Assets)	-	0.00
Aditya Birla Capital Technology Services Limited (Purchase of Fixed Assets)	30.18	-
Aditya Birla Money Limited (Purchase of Fixed Assets)	8.39	-
Aditya Birla Financial Shared Services Limited (Transfer of Employees)	4.69	-
Aditya Birla Finance Limited (Recovery of transfer employees)	72.52	-
Aditya Birla Insulators (Recovery of transfer employees)	0.71	-

Foot notes:

a) *The related party relationships have been as identified by the management on the basis of the requirements of the Ind AS -24 'Related Party Disclosures' issued by the Ministry of Corporate Affairs.*

b) *The relationships as mentioned above except where control exists pertain to those related parties with whom transactions have taken place during the year.*

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36 LEASING ARRANGEMENTS

Disclosure pursuant to Indian Accounting Standard 116 - Leases is as under:

Transition for IND AS 116 - Leases

Effective 1st April 2019, the Company adopted IND AS 116 "Leases" and applied the standard to all lease contracts existing on 1st April 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the lessee's incremental borrowing rate at the date of initial application. Comparatives as at and for the year ended 31st March 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of their Financial Statements for year ended 31st March 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of ₹2,738.27 Lakh, 'Net investment in sub-lease' of ROU asset of NIL and a lease liability of ₹3,045.83 Lakh. The cumulative effect of applying the standard, amounting to ₹200.09 Lakh was debited to retained earnings, net of taxes. The effect of this adoption is in significant on the operating profit, net profit for the period and earnings per share. Ind AS 116 will result in an increase in cash in flows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

1. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.
2. Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.
4. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly for all contracts as on 1st April 2019, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

   The weighted average incremental borrowing rate applied to lease liabilities as at 1st April 2019 is between the range of 8.00% to 8.50% for a period varying from 1 to 10 years.

Critical accounting judgements and key sources of estimation uncertainty

Critical judgements required in the application of Ind AS 116 may include, among others, the following:

- Identifying whether a contract (or part of a contract) includes a lease;
- Determining whether it is reasonably certain that an extension or termination option will be exercised;
- Classification of lease agreements (when the entity is a lessor);
- Determination of whether variable payments are in-substance fixed;
- Establishing whether there are multiple leases in an arrangement;
- Determining the stand-alone selling prices of lease and non-lease components.

Key sources of estimation uncertainty in the application of Ind AS 116 may include, among others, the following:

- Estimation of the lease term;
- Determination of the appropriate rate to discount the lease payments;
- Assessment of whether a right-of-use asset is impaired.

Operating lease commitments – Company as lessee (refer note 33)

The Company has entered into lease agreements for premises at various locations for periods between 12 months to 60 months. The lease payments recognised in the statement of profit and loss are ₹637.27 Lakh (31st March 2020 ₹607.65 Lakh).

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Following are the changes in the carrying value of right of use assets: (refer note 14)

₹ in Lakh

Category of ROU Asset - Leasehold premises	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Opening Balance	2,288.82	2,738.27
Additions	1,030.25	3.47
Reclassified from deferred lease expense	31.04	108.25
Deletions	-1,366.70	-
Depreciation	-490.09	-561.17
Closing Balance	**1,493.32**	**2,288.82**

Amounts recognised in profit and loss

₹ in Lakh

Particulars	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Depreciation expense on right-of-use assets	490.09	561.17
Interest expense on lease liabilities	176.37	225.25
Expense relating to short-term leases	354.01	400.52
Income from subleasing right-of-use assets	59.26	37.31

The break-up of current and non-current lease liabilities is as follows:

₹ in Lakh

Particulars	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Current Lease Liabilities	357.69	585.61
Non-Current Lease Liabilities	1,226.96	2,016.51
Total	**1,584.65**	**2,602.12**

The movement in lease liabilities during the is as follows:

₹ in Lakh

Particulars	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Opening balance	2,602.12	3,045.83
Additions	1,030.25	3.47
Additions through Business Combinations	-	-
Deletions	-1,698.53	-
Finance Cost accrued during the period	176.37	225.25
Payment of Lease Liabilities	-525.56	-672.43
Closing balance	**1,584.65**	**2,602.12**

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
Less than one year	371.64	607.75
One to Five years	1,231.89	2,052.53
More than Five years	402.57	605.65
Total	**2,006.10**	**3,265.93**

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Future expected cash outflows to which the lessee is potentially exposed and are not reflected in the measurement of lease liabilities:

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
Lessee utilises its extension option	-	-
Amount of residual value guarantees	-	-
Leases not yet commenced to which the lessee is committed	-	-
Total	**-**	**-**

The Company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

The Company has applied the practical expedient as given in para 46B of Ind AS 116 in relation to Rent concessions being given due to Covid-19 pandemic by the lessor.

Operating lease commitments – Company as lessor

The Company is not involved in such activity during the current financial year as well as during previous financial year.

Impact of COVID-19

The Company does not foresee any large-scale contraction in demand which could result in significant down-sizing of its employee base rendering the physical infrastructure redundant. The leases that the Company has entered with lessors towards properties used as branches are long term in nature and no changes in terms of those leases are expected due to the COVID-19.

37 EARNINGS PER SHARE (EPS)

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Net profit for the year available for equity shareholders	13,723.32	10,265.25
Weighted average number of equity shares outstanding (numbers)	50,11,97,682	47,61,87,173
Basic and diluted earnings per share (₹)	2.74	2.16

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

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

38 MICRO, SMALL AND MEDIUM ENTERPRISES

₹ in Lakh

	Particulars	As at 31 Mar 21	As at 31 Mar 20
i.	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	28.70	69.55
ii.	the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year;	-	-
iii.	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006;	-	-
iv.	the amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
v.	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	0.01

The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company.

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39 SEGMENT INFORMATION

Operating business segment results are reviewed regularly by the Company's Chief Operating Decision Maker (Board of Directors) to make decisions about resources to be allocated to the segments and assess their performance. Business segment is the primary segment comprising of 'Housing finance'. As the Company operates only in a single business segment, no segment information thereof is given as required under Ind AS 108.'

40 AUDITORS REMUNERATION (INCLUDED IN LEGAL AND PROFESSIONAL CHARGES - REFER NOTE 33)

₹ in Lakh

Particulars	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Audit fees (including limited review fees)	27.61	25.00
Tax audit fees	2.00	2.00
Certification work	8.18	7.33
Out of pocket expenses	0.66	1.15
	38.45	**35.48**

41 EMPLOYEE STOCK OPTION PLAN (ESOP)

Pursuant to ESOP Plan being established by the holding Company i.e. Aditya Birla Capital Limited, stock options were granted to the employees of the Company during the financial year 2017-18. Total cost incurred by the holding Company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of ₹20.44 Lakh (31st March 2020: ₹51.33 Lakh) has been charged to the Statement of Profit and Loss. The balance sum of ₹8.50 Lakh will be charged to the Statement of Profit and Loss in future periods.

42 NATURE AND TERM OF OUTSTANDING DERIVATIVE CONTRACT

a) Cross currency interest rate swaps (CCIRS)

₹ in Lakh

		As at 31 Mar 21	As at 31 Mar 20
i)	Total notional principal amount of CCIRS agreement undertaken during the year	35,445.00	35,445.00
ii)	Total notional principal amount of CCIRS agreement outstanding as on end of the year	35,445.00	35,445.00
iii)	Maturity date of CCIRS	30th October 2022	30th October 2022
iv)	Hedge ratio	1:1	1:1
v)	Currency pair	USD / INR	USD / INR

b) The fair value mark to market (MTM) gains or losses in respect of CCIRS Agreement outstanding as at the Balance Sheet date is stated below:

₹ in Lakh

Hedging Instrument	As at 31 Mar 21	As at 31 Mar 20
Cross currency interest rate swaps (CCIRS)	(306.73)	1,070.50

c) Movement in hedge reserve (excluding deferred tax)

₹ in Lakh

Cash Flow Hedge Reserve Account		As at 31 Mar 21		
		Realised	Unrealised	Total
i)	Balance at the beginning of the year	-	(978.81)	(978.81)
ii)	Add: Changes in the fair value during the Year	2,022.62	(1,377.22)	645.40
iii)	Less: Amounts reclassified to statement of profit & loss	2,022.62	(1,151.40)	871.22
iv)	Balance at the end of the year	-	(1,204.63)	(1,204.63)

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₹ in Lakh

Cash Flow Hedge Reserve Account		As at 31 Mar 20		
		Realised	Unrealised	Total
i)	Balance at the beginning of the year	-	-	-
ii)	Add: Changes in the fair value during the Year	(409.19)	1,070.50	661.30
iii)	Less: Amounts reclassified to statement of profit & loss	(409.19)	2,049.31	1,640.11
iv)	Balance at the end of the year	-	(978.81)	(978.81)

Particulars		As at 31 Mar 21	As at 31 Mar 20
i)	Name of the Counter Party	State bank of India	State bank of India
ii)	Hedge Designation	Effective	Effective
iii)	Exchange rate ($/₹)	70.89	70.89
iv)	Interest rate (p.a.)	7.79%	7.79%

43 DISCLOSURE AS PER INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY OF INDIA (INSURANCE BROKERS) REGULATIONS, 2018:-

A. Detail of income received from insurers:

₹ in Lakh

Name of insurer	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Aditya Birla Health Insurance Co. Ltd.	121.84	118.50
Liberty General Insurance Co. Ltd.	131.45	119.92
Reliance General Insurance Co. Ltd.	47.12	130.45
Aditya Birla Sun Life Insurance Co. Ltd.	108.07	132.66

B. Detail of payments received by the group companies from insurers:

₹ in Lakh

Name of insurer			For the year ended 31 Mar 21	For the year ended 31 Mar 20
Aditya Birla Insurance Brokers Limited.	Aditya Birla Sunlife Insurance Company Ltd.	Reinsurance Premium Payable, Employee transfer Dues Received, Brokerage	65.15	110.69
	Aditya Birla Health Insurance Co. Ltd.	Rent, Brokerage, Reinsurance Premium Payable	175.21	203.97
	Liberty General Insurance Co. Ltd.	Brokerage, Reinsurance Premium Payable	4,633.17	5,898.24
	Reliance General Insurance Company Ltd.	Brokerage, Reinsurance Premium Payable	5,410.50	6,518.66
	Go Digit General Insurance Limited	Brokerage, Reinsurance Premium Payable	1,679.35	-
Aditya Birla Money Insurance Advisory Services Limited.	Aditya Birla Sunlife Insurance Co. Ltd.	Insurance Commission	266.17	134.11
	Liberty General Insurance Co. Ltd.	Insurance Commission	209.41	129.00
	Reliance General Insurance Co. Ltd.	Insurance Commission	119.56	173.38
	Aditya Birla Health Insurance Co. Ltd.	Insurance Commission	57.00	31.00
	Tata-AIG General Insurance Co. Ltd.	Insurance Commission	1.85	-
Aditya Birla Sunlife Insurance Co. Ltd.	Aditya Birla Health Insurance Co. Ltd.	Recovery of expenses	-	0.32
	Aditya Birla Health Insurance Co. Ltd.	Reimbursement of Rent	-	88.63
	Aditya Birla Health Insurance Co. Ltd.	Reimbursement of Expenses, Employee Transfer, Transfer of Asset	287.68	12.44

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₹ in Lakh

Name of insurer			For the year ended 31 Mar 21	For the year ended 31 Mar 20
Grasim Industries Ltd.	The New India Assurance Company	Claim (Mega Policy)	-	93.40
		CD balance refund	-	4.29
		CD balance refund	-	0.30
		Claim (Office Protection Policy)	-	0.05
	Tata AIG General Insurance Co. Ltd.	Excess premium Refund	-	0.00
	HDFC Ergo General Insurance Co.	CD balance refund	-	0.96
Aditya Birla Money Limited	Aditya Birla Sunlife Insurance Co. Ltd.	Office premises usage charges	1.78	13.94
Aditya Birla Health Insurance Co. Ltd.	Aditya Birla Sunlife Insurance Co. Ltd.	Premium	437.31	391.29
Aditya Birla Capital Technology Services Ltd.	Aditya Birla Sunlife Insurance Co. Ltd.	Advertisement Income	-	58.00
		Employee Transfer (LTA, Leave Encashment & Gratuity)	-	0.21
		Business Support Income (IT Development - Mumbai), Software Development Income (IT Development - Chennai)	552.46	-
	Aditya Birla Health Insurance Co. Ltd.	Business Support Income (IT Development - Mumbai), Group Mediclaim Receipt, Software Development Income (IT Development - Chennai)	139.57	-
Aditya Birla Sun Life AMC Limited	Aditya Birla Sunlife Insurance Co. Ltd.	Non insurance receipt toward reimbursement of expenses/Sale of assets/employee transfers etc	29.27	-
	Aditya Birla Health Insurance Co. Ltd.	Non insurance receipt toward reimbursement of expenses/Sale of assets etc.	10.35	-
	Tata-AIG General Insurance Co. Ltd.	Other Damaged Claims	6.94	-
Aditya Birla Capital Limited	Aditya Birla Sunlife Insurance Co. Ltd.	Business Support Cost	3,342.94	-
	Aditya Birla Health Insurance Co. Ltd.	Business Support Cost	140.29	-
Aditya Birla Finance Limited	Tata-AIG General Insurance Co. Ltd.	Damaged Claims	1.47	-
Aditya Birla Financial Shared Services Limited	ICICI Lombard	Car Insurance	15.80	-

Note:

As per Regulation 34 (6) of Insurance Regulatory and Development Authority of India (Insurance Brokers) Regulations, 2018, insurance brokers are required to include details of payments received by the group companies and/or associates and/or related parties of the insurance broker from any insurer and the details thereof in their financial statements. The above information covers payments received from insurers by Aditya Birla Capital Group companies and Grasim Industries Limited, the ultimate holding Company.

Notes

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44 FEES AND COMMISSION INCOME

Fees and commission Income includes brokerage of ₹408.48 Lakh (31st March 2020: ₹501.53 Lakh) received in respect of insurance/agency business undertaken by the Company. Out of this, ₹229.91 Lakh (31st March 2020: ₹251.16 Lakh) have been received from related parties.

45 STATEMENT OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

The gross amount required to be spent by the Company during the year towards Corporate Social Responsibility as per Sec 135 (5) of the Companies Act, 2013 was ₹177.98 Lakh (31st March 2020: ₹77.02 Lakh).

₹ in Lakh

		For the year ended 31 Mar 21	For the year ended 31 Mar 20
Amount spent during the year on:			
I.	Construction/acquisition of assets	-	-
II.	On purpose other than (I) above	177.98	77.02

46 ISSUANCE OF DEBT SECURITIES BY LARGE CORPORATE (REF: SEBI/HO/DDHS/CIR/P/2018/144 DATED 26TH NOVEMBER 2018)

A. Initial disclosure to be made by an entity identified as a large corporate -

Sr. No.	Particulars	Details
1	Name of the Company	Aditya Birla Housing Finance Limited
2	CIN	U65922GJ2009PLC083779
3	Outstanding borrowing of Company as on 31st March 2021	* ₹10,22,713 Lakh
4	Highest Credit Rating During the previous FY along with name of the Credit Rating Agency	1. AAA by India Ratings & Research Private Ltd. for NCD, Sub Debt & PPMLD (Principal Protected Market Linked Debenture), Bank Lines (Long Term). 2. AAA by ICRA Ltd. for NCD, Sub Debt & Bank Lines (Long Term).
5	Name of Stock Exchange in which the fine shall be paid, in case of shortfall in the required borrowing under the framework	National Stock Exchange India Ltd. (NSE)

** Principal Outstanding and Excluding commercial papers, cash credit, WCDL & inter corporate borrowings from Parent Company.*

B. Annual disclosure to be made by an entity identified as a large corporate -

1	Name of the Company	:	Aditya Birla Housing Finance Limited
2	CIN	:	U65922GJ2009PLC083779
3	Report filed for	:	FY 2020-2021
4	Details of the borrowings	:	

₹ in Lakh

Sr. No.	Particulars	Details
I	Incremental Borrowing in FY (a)	2,37,500
II	Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	59,375
III	Actual borrowings done through debt securities in FY 2020-21 (c)	77,500
IV	Shortfall in the mandatory borrowing through debt securities, if any (d) = (b) - (c)	Nil
V	Reasons for short fall, if any, in mandatory borrowings through debt securities	None, as the Company has exceeded the mandatory incremental borrowing through issuance of debt securities.

Notes

to the financial statements for the year ended 31st March 2021

47 EMPLOYEE BENEFIT PLANS

I) Defined contribution plans

Amount recognised as an expense and included in note 32 - "Contribution to provident and other funds:

₹ in Lakh

Name of insurer	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Contribution to Govt. managed Employees Provident Fund	394.08	361.68
Contribution to Employee State Insurance Fund and others	22.64	21.13
	416.72	**382.81**

II) Defined benefit plans

The Company has a defined benefit gratuity plan (funded) to cater its liability under Payment of Gratuity Act, 1972 and long term compensated absences plan (unfunded) for leave entitlements to employees.

The details of the Company's defined benefit gratuity plan for its employees are given below:

a) Amount recognised in the balance sheet

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
Present value of defined benefit obligation at the end of the year (refer note 22)	523.97	441.01
Fair value of plan assets at the end of the year (refer note 15)	502.92	273.70
Net liability at the end of the year	21.05	167.31

b) Components of defined benefit costs recognised in statement of profit and loss and other comprehensive income

₹ in Lakh

Particulars	For the year ended 31 Mar 21	For the year ended 31 Mar 20
Recognised in the statement of profit and loss		
Current service cost	101.49	89.79
Interest on defined benefit obligation	9.03	3.89
Past service cost	-	-
Administration expenses	-	-
(Gains) / loss on settlement	-	-
Total expense charged	**110.52**	**93.68**
Recognised in other comprehensive income		
Remeasurement of the net defined benefit liability due to		
- Changes in financial assumptions	12.58	37.49
- Changes in demographic assumptions	-	(0.08)
- Experience adjustments	(20.58)	43.56
- Actual return on plan assets less interest on plan assets	(47.15)	(2.60)
- Adjustments to recognise the effect of asset ceiling	-	-
Closing amount recognised in OCI	**(55.15)**	**78.37**

Current service cost and the net interest expense for the year are included in the 'Employee benefit expenses'.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Gratuity expense in the Statement of Profit and loss includes the charge of ₹13.26 Lakh (31st March 2020: ₹11.99 Lakh) from Aditya Birla Financial Shared Services Limited and ₹2.52 Lakh (31st March 2020: ₹2.52 Lakh) from Aditya Birla Capital Limited on account of shared employee cost.

Notes

to the financial statements for the year ended 31st March 2021

Other comprehensive Income in the Statement of Profit and loss includes the charge/ (credit) of ₹(41.79) Lakh (31st March 2020: ₹7.35 Lakh) from Aditya Birla Financial Shared Services Limited and ₹(2.90) Lakh (31st March 2020: ₹5.31 Lakh) from Aditya Birla Capital Limited on account of shared employee cost.

c) Reconciliation of present value of the obligation

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
Opening defined benefit obligation	441.01	257.69
Current service cost	101.49	89.79
Past service cost	-	-
Interest on defined benefit obligation	23.80	17.30
Remeasurements due to:		
-Actuarial loss/(gain) arising from change in financial assumption	12.58	37.49
-Actuarial loss/(gain) arising from change in demographic assumption	-	(0.08)
-Actuarial loss/(gain) arising on account of experience changes	(20.58)	43.56
Benefit paid	(34.32)	(4.74)
Liabilities assumed / (settled)	-	-
Closing defined benefit obligation	**523.97**	**441.01**

d) Reconciliation of fair value of the plan assets:

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
Opening fair value of the plan assets	273.70	199.74
Employer contributions	167.30	57.95
Interest on plan assets	14.77	13.41
Administration expenses	-	-
Remeasurements due to:		
- Actual return on plan assets less interest on plan assets	47.15	2.60
Benefits paid	-	-
Assets acquired / (settled)	-	-
Assets distributed on settlements	-	-
Closing fair value of plan assets	**502.92**	**273.70**

e) Disaggregation of plan assets

₹ in Lakh

	As at 31 Mar 21		
	Quoted value	Non quoted value	Total
Government debt instruments	-	61.61	61.61
Other debt instruments	-	4.83	4.83
Insurer managed funds	-	202.22	202.22
Others	-	234.26	234.26
Total	**-**	**502.92**	**502.92**

Notes

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₹ in Lakh

	As at 31 Mar 20		
	Quoted value	Non quoted value	Total
Government debt instruments	-	13.79	13.79
Other debt instruments	-	0.77	0.77
Insurer managed funds	-	108.47	108.47
Others	-	150.67	150.67
Total	**-**	**273.70**	**273.70**

f) Principal actuarial assumptions

Particulars	As at 31 Mar 21	As at 31 Mar 20
Discount rate (p.a.)	4.90%	5.40%
Salary escalation rate (p.a)	7.00%	7.00%
Expected return on plan assets (p.a)	4.90%	5.40%
Attrition rate (p.a)	Age: Upto 30: 46% Age: 31-40: 35% Age: 41-50: 19% Age: Above 50: 0%	Age: Upto 30: 46% Age: 31-40: 35% Age: 41-50: 19% Age: Above 50: 0%

g) Sensitivity analysis of principal assumptions

(in terms of percentage)	As at 31 Mar 21	As at 31 Mar 20
Impact of increase in 50 bps on DBO		
Discount rate	-3.40%	-3.40%
Salary escalation rate	3.60%	3.60%
Attrition Rate	-15.20%	-15.70%
Impact of decrease in 50 bps on DBO		
Discount rate	3.70%	3.70%
Salary escalation rate	-3.40%	-3.40%
Attrition Rate	30.90%	32.00%

₹ in Lakh

(in terms of amount)	As at 31 Mar 21	As at 31 Mar 20
DBO due to Impact of increase in 50 bps		
Discount rate	505.91	425.88
Salary escalation rate	542.78	456.83
Attrition Rate	444.50	371.84
DBO due to Impact of decrease in 50 bps		
Discount rate	543.23	457.12
Salary escalation rate	506.14	426.00
Attrition Rate	686.09	582.27

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

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h) Maturity profile of defined benefit obligation

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

₹ in Lakh

Maturity profile	As at 31 Mar 21	As at 31 Mar 20
Expected benefits for year 1	95.61	67.87
Expected benefits for year 2	69.87	58.12
Expected benefits for year 3	55.09	53.80
Expected benefits for year 4	44.60	43.00
Expected benefits for year 5	35.23	33.29
Expected benefits for year 6	27.35	26.48
Expected benefits for year 7	21.18	20.22
Expected benefits for year 8	17.70	48.83
Expected benefits for year 9	24.06	12.55
Expected benefits for year 10 and above	393.60	325.81

The weighted average duration to the payment of these cash flows is 7 years (31st March 2020: 7 years).

The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields as at Balance Sheet date.

Estimated amount of contribution expected to be paid to the gratuity fund during the period after the Balance Sheet date is ₹139.87 Lakh (31st March 2020: ₹285.44 Lakh).

48 MATURITY ANALYSIS OF ASSETS AND LIABILITIES

₹ in Lakh

Particulars	As at 31 Mar 21			As at 31 Mar 20		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
FINANCIAL ASSETS						
(a) Cash and cash equivalents	37,737.34	-	37,737.34	40,020.60	-	40,020.60
(b) Derivative financial instruments	-	-	-	-	1,070.50	1,070.50
(c) Receivables						
- Trade Receivables	250.45	-	250.45	213.77	-	213.77
- Other Receivables	187.40	-	187.40	100.99	-	100.99
(d) Loans	55,002.36	11,25,260.35	11,80,262.71	56,751.62	11,54,457.47	12,11,209.09
(e) Investments	10,120.38	-	10,120.38	54,692.14	-	54,692.14
(f) Other Financial assets	848.15	165.22	1,013.37	295.95	184.85	480.80
	1,04,146.08	**11,25,425.57**	**12,29,571.65**	**1,52,075.07**	**11,55,712.82**	**13,07,787.89**
NON- FINANCIAL ASSETS						
(a) Current tax assets (Net)	-	156.86	156.86	-	1,257.04	1,257.04
(b) Deferred tax Assets (Net)	-	3,931.01	3,931.01	-	2,232.68	2,232.68
(c) Property, Plant and Equipment	-	658.84	658.84	-	903.29	903.29
(d) Right to use of Assets	-	1,493.32	1,493.32	-	2,288.82	2,288.82
(e) Intangible assets under development	-	119.55	119.55	-	28.02	28.02
(f) Other Intangible assets	-	485.52	485.52	-	510.11	510.11
(g) Other non-financial assets	1,130.28	31.14	1,161.42	790.79	130.13	920.92
	1,130.28	**6,876.24**	**8,006.52**	**790.79**	**7,350.09**	**8,140.88**

Notes

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₹ in Lakh

Particulars	As at 31 Mar 21			As at 31 Mar 20		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
TOTAL ASSESTS	**1,05,276.36**	**11,32,301.81**	**12,37,578.17**	**1,52,865.86**	**11,63,062.91**	**13,15,928.77**
LIABILITIES AND EQUITY						
LIABILITIES						
FINANCIAL LIABILITIES						
(a) Payables						
(I) Trade Payables						
(i) total outstanding dues of micro enterprises and small enterprises	28.70	-	28.70	69.55	-	69.55
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	3412.38	-	3,412.38	2,621.35	-	2,621.35
(b) Derivative financial instruments	-	306.73	306.73	-	-	-
(c) Debt Securities	58,578.26	1,14,850.24	1,73,428.50	1,06,361.56	84,639.32	1,91,000.88
(d) Borrowings other than debt securities	1,14,120.79	7,47,013.45	8,61,134.24	1,28,000.93	8,21,080.86	9,49,081.79
(e) Lease Liability	357.69	1,226.96	1,584.65	585.61	2,016.51	2,602.12
(f) Subordinated Liabilities	1,835.39	32,363.85	34,199.24	1,726.41	24,881.61	26,608.02
(g) Other financial liabilities	10,386.88	-	10,386.88	4,507.28	-	4,507.28
	1,88,720.09	**8,95,761.23**	**10,84,481.32**	**2,43,872.68**	**9,32,618.31**	**11,76,490.99**
NON- FINANCIAL LIABILITIES						
(a) Current tax liabilities (Net)	68.94	-	68.94	-	-	-
(a) Provisions	823.43	-	823.43	779.79	-	779.79
(b) Other non-financial liabilities	289.19	-	289.19	371.74	-	371.74
	1,181.56	**-**	**1,181.56**	**1,151.53**	**-**	**1,151.53**
NET	**(84,625.29)**	**2,36,540.58**	**1,51,915.29**	**(92,158.35)**	**2,30,444.60**	**1,38,286.25**

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

ABHFL's risk philosophy involves a competent and comprehensive risk management framework & robust policies and processes which minimise the element of uncertainty and help in developing and maintaining a healthy portfolio within its risk appetite and the regulatory framework. The Risk Management provides stability and balance ensuring that growth is backed by a robust portfolio. ABHFL is exposed to various types of risks such as credit risk, market risk (which includes liquidity risk and pricing risk), operational risk, legal risk, regulatory risk and competition risk.

ABHFL's risk management strategy is based on a clear understanding of various risks, disciplined risk assessment and measurement procedures and continuous monitoring. The policies and procedures established for this purpose are continuously benchmarked with best practices. The Board of Directors have an oversight over the risk management framework applicable to the Company. The risk management oversight structure includes various Committees such as Risk Management Committee which consist of Board members and Senior Management. The Risk Management Committee ("RMC") which is chaired by an Independent Director conducts review at regular intervals to monitor compliance with risk policies, risk tolerance limits, review and analysis of risk exposure and provides oversight of risk across the organisation.

Market risk

The Company does not have any investments in securities other than short term investments of excess funds in liquid schemes of mutual funds and hence, there is no material market risk.

On liabilities front, the Company borrows through CPs (fixed rate, short duration), Term Loans (from Banks – at rates lined to their MCLR) and NCDs (fixed rate, long term).

Notes

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The Company has a robust mechanism to take care of liquidity risks in form of free Bank lines (CC and TL). From time to time depending on markets, the Company also invests in liquid schemes of mutual funds which ensures availability of funds to meet its immediate liabilities.

Asset Liability Committee (ALCO) meets around 6 times a year to discuss market conditions and Asset Liability Management (ALM). There is a Risk Committee meeting every quarter and also a Board meeting every quarter where the risks are discussed and ALM is presented.

Interest rate risk

Interest rate risk is monitored through the IRS statement prepared every quarter. The Company has issued NCDs which are fixed rate instruments. The major portion of the borrowings are through term loans, which are a variable rate with annual reset, linked to the Bank's MCLR. ALCO has set a limit for the interest rate gap that is acceptable and the same is monitored by ALCO and Risk Management Committee. Most of the loans given by the Company are floating rate loans and hence, any change in interest rate can be passed on to the customers, thereby minimising the risk.

Credit risk

Credit Risk is managed and controlled through a Credit Risk Management Framework comprising detailed risk evaluation of borrower and security. ABHFL has developed expertise to underwrite all kinds of customer segments (salaried, self-employed professionals, self-employed non-professionals) and their underwriting guidelines are benchmarked to the market and adequate internal controls have been put in place to maintain the quality of loans being approved. Distinct policies and processes are in place which are followed rigorously while selecting the borrowers and people who occupy key positions are professionally qualified (such as CA/MBA/ICWA). For each product, programs defining customer segments, underwriting standards, security structures, etc. are specified to ensure consistency of credit patterns. All the cases are approved by Credit Committees formulated at different levels with various approval limits. Collateral Risk refers to the risk of loss arising from errors in the nature, quantity, pricing, or characteristics of collateral securing a transaction with credit risk. ABHFL has dual external valuation process and the same is also evaluated internally to mitigate such risk. After sanctioning the loan, regular monitoring of the accounts is also done to sight irregularities if any and where required prompt action is initiated and a well defined collection process helps in ensuring minimum credit loss. As credit risk is one of the major risks faced by the Company, the policies and processes are reviewed periodically and, if need be, revised in order to keep them up-to-date.

Analysis of maximum exposure to credit risk and collateral and other credit enhancements

The following table shows the maximum exposure to credit risk, the total fair value of collateral and the net exposure to credit risk. The collateral value as at the time of on-boarding of the customer has been considered for below disclosure.

₹ in Lakh

Maturity profile	Maximum exposure to credit risk	Fair value of collateral and other credit enhancements held (Mortgage)	Net exposure
As at 31st March 2021	12,53,058.41	24,67,141.72	-
As at 31st March 2020	12,90,103.35	25,31,938.67	-

Collateral and other credit enhancements

The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main type of collateral obtained is mortgages over residential/ commercial properties.

Liquidity risk

Liquidity risk is defined as the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company might be unable to meet its payment obligations when they fall due as a result of mismatches in the timing of the cash flows under both normal and stress circumstances.

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to the financial statements for the year ended 31st March 2021

Company manages its liquidity requirement by analysing the maturity pattern of Company's cash flows of financial assets and financial liabilities. The Asset Liability Management of the Company is periodically reviewed by its Risk Management Committee.

The table below summarises the maturity profile of the undiscounted cash flows of the Company's financial assets and liabilities as at respective balance sheet dates.

As at 31st March 2021

₹ in Lakh

Particulars	Liabilities			Assets	
	Borrowings from banks	Market borrowings#	Other financial liabilities	Advances*	Other financial assets
Less than 1 year	1,13,891.94	60,819.02	14,185.65	1,23,658.59	49,143.72
More than 1 year	7,46,842.30	1,47,185.57	1,533.69	10,56,604.12	165.22
Total	**8,60,734.24**	**2,08,004.59**	**15,719.34**	**11,80,262.71**	**49,308.94**

As at 31st March 2020

₹ in Lakh

Particulars	Liabilities			Assets	
	Borrowings from banks	Market borrowings#	Other financial liabilities	Advances*	Other financial assets
Less than 1 year	1,27,565.83	1,08,776.40	7,783.79	1,25,627.63	95,323.45
More than 1 year	8,21,452.52	1,09,648.51	2,016.51	10,94,462.10	1,255.35
Total	**9,49,018.35**	**2,18,424.91**	**9,800.30**	**12,20,089.73**	**96,578.80**

The above table includes future contractual cash flows recognised as at balance sheet date in different buckets and does not include other future contracted cash flows (such as interest which are not accrued as at Balance Sheet date).

Net of unamortised discounting charges on commercial paper amounting to ₹21.66 Lakh (31st March 2020: ₹409.03 Lakh)

* Advances includes loan and advances to the customers.

Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Company cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access, authorisation and reconciliation procedures, staff education and assessment processes, such as the use of internal audit.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates.

The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange.

The total foreign currency exposure as at 31st March 2021 is $500 Lakh (31st March 2020: $500 Lakh) of which unhedged foreign currency exposure as at 31st March 2021 is Nil (31st March 2020: Nil)

Impact of COVID-19 (Global pandemic)

The Company basis their assessment believes that the probability of the occurrence of their forecasted transactions is not impacted by COVID-19 pandemic. The Company has also considered the effect of changes, if any, in both counterparty credit risk and own credit risk while assessing hedge effectiveness and measuring hedge ineffectiveness. The Company continues to believe that there is no impact on effectiveness of its hedges.

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50 CAPITAL MANAGEMENT

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of its Regulator, NHB. The Company monitors capital using, among other measures, a capital adequacy ratio which is a ratio of weighted assets to total owned capital derived as per the NHB requirements. As per the NHB guidelines Company being a Housing Finance Company is required to maintain minimum of 14% of capital adequacy ratio (31st March 2020 - 13%). Company has complied in full with all its externally imposed capital requirements over the reported period

The Company also manages its leverage position on periodic basis by monitoring debt equity ratio to aligning itself with market and peers.

	As at 31 Mar 21	As at 31 Mar 20
Capital adequacy ratio:	21.73%	18.05%
Debt equity ratio:	7.04	8.44

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2021 and 31st March 2020.

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51 FAIR VALUES

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values, that are not carried at fair value in the financial statements. This table does not include the fair values of non–financial assets and non–financial liabilities.

₹ in Lakh

	Carrying value		Fair value	
	As at 31 Mar 21	As at 31 Mar 20	**As at 31 Mar 21**	As at 31 Mar 20
Financial assets at amortised cost				
Loans #	11,80,262.71	12,11,209.09	11,80,262.71	12,11,209.09
Security deposits	271.47	476.86	282.66	477.56
	11,80,534.18	**12,11,685.95**	**11,80,545.37**	**12,11,686.65**
Financial assets at FVTPL				
Investments - mutual fund	10,120.38	54,692.14	10,120.38	54,692.14
	10,120.38	**54,692.14**	**10,120.38**	**54,692.14**
Financial assets at Fair Value				
Derivative financial instruments	-	1,070.50	-	1,070.50
	-	**1,070.50**	**-**	**1,070.50**
Financial liabilities at amortised cost				
Debt Securities*	1,63,450.16	1,03,909.91	1,61,515.09	1,06,399.78
Sub debts**	34,199.24	26,608.02	33,592.49	24,907.53
Commercial papers	9,978.34	87,090.97	9,978.34	87,090.97
Borrowings other than debt securities#	8,61,134.24	9,49,081.79	8,61,134.24	9,49,081.79
	10,68,761.98	**11,66,690.69**	**10,66,220.16**	**11,67,480.07**
Financial liabilities at Fair Value				
Derivative financial instruments	306.73	-	306.73	-
	306.73	**-**	**306.73**	**-**

 # Loans to customers and borrowings other than debt securities are primarily at floating rate of interest hence carrying value approximates the fair value.

*"*Includes redeemable non convertible debentures subscribed by Aditya Birla Sun Life Insurance Company Limited of face value ₹Nil (31st March 2020 : ₹500 Lakh) with fair value ₹Nil (31st March 2020: ₹500.26 Lakh) included in level 2 below.*

***Includes subordinate debts subscribed by Aditya Birla Sunlife Insurance Company Limited of face value ₹1,000 Lakh (31st March 2020: ₹1,000 Lakh) with fair value ₹1,042.93 Lakh (31st March 2020: ₹915.46 Lakh) included in level 2 below."*

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company has availed the exemption granted under para 29(a) Ind AS 107-Financial Instruments: Disclosures, with regard to disclosure of financial instruments where the carrying amount approximates the fair value and accordingly, have not provided the disclosure of financial instruments falling under this category, except in case of loans to customers and borrowings other than debt securities.

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company’s financial statements. These fair values were calculated for disclosure purposes only.

Short-term financial assets and liabilities

For financial assets and financial liabilities that have a short-term maturity (less than twelve months), the carrying amounts, which are net of impairment, are a reasonable approximation of their fair value. Such instruments include: cash and bank balances, Trade receivables, trade payables, other financial assets and financial liabilities. Disclosures of financial assets and financial liabilities where the carrying amount approximates fair value is not required and hence not given.

Notes

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Loans and advances to customers

Since the mortgage lending by the Company is primarily bearing variable rate of interest, the carrying amount net of ECL is considered as the most comparable price and approximates fair value.

Debt securities, security deposits and other borrowings

The fair values of the Company's interest-bearing debt securities and security deposits are determined by using discounted cash flow (DCF) method using discount rate that reflects the issuer's market borrowing rate as at the end of the reporting period.

Since entity's other borrowings are primarily bearing variable rate of interest, the carrying amount of such borrowings is considered as the most comparable price and approximates fair value.

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

As at 31st March 2021

₹ in Lakh

	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at amortised cost					
Loans	11,80,262.71	-	-	11,80,262.71	11,80,262.71
Security deposits	271.47	-	-	282.66	282.66
	11,80,534.18	**-**	**-**	**11,80,545.37**	**11,80,545.37**
Financial assets at FVTPL					
Investments - mutual fund	10,120.38	-	10,120.38	-	10,120.38
	10,120.38	**-**	**10,120.38**	**-**	**10,120.38**
Financial assets at Fair Value					
Derivative financial instruments	-	-	-	-	-
	-	**-**	**-**	**-**	**-**
Financial liabilities at amortised cost					
Debt securities	1,63,450.16	-	1,61,515.09	-	1,61,515.09
Sub Debts	34,199.24	-	33,592.49	-	33,592.49
Commercial papers	9,978.34	-	9,978.34	-	9,978.34
Borrowings other than debt securities	8,61,134.24	-	-	8,61,134.24	8,61,134.24
	10,68,761.98	**-**	**2,05,085.92**	**8,61,134.24**	**10,66,220.16**
Financial liabilities at Fair Value					
Derivative financial instruments	306.73	-	306.73	-	306.73
	306.73	**-**	**306.73**	**-**	**306.73**

Notes

to the financial statements for the year ended 31st March 2021

As at 31st March 2020

₹ in Lakh

	Carrying Amount	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at amortised cost					
Loans	12,11,209.09	-	-	12,11,209.09	12,11,209.09
Security deposits	476.86	-	-	477.56	477.56
	12,11,685.95	**-**	**-**	**12,11,686.65**	**12,11,686.65**
Financial assets at FVTPL					
Investments - mutual fund	54,692.14	-	54,692.14	-	54,692.14
	54,692.14	**-**	**54,692.14**	**-**	**54,692.14**
Financial assets at Fair Value					
Derivative financial instruments	1,070.50	-	1,070.50	-	1,070.50
	1,070.50	**-**	**1,070.50**	**-**	**1,070.50**
Financial liabilities at amortised cost					
Debt securities	1,03,909.91	-	1,06,399.78	-	1,06,399.78
Sub debts	26,608.02	-	24,907.53	-	24,907.53
Commercial papers	87,090.97	-	87,090.97	-	87,090.97
Borrowings other than debt securities	9,49,081.79	-	-	9,49,081.79	9,49,081.79
	11,66,690.69	**-**	**2,18,398.28**	**9,49,081.79**	**11,67,480.07**
Financial liabilities at Fair Value					
Derivative financial instruments	-	-	-	-	-
	-	**-**	**-**	**-**	**-**

52 EVENTS AFTER REPORTING DATE

There have been no events after the reporting date that require disclosure in these financial statements.

53 Disclosure of details as required under amended guidelines on Housing Finance Companies- Corporate Governance (National Housing Bank) Directions, 2016 issued by NHB vide circular dated 9th February 2017 has been given under Annexure 1 to these financial statements.

The accompanying notes are an integral part of the financial statements

For and on behalf of the Board of Directors of
Aditya Birla Housing Finance Limited

Ajay Srinivasan
Director
DIN: 00121181

Rakesh Singh
Director
DIN: 07006067

Netrapal Singh
Chief Executive Officer
Place: Mumbai
Date: 4th May 2021

Tushar Kotecha
Chief Financial Officer

Muthiah Ganapathy
Company Secretary

Notes

to the financial statements for the year ended 31st March 2021

1 DISCLOSURE OF DETAILS AS REQUIRED UNDER ANNEXURE IV OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021 ISSUED BY RESERVE BANK OF INDIA VIDE CIRCULAR DATED 17TH FEBRUARY 2021.

1.1 Capital:

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
CRAR (%)	21.73%	18.05%
CRAR - Tier I capital (%)	17.09%	14.74%
CRAR - Tier II Capital (%)	4.64%	3.31%
Amount of subordinated debt raised as Tier- II Capital	34,199.24	26,608.02
Amount raised by issue of perpetual debt instruments	-	-

1.2 Reserve fund u/s 29C of the National Housing Bank Act, 1987:

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
Balance at the beginning of the year		
i) Statutory reserves u/s 29C of the National Housing bank Act, 1987	328.85	79.98
ii) Amount of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of the National Housing Bank Act, 1987	3,868.46	2,064.27
Total	**4,197.31**	**2,144.25**
Addition/ appropriation/ withdrawal during the year		
Add:		
i) Amount transferred u/s 29C of the National Housing Bank Act, 1987	-	248.87
ii) Amount of special reserve u/s 36(1)(viii) of the Income Tax Act, 1961 taken into account for the purposes of statutory reserve u/s 29C of the National Housing Bank Act, 1987	2,922.15	1,804.19
Less:		
i) Amount appropriated from the statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
Balance at the end of the year		
i) Statutory reserve u/s 29C of the National Housing Bank Act, 1987	328.85	328.85
ii) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	6,790.61	3,868.46
Total	**7,119.46**	**4,197.31**

1.3 Investments:

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
1.3.1 Value of Investments		
i) Gross value of investments		
- In India	10,120.38	54,692.14
- Outside India	-	-
ii) Provisions for depreciation		
- In India	-	-
- Outside India	-	-
iii) Net value of investments		
- In India	10,120.38	54,692.14
- Outside India	-	-

Notes

to the financial statements for the year ended 31st March 2021

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
1.3.2 Movement of provisions held towards depreciation on investments		
i) Opening balance	-	-
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off / Written-back of excess provisions during the year	-	-
iv) Closing balance	-	-

1.4 Derivatives:

1.4.1 Forward rate agreement (FRA) / Interest rate swap (IRS)

₹ in Lakh

Particulars	As at 31 Mar 21	As at 31 Mar 20
i) The notional principal of swap agreements	35,445.00	35,445.00
ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	1,070.50
iii) Collateral required by the HFC upon entering into swaps	NA	NA
iv) Concentration of credit risk arising from the swaps $	Refer foot note $	Refer foot note $
v) The fair value of the swap book	-306.73	1,070.50

$ Counter-party for all Swaps entered into by the Company are Scheduled Commercial Banks.

1.4.2 Exchange traded interest rate (IR) derivative

Company has not entered into any Exchange traded interest rate (IR) derivative during the current as well as previous financial year, hence the disclosure under this clause is not applicable.

1.4.3 Disclosures on risk exposure in derivatives

i) Qualitative disclosure

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The Company uses derivate contracts such as cross currency interest rate swaps to hedge its exposure to movements in foreign exchange and interest rates. The use of these derivative contracts reduce the risk or cost to the Company and the Company does not use those for trading or speculation purposes.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company. The Board constituted Risk Management Committee (RMC) of the Company manages risk on the Company's derivative portfolio. All derivative transactions that are entered into by the Company are reported to the board, and the mark-to-market on its portfolio is monitored regularly by the senior management.

To hedge its risks on the principal and/or interest amount for foreign currency borrowings on its balance sheet, the Company has currently used cross currency interest rate swaps (CCIRS). The same is also used to hedge its LIBOR risk for foreign currency borrowings.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date. Derivatives are classified as assets when the fair value is positive (positive marked to market value) or as liabilities when the fair value is negative (negative marked to market value). Derivative assets and liabilities are recognised on the balance sheet at fair value. Fair value of derivatives is ascertained from the mark to market and accrual values received from the counter-party banks. Changes in the fair value of derivatives other than those designated as hedges are recognised in the Statement of Profit and Loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, no longer qualifies for hedge accounting or the Company chooses to end the hedging relationship.

Notes

to the financial statements for the year ended 31st March 2021

ii) **Quantitative disclosure**

₹ in Lakh

Particulars		Cross Currency interest rate Derivatives
(i)	Derivatives (Notional Principal Amount)	35,445.00
(ii)	Marked to Market Positions [1]	
	(a) Assets (+)	-
	(b) Liability (-)	-306.73
(iii)	Credit Exposure [2]	Nil
(iv)	Unhedged Exposures	Nil

Company has entered into a cross currency interest rates swaps hence the name of the column has been amended to that extent and the existing columns (currency derivatives and interest rate derivatives) as per NHB circulars requirements have not been given as they are not applicable.

1.5 Securitisation:

1.5.1 Since the Company has not sponsored any securitisation transactions during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.5.2 Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction

Since the Company has not sold any financial assets to securitisation or reconstruction Company for asset reconstruction during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.5.3 Details of assignment transactions undertaken by HFCs (portfolio acquired)

₹ in Lakh

Particulars		As at 31 Mar 21	As at 31 Mar 20
i)	No. of accounts	-	-
ii)	Aggregate value (net of provisions) of accounts assigned	-	-
iii)	Aggregate consideration paid	-	-
iv)	Additional consideration realised in respect of accounts transferred in earlier years	-	-
v)	Aggregate gain / loss over net book value	-	-

1.5.4 Details of non-performing financial assets purchased / sold

A. Details of non-performing financial assets purchased:

Since the Company has not purchased any non-performing financial assets during the current as well as previous financial year, the disclosure under this clause is not applicable.

B. Details of non-performing financial assets sold:

Since the Company has not sold any non-performing financial assets during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.6 Exposure

1.6.1 Exposure to real estate sector

₹ in Lakh

Direct exposure to		As at 31 Mar 21	As at 31 Mar 20
i)	**Residential mortgages -**		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	10,04,785.59	10,63,822.49
ii)	**Commercial real estate -**		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	1,94,171.57	2,25,551.30

Notes

to the financial statements for the year ended 31st March 2021

₹ in Lakh

Direct exposure to		As at 31 Mar 21	As at 31 Mar 20
iii)	**Investments in mortgage backed securities (MBS) and other securitised exposures -**		
	Residential	-	-
	Commercial real estate	-	-

1.6.2 Indirect exposure

Fund base and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).

1.6.3 Exposure to capital market

Since the Company does not have any exposure to capital market during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.6.4 Details of financing of parent Company products

Since the Company has not entered into any transaction for financing the parent Company products during the current as well as previous financial year, the disclosure under this clause is not applicable.

1.6.5 Single Borrower Limit (SBL) / Group Borrower Limit (GBL)

The Company has not exceeded Single Borrower Limit (SBL) / Group Borrower Limit (GBL) during the current as well as previous financial year.

1.6.6 Unsecured advances

The exposure of the Company towards unsecured advances in the current year is ₹1,418.98 Lakh, previous year is ₹737.18 Lakh.

1.6.7 Exposure to group companies engaged in real estate business

Description		Amount	% of owned fund
(i)	Exposure to any single entity in a group engaged in real estate business	Nil	Nil
(ii)	Exposure to all entities in a group engaged in real estate business	Nil	Nil

1.7 Miscellaneous

1.7.1 Registration obtained from other financial sector regulators-

Regulator	Registration No
Insurance Regulatory and Development Authority: As corporate agent (Composite)	CA0623

1.7.2 Disclosure of penalties imposed by NHB and other regulators -

A penalty amount of ₹0.12 Lakh (incl. GST of ₹0.02 Lakh) is imposed by NHB during the current financial year [31st March 2020: ₹48.30 Lakh (incl. GST of ₹7.39 Lakh)]. The Company has paid the said penalty.

1.7.3 Related party transactions

Details of all material transactions with related parties are disclosed in note no 35. The policy on related party transaction is set out in Director's report.

1.7.4 Group Structure

For diagrammatic representation of group structure please refer 'annexure a' to these notes.

Notes

to the financial statements for the year ended 31st March 2021

1.7.5 Rating assigned by credit rating agencies and migration of rating during the year

Instrument	Rating agency	Rating assigned
Bank lines programme	India Ratings	IND AAA Outlook Stable
	ICRA	[ICRA] AAA (stable) / ICRA A1+
Non-convertible debenture programme	India Ratings	IND AAA; Outlook Stable
	ICRA	[ICRA] AAA with Stable Outlook
Subordinated debt programme	India Ratings	IND AAA; Outlook Stable
	ICRA	[ICRA] AAA with Stable Outlook
Principal Protected Market Linked Debenture - (PP-MLD)	India Ratings	IND- PPMLD AAA emr' Outlook Stable
Commercial paper programme	India Ratings	IND A1+
	ICRA	[ICRA] A1+

There were no changes in any of the ratings or outlook during the year.

1.7.6 Remuneration of directors

Details of remuneration of directors are disclosed as part of the Director's Report.

1.7.7 Management

Refer to the Management Discussion and Analysis Report for the relevant disclosures.

1.7.8 Net profit or loss for the period, prior period items and changes in accounting policies

There are no prior period items that have impact on the current as well as previous year's profit and loss.

1.7.9 Revenue recognition

There have been no instances during current as well as previous financial year in which revenue recognition has been postponed pending the resolution of significant uncertainties.

1.7.10 Accounting Standard 21 - Consolidated Financial Statements (CFS)

These details are not applicable since the Company does not have any subsidiary / associate.

1.8 Additional disclosures

1.8.1 Provisions and contingencies

₹ in Lakh

Break up of 'Provisions and Contingencies' shown under the head expenditure in statement of profit and loss		As at 31 Mar 21	As at 31 Mar 20
i)	Provisions for depreciation on investments	-	-
ii)	Provision made towards income tax (including tax on other comprehensive income)	3,882.82	3,084.32
iii)	Provision towards Stage 3 assets	3,296.99	4,185.02
iv)	Provision towards Stage 1 & Stage 2 assets*	4,749.25	2,942.66
v)	Other provision and contingencies		
	- Provision for employee benefits - gratuity (net of fund assets)	26.46	199.22
	- Provision for employee benefits - leave encashment	(15.35)	101.46

**Provision for Stage 1 & Stage 2 assets includes charge of CRE of ₹73.66 Lakh (31st March 2020 ₹288.41 Lakh), CRE - RH of ₹284.51 Lakh (31st March 2020 ₹-43.62 Lakh) and Others of ₹785.08 Lakh (31st March 2020 ₹963.19 Lakh).*

₹ in Lakh

Break up of loan & advances and provisions thereon	As at 31 Mar 21	As at 31 Mar 20
Housing loans		
Standard assets		
- Total outstanding amount	7,53,853.23	7,99,200.33
- Provisions made	7,098.52	3,698.18

Notes

to the financial statements for the year ended 31st March 2021

₹ in Lakh

Break up of loan & advances and provisions thereon	As at 31 Mar 21	As at 31 Mar 20
Sub standard assets		
- Total outstanding amount	12,431.35	6,117.34
- Provisions made	2,728.54	1,840.16
Doubtful I		
- Total outstanding amount	5,475.38	1,833.09
- Provisions made	2,105.25	634.92
Doubtful II		
- Total outstanding amount	1,698.85	337.70
- Provisions made	656.54	159.89
Doubtful III		
- Total outstanding amount	-	-
- Provisions made	-	-
Loss		
- Total outstanding amount	421.38	-
- Provisions made	421.38	-
Non-housing loans		
Standard assets		
- Total outstanding amount	4,09,906.12	4,07,026.12
- Provisions made	2,445.38	1,966.23
Sub standard assets		
- Total outstanding amount	9,392.56	4,979.62
- Provisions made	1,124.78	1,582.98
Doubtful I		
- Total outstanding amount	4,274.30	1,569.04
- Provisions made	1,444.34	511.94
Doubtful II		
- Total outstanding amount	1,301.28	794.05
- Provisions made	467.01	253.91
Doubtful III		
- Total outstanding amount	-	-
- Provisions made	-	-
Loss		
- Total outstanding amount	202.71	-
- Provisions made	202.71	-
Total		
- Total outstanding amount	11,98,957.16	12,21,857.29
- Provisions made	18,694.45	10,648.21

1.8.2 Draw down from reserves

There were no draw down from Reserves during the current as well as previous financial year.

1.8.3 Concentration of public deposits, advances, exposures and NPA

i) **Concentration of public deposits**

Since the Company is not a public deposit taking/holding HFC, the above disclosure is not applicable to the Company.

ii) **Concentration of loans & advances**

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Total loans & advances to twenty largest borrowers	44,242.60	48,532.72
Percentage of loans & advances to twenty largest borrowers to total advances of the Company	3.69%	3.97%

Notes

to the financial statements for the year ended 31st March 2021

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

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Total exposure to twenty largest borrowers / customers	55,459.10	58,585.87
Percentage of exposure to twenty largest borrowers / customers to total exposure of the Company on borrowers / customers	4.43%	4.46%

iv) Concentration of NPAs

₹ in Lakh

	As at 31 Mar 21	As at 31 Mar 20
Total exposure to top ten NPA accounts	6,779.61	5,196.97

v) Sector-wise NPAs

		Sector	Percentage of NPAs to total advances in that sector
I.	Housing loans:-		
	a)	Individuals	1.61%
	b)	Builders/project loans	0.06%
	c)	Corporates	0.17%
	d)	Others (specify)	0.00%
II.	Non - housing loans:-		
	a)	Individuals	0.71%
	b)	Builders/project loans	0.00%
	c)	Corporates	0.39%
	d)	Organisation	0.00%

vi) Movement of NPAs

₹ in Lakh

			As at 31 Mar 21	As at 31 Mar 20
(I)	Net NPAs to net advances (%)		2.21%	0.88%
(II)	Movement of NPAs (Gross)			
	a)	Opening balance	15,630.85	8,291.39
	b)	Additions during the year	26,093.64	12,069.12
	c)	Reductions during the year	6,526.68	4,729.66
	d)	Closing balance	35,197.81	15,630.85
(III)	Movement of Net NPAs			
	a)	Opening balance	10,647.05	4,632.11
	b)	Additions during the year	19,895.51	7,884.10
	c)	Reductions during the year	4,495.30	1,869.16
	d)	Closing balance	26,047.26	10,647.05
(IV)	Movement of provisions for NPAs (excluding provisions on standard assets)			
	a)	Opening balance	4,983.80	3,659.28
	b)	Provisions made during the year	6,198.13	4,185.02
	c)	Write-off/write-back of excess provisions	2,031.38	2,860.50
	d)	Closing balance	9,150.55	4,983.80

Notes

to the financial statements for the year ended 31st March 2021

vii) Overseas assets

The Company does not have any overseas assets during the current as well as previous financial year.

viii) Off- balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

The Company does not have any off- balance sheet SPVs during the current as well as previous financial year.

1.9 Disclosure of complaints

1.9.1 Customers complaints

		As at 31 Mar 21	As at 31 Mar 20
i)	No of complaints pending as at the beginning of the year	7	-
ii)	No of complaints received during the year	823	693
iii)	No of complaints redressed during the year	819	686
iv)	No of complaints pending as at the end of the year	11	7

1.10 Asset liability management (Maturity pattern of certain items of assets and liabilities)

₹ in Lakh

Particulars	Liabilities				Assets		
	Deposits	Borrowings from banks	Market borrowings*	Foreign Currency Liabilities	Advances**	Investments	Foreign Currency Assets
1 day to 7 days	400.00	4,460.43	357.94	-	5,197.34	10,120.38	-
8 to 14 days	-	2,894.09	-	-	6,203.30	-	-
15 days to 30/31 days (one month)	-	6,538.04	14,656.43	94.97	6,967.18	-	-
Over one months to 2 months	-	4,134.42	443.38	-	9,138.13	-	-
Over 2 months to 3 months	-	3,076.44	7,228.42	-	9,221.63	-	-
Over 3 months to 6 months	-	4,648.04	22,530.23	-	28,180.78	-	-
Over 6 months to 1 year	-	88,045.51	15,202.62	-	58,750.23	-	-
Over 1 year to 3 years	-	4,37,816.84	1,12,844.87	36,509.10	2,70,345.70	-	-
Over 3 years to 5 years	-	2,68,628.23	1,999.55	-	2,84,658.07	-	-
Over 5 years	-	3,888.13	32,341.15	-	5,01,600.35	-	-
Total	**400.00**	**8,24,130.17**	**2,07,604.59**	**36,604.07**	**11,80,262.71**	**10,120.38**	**-**

** The above amount is net of unamortised discounting charges on commercial paper amounting to ₹21.66 Lakh (31st March 2020: ₹409.03 Lakh).*

*** Advances includes loan and advances in the nature of loans and excludes advances recoverable in cash or kind or for value to be received and advance payment of taxes and other Deposits.*

Foot Note:

Non-performing asset (NPA) in these notes have been derived basis definition in the Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

Accordingly, assets, where the terms of the agreement regarding interest and/ or principal have been re-negotiated or rescheduled after release of any instalment of loan (excluding asset covered under Resolution Framework for COVID-19-related Stress) have been classified as non-performing asset (Sub-standard category: loan principal outstanding ₹11,720.39 Lakh; total outstanding ₹12,014.45 Lakh). Such assets have been classified under Stage 2 category (as request to restructure is an indication of significant increase in credit risk) for the purpose of Ind AS reporting and expected credit loss calculations.

Further, a few assets, which are adversely affected by a potential threat of non-recoverability have also been classified as non-performing asset (loss category, loan principal outstanding ₹130.03 Lakh; total outstanding ₹132.03 Lakh). Since these accounts have been performing satisfactorily, for the purpose of Ind AS reporting, the same have been reported under respective stage (Stage 1/ Stage 2) basis their DPD bucket. However, as an abundant precaution, these accounts have been fully provided for.

Notes

to the financial statements for the year ended 31st March 2021

2 DISCLOSURE OF DETAILS AS REQUIRED UNDER OTHER GUIDELINES OF HFCS (NHB) DIRECTIONS, 2010 AND RESERVE BANK OF INDIA CIRCULARS.

2.1 Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets:

We have not disbursed any loans against the collateral of gold jewellery during the relevant financial year and in previous year.

2.2 Disclosure related to information namely, area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries as prescribed under the said Directions:

We do not have any joint venture or overseas subsidiaries during the relevant financial year and in previous year.

2.3 Disclosure pursuant to RBI circular RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13th March 2020

₹ in Lakh

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
Performing Assets						
Standard	Stage 1	11,30,021.88	5,683.13	11,24,338.75	7,139.96	-1,456.83
	Stage 2	33,737.47	3,540.29	30,197.18	1,595.73	1,944.56
Subtotal		**11,63,759.35**	**9,223.42**	**11,54,535.93**	**8,735.69**	**487.73**
Non-Performing Assets (NPA)						
Substandard (Re-structured)	Stage 2	12,014.43	737.73	11,276.70	1,758.06	-1,020.33
Substandard	Stage 3	9,809.48	3,115.59	6,693.89	1,542.42	1,573.17
Doubtful - up to 1 year	Stage 3	9,749.68	3,549.59	6,200.09	2,887.03	662.56
1 to 3 years	Stage 3	3,000.13	1,123.55	1,876.58	1,231.23	-107.68
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		12,749.81	4,673.14	8,076.67	4,118.26	554.88
Loss (potential threat of non-recoverability)	Stage 1	132.03	132.03	-	132.03	-
Loss	Stage 3	492.06	492.06	-	492.06	-
Subtotal for NPA		**35,197.81**	**9,150.55**	**26,047.26**	**8,042.83**	**1,107.72**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms*	Stage 1	-	256.34	-	-	256.34
	Stage 2	-	64.14	-	-	64.14
	Stage 3	-	-	-	-	-
Subtotal						
Total	**Stage 1**	11,30,153.91	6,071.50	11,24,338.75	7,271.99	-1,200.49
	Stage 2	45,751.90	4,342.16	41,473.88	3,353.79	988.37
	Stage 3	23,051.35	8,280.79	14,770.56	6,152.74	2,128.05
	Total	**11,98,957.16**	**18,694.45**	**11,80,583.19**	**16,778.52**	**1,915.93**

Notes

to the financial statements for the year ended 31st March 2021

2.4 Disclosure pursuant to RBI circular RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April 2020

In accordance with the RBI circular dated 27th March 2020, 17th April 2020 and 23rd May 2020 on 'COVID-19 Regulatory Package- Assest Classification and Provisioning', the details pertaining to loan accounts to which a moratorium on instalments and interest was extended, as of March 2021 are as below:

₹ in Lakh

1.	Advances in SMA / overdue categories, where the moratorium was extended*	55,103.82
2.	Advances where asset classification benefit was extended*	10,889.63
3.	Provisions made (as per para 4 of the circular, applicable to HFCs covered under Ind AS)	648.44
4.	Provisions adjusted against slippages	-
3.	Residual provisions	648.44

** represents outstanding balance of accounts as on 31st March 2021*

2.5 Disclosure pursuant to RBI circular RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 dated 6th August 2020

₹ in Lakh

Type of borrower	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan
Personal Loans~	1,487	37,181.63	-	704.08	569.87
Corporate persons*	-	-	-	-	-
Of which, MSMEs	-	-	-	-	-
Others	-	-	-	-	-
Total	**1,487**	**37,181.63**	**-**	**704.08**	**569.87**

~Includes 6 loan accounts (Exposure:305.51 Lakh) which were restructured during the year but are closed as of 31st March 2021.

** As defined in Section 3(7) of the Insolvency and Bankruptcy Code, 2016*

2.6 Disclosure on liquidity risk under RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated 22nd October 2020

i. Funding concentration based on significant counterparty (both deposits and borrowings)

₹ in Lakh

Sl. No.	No. of Significant Counterparties	Amount	% of total Deposits	% of Total Liabilities*
1	18	9,52,150.95	NA	88%

ii. Top 20 large deposits – not applicable

iii. Top 10 borrowings

Amount	% of Total Liabilities*
7,71,838.58	71%

iv. Funding concentration based on significant instrument/product

₹ in Lakh

Sr. No.	Name of the instrument	Amount	% of Total Liabilities*
1	Term Loans	8,06,290.58	74%
2	NCD	1,63,450.16	15%
3	ECB	36,604.07	3%
4	CP	9,978.34	1%
5	Sub-Debt	34,199.24	3%
6	Working capital / short term facilities	18,239.59	2%

Notes

to the financial statements for the year ended 31st March 2021

v. Stock Ratios

Sr. No.	Name of the instrument	31 Mar 21
1	Commercial Papers to Total Liabilities*	1%
2	Commercial Papers to Total Assets	1%
3	NCDs (Original Maturity <1 ys) to Total Assets	Nil
4	NCDs (Original Maturity <1 ys) to Total Liabilities	Nil
5	Other Short-Term Liabilities** to Total Assets	15%
6	Other Short-Term Liabilities to Total Liabilities	17%

**Total Liabilities does not include Net Worth.*

*** Other Short Term Liabilities excludes Commercial Paper as they are already considered in 1 & 2.*

**** Significant Counterparties and Top 10 Borrowings are as per actual outstanding*

vi. Institutional set-up for liquidity risk management

The Company has an Asset Liability Management Committee (ALCO), a management level committee to handle liquidity risk. The ALCO meetings are held at periodic intervals. At the apex level, the Risk Management Committee (RMC), a sub-committee of the Board of Directors of the Company, oversees the liquidity risk management. The RC subsequently updates the Board of Directors on the same.

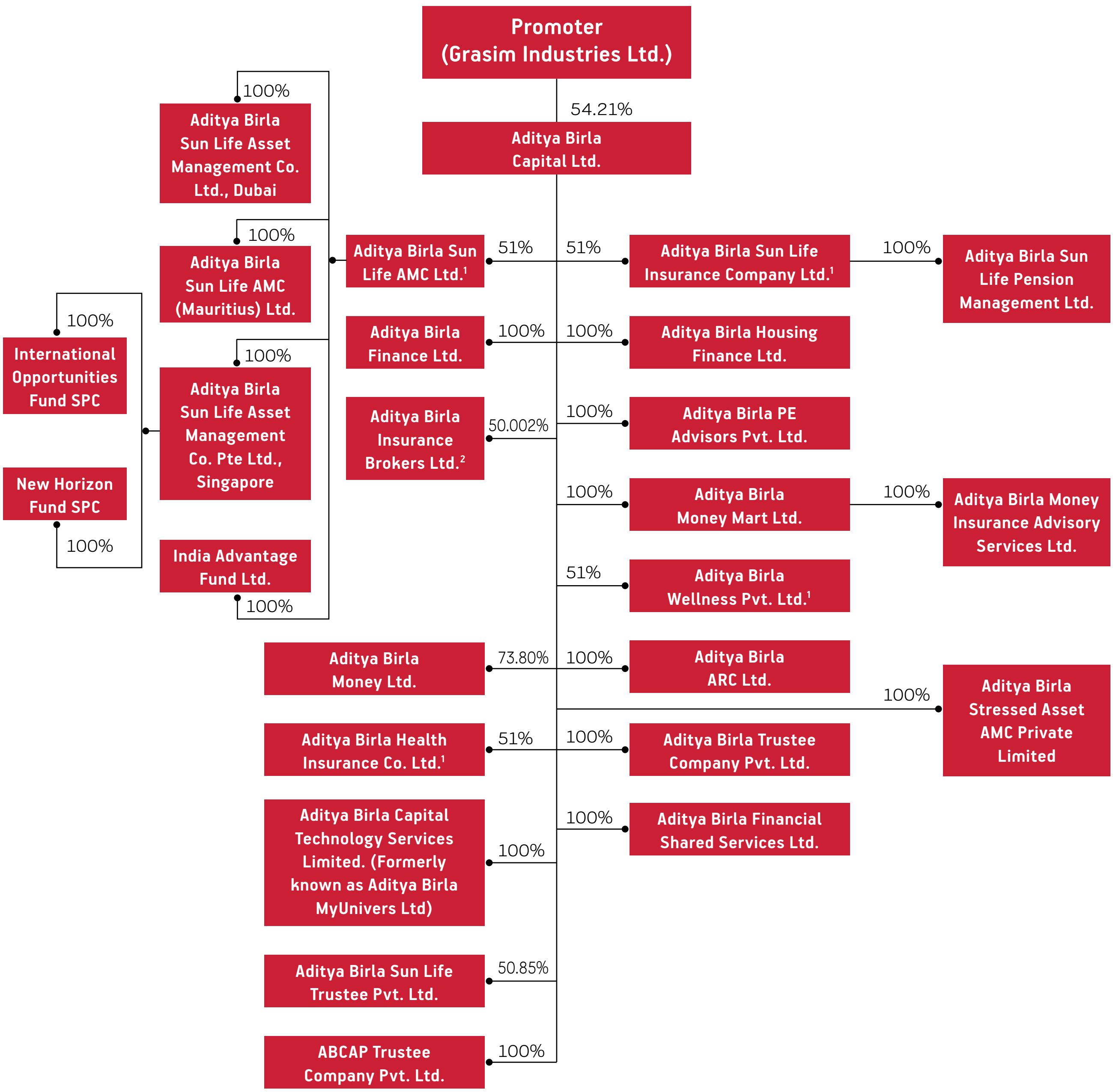
Notes

to the financial statements for the year ended 31st March 2021

ANNEXURE A

1 Disclosure of details as required under Annexure IV of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 issued by Reserve Bank of India vide circular dated 17th February 2021.

The diagrammatic representation of group structure is shown as below (refer note 1.7.4):



[1] *Indicates Joint Ventures.*

[2] *49.998% is held by Infocyber India Pvt. Ltd.*

Notes

Corporate Information

BOARD OF DIRECTORS
Mr. Ajay Srinivasan
Non-Executive Director
Mr. Rakesh Singh
Non-Executive Director
Mrs. Anita Ramachandran
Independent Director
Mr. V Chandrasekaran
Independent Director

COMMITTEES OF THE BOARD

AUDIT
Mr. Ajay Srinivasan
Mrs. Anita Ramachandran
Mr. V Chandrasekaran

NOMINATION AND REMUNERATION
Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mrs. Anita Ramachandran
Mr. V Chandrasekaran

CORPORATE SOCIAL RESPONSIBILITY
Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mrs. Anita Ramachandran

RISK MANAGEMENT
Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mr. V Chandrasekaran

ASSET- LIABILITY MANAGEMENT
Mr. Rakesh Singh
Mr. Netrapal Singh
Mr. Tushar Kotecha
Mr. Dharmendra Patro (Member w.e.f May 30, 2020)
Mr. Anubhav Katare

SECURITIES ALLOTMENT & TRANSFER COMMITTEE
Mr. Ajay Srinivasan
Mr. Rakesh Singh
Mr. Netrapal Singh
Mr. Tushar Kotecha
Mr. Muthiah Ganapathy

INFORMATION TECHNOLOGY (IT) STRATEGY COMMITTEE
Mr. V. Chandrasekaran
Mr. Netrapal Singh
Mr. Tushar Kotecha
Mr. Dharmendra Patro (Member w.e.f May 30, 2020)
Mr. Ganesh Kotian
Mr. Krishna Iyer (Member w.e.f May 30, 2020)
Mr. Sudesh Puthran (Resigned w.e.f. July 01, 2020)
Mr. Aseem Joshi
Mr. Ashish Rane
Mr. Debaprasad Das
Mr. Vaman Nene
Mr. Gopakumar Panicker

KEY MANAGERIAL PERSONNEL
Mr. Netrapal Singh
Chief Executive Officer
Mr. Tushar Kotecha
Chief Financial Officer
Mr. Muthiah Ganapathy
Company Secretary

SENIOR MANAGEMENT
Mr. Ganesh Kotian
Head Operations & Customer Service
Mr. Dharmendra Patro
Chief Risk Officer

STATUTORY AUDITORS
Deloitte Haskins & Sells LLP
Chartered Accountants

SECRETARIAL AUDITORS
BNP & Associates
Company Secretaries

INTERNAL AUDITORS
Protiviti India Member Private Limited
Chartered Accountants

DEBENTURES TRUSTEES
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