Reliable Resilient

ANNUAL REPORT-2019-20

APTUS VALUE HOUSING FINANCE INDIA LIMITED

RELIABLE RESILIENT

One of the main challenges of our increasing population is housing, more particularly affordable housing and financing for the same so that the dream of every Indian to own a house comes true. In the last few years, Government has been supportive and introducing a host of incentives to promote this sector. This in turn has propelled growth especially in the affordable housing space to the first time home buyers in Lower and Middle Income (LMI) segment.

As an organisation, we have worked with laser focus on fulfilling the dreams of these LMI families living in semi urban and rural India, often without any readily verifiable income documents. In order to achieve this, we have developed proprietary underwriting process, human resources, risk management framework and technology platform over the past decade that has enabled us to cater to the home financing needs of 50000 plus families.

Exercising prudence and being reliable has been a way of life at Aptus. Having developed a core business philosophy, which believes in social impact in terms of better life style, enhanced financial discipline and financial inclusion of its customers, we have to support it with right business practices and processes that helps to work closely with customers and do business in the right way, thereby ensuring a win-win situation for both the customers and all other stakeholders.

Aptus has demonstrated resilience by growing strongly and consistently even during the challenging times. This feat would not have been possible but for the strong ethical business practices, processes, right entrepreneurship and passion of the highly energetic employees.

Aptus Value Housing Finance India Limited

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Aptus Value Housing Finance India Limited

QUICK FACTS

2019-20 saw Aptus reaching a milestone of empowering more than 50000 families move into their homes. This is what keeps the Aptus team motivated and energetic to reach newer heights.

The result is in the numbers.

50,200
No. of Customers

1702
No. of Employees

175
No. of Branches

₹4300 crores
Cumulative Disbursements

₹3183 crores
Loan Book

FINANCIAL HIGHLIGHTS - 10 YEARS

₹ in crores

Particulars	Indian GAAP							Ind-AS		
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Gross Income	2.21	9.71	23.08	39.64	56.99	78.19	126.36	203.67	337.30	523.13
Profit After Tax	(1.66)	(0.58)	3.62	6.26	9.80	17.55	37.19	66.73	111.70	211.01
Shareholder's funds	29.91	49.52	83.14	91.07	194.32	212.03	521.06	584.93	698.59	1,709.01
Loans from Banks and Financial Institutions	0.12	40.53	114.38	167.35	142.47	277.33	305.66	840.14	1,599.69	2,014.98
Assets Under Management	21.58	85.69	158.67	252.20	358.22	519.44	846.31	1,411.08	2,240.50	3,183.09
Return on Assets	NA	NA	2.96%	3.05%	3.21%	4.00%	5.45%	5.91%	6.12%	7.01%
Return on Net worth	NA	NA	5.45%	7.19%	6.87%	8.64%	10.15%	12.07%	17.41%	15.80%

PILLARS OF STRENGTH

- Enlightened Board of Directors.
- Professional Management team.
- Fully in house sourcing model and centralised operations.
- Best in class Underwriting Quality.
- Prudent borrowing practices resulting in positive ALM and strong liquidity.
- Strong Technology framework and data analytics.
- Strong Investor Support.

CORPORATE INFORMATION

CHAIRMAN & MANAGING DIRECTOR

Mr. M. Anandan

BOARD OF DIRECTORS

Mr. K.M. Mohandass
Mr. S. Krishnamurthy
Mr. Krishnamurthy Vijayan
Mr. Shailesh J Mehta
Mr. K.P. Balaraj
Mr. Sumir Chadha
Mr. Suman Bollina
Ms. Mona Kachhwaha

REGISTERED OFFICE

8B, Doshi Towers,
205, Poonamallee High Road,
Kilpauk, Chennai - 600 010.
Ph: 044-45650000

MANAGEMENT TEAM

P. Balaji – ED & Chief Financial Officer
G. Subramaniam – ED & Chief – Risk & Operations
C. T. Manoharan – EVP – Business Development
Sarath Chandran – Sr. VP - Collections & Technical

AUDITORS

S.R. Batliboi & Associates
6th Floor, A Block,
Tidel Park,
No 4, Rajiv Gandhi Salai,
Taramani,
Chennai - 600 113.
Tel: +91 44 6117 9000

COMPANY SECRETARY

Ms. Jyoti Munot

BANKERS / FINANCIAL INSTITUTION

National Housing Bank
International Finance Corporation
Templeton Mutual Fund
State Bank of India
HDFC Bank
Axis Bank
Bank of Baroda
Oriental Bank of Commerce
ICICI Bank
Yes Bank
DCB Bank
Federal Bank
Kotak Mahindra Bank
IndusInd Bank
South Indian Bank
Catholic Syrian Bank
Karur Vysya Bank
Equitas Small Finance Bank

DEBENTURE TRUSTEES

Axis Trustee Services Limited
Axis House, Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025.

CIN: U65922TN2009PLC073881
Email: corporateaffairs@aptusindia.com
Website: www.aptusindia.com

CHAIRMAN'S OVERVIEW

Dear Shareholders,

As you are aware, the year FY20 was very challenging on account of certain macro issues and major events namely:

- The Indian economy slowed to 4.2% in 2019-2020, compared to 6.1% in the previous year. The combined expenditure of Central and State Governments exceeded revenue, translating in to a great level of public debt-GDP-ratio.
- Financial Services has undergone great hardships and liquidity crisis on account of collapse of ILFS and governance issues in few corporate houses including a large player in HFC Industry.
- On top of these the COVID-19 pandemic has contributed to a significant uncertainty in the life and livelihood of humanity, apart from the massive decline in the economic activity, albeit from Q4 FY 20.

Despite these major adversaries and unprecedented challenges, your company continued its focus to build strong fundamentals around its customers, products, people, technology, geographical reach, risk management and liquidity.

Some of the key initiatives undertaken during the year include:

- Significant increase in its Net Worth through infusion of additional equity capital of ₹800 Cr., which has taken the Shareholders funds in your company from ₹700 Cr. in March 2019 to ₹1,709 Cr. as of March 2020.
- Addition of 30 new branches to further enhance the distribution reach to 175 branches.

- Increase the manpower strength by another 400 staff, largely feet on street at the new branches resulting in total staff of over 1700.
- Invest in technology, hard ware / software and networking infrastructure to enhance customer experience, improved productivity, and overall risk management including business continuity.
- Operationalise a fully owned NBFC subsidiary of Aptus to exclusively focus on small business loans.

Continued sharp focus on core business and customers, supported by the above initiatives resulted in one of the best performance of Aptus in terms of substantial business growth, high productivity, low credit loss and commendable ROA and ROE, even in a very challenging year, 2019-2020. Some of the key performance parameters are:

- The AUM has grown to ₹3,183 Cr., growth of 42% YOY. Of this Home Loans are at 61% and Non Home loans account for the balance 39% of the portfolio and the quality of portfolio remains as one of the best in the industry with a low NPA of 0.70%.
- Active customer accounts going up to over 50200, YOY increase of 43%
- Disbursements has gone up to ₹1,280 Cr., YOY increase of 17%, despite the lock down due to COVID-19 in March 2020.
- Total income of the company has gone up to ₹523 Cr., YOY increase of 55%.
- Profit after tax has gone up to ₹191 Cr., without reckoning the onetime benefit on account of reversal of DTL, YOY increase of 71%.
- The profitability matrix in terms of Interest spread, ROA and ROE remains one of the best in the industry.
- Infusion of additional equity capital of ₹800 Cr. and diversified debt funding of over ₹1,000 Cr ensured best ALM and strong cash liquidity of ₹590 Cr. as of March 2020, to face the uncertainty caused by COVID-19.
- Ensured sound business continuity, customer service, health of our staff and support to the community, to face the COVID-19 pandemic.

The aspiration of owning a home is a dream for most Indians. With steady growth in working class population that aspires to have own homes, the opportunity for growth in the housing finance market continues to be high. We recognise this underserved need and set our core focus on making the dreams of lower and middle income (LMI) families living in semi urban and rural India, come true. At Aptus, our focus has always been on Affordable Housing Finance with an aim to fulfil the aspirations of self-employed, lower and middle income families, largely in tier II / tier III towns, by financing the purchase or construction of their homes, otherwise under- served/un served by traditional / large financiers. As of March 2020, 80% of our customers belong to LMI and self-employed category. We are proud to share that this focus has enabled us to cater to home financing needs of more than 50,000 customers. Despite the perceived credit risks associated with these segments, our proprietary underwriting process, risk management framework, technology platform and financial resources has enabled us to build a 100% retail portfolio with best in class asset quality consistently for years. Apus believes in the social impact of its business in terms of better life style, enhanced financial discipline and inclusion into the financial main stream of its customers. To sustain this Aptus equally believes in creating significant and long lasting value for all its key stake holders.

With a decade of experience, understanding of our customer needs and the way this business is done backed firmly by our passion, energy and entrepreneurship, has made us to emerge as a strong, reliable and resilient housing finance provider and we are certain that this dreaded CORONA-19 pandemic will also pass.

M Anandan
Chairman

DIRECTORS' REPORT

Your directors have pleasure in presenting the Eleventh Annual report together with the audited financial statements of the company for the financial year ended March 31, 2020.

1. Financial Results

₹ in crores

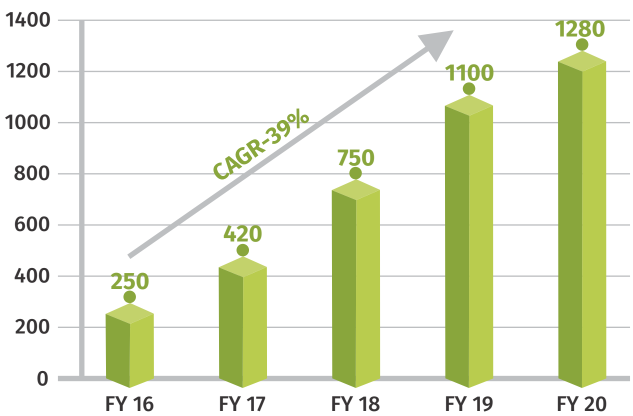
Particulars	Consolidated Financial Results	
	For the financial year ended March 31, 2020	For the financial year ended March 31, 2019
Total income	523.13	337.30
Less: Expenditure including depreciation	275.84	188.53
Profit before taxation	247.29	153.00
Profit after taxation	211.01	111.70
Assets under Management	3183.00	2244.00

2. Operations

2.1 Sanctions and Disbursements

During the year under review, your Company sanctioned loans worth ₹1492 crores as compared with the sanctions of ₹1216 crores during the previous year. Your Company disbursed loans worth ₹1280 crores during the year under review as compared with the disbursements of ₹1100 crores during the previous year, representing a growth of 17%. The growth during the year was subdued due to the impact of Covid 19 in March 2020. Aptus continued its focus on Low and Middle Income families in Tier II and III cities and the disbursement of ₹1280 crores benefited more than 15000 families.

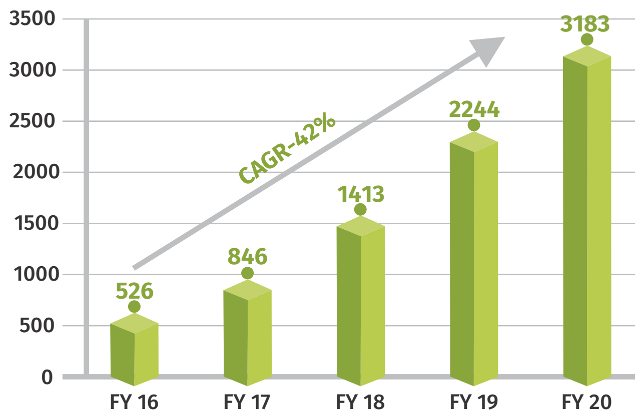
DISBURSEMENT (₹ in Crores)



2.2 Loan Assets

The total Assets under Management of Aptus stood at ₹3183 crores as at March 31, 2020 as against ₹2244 crores as at March 31, 2019, thereby registering a growth of 42%.

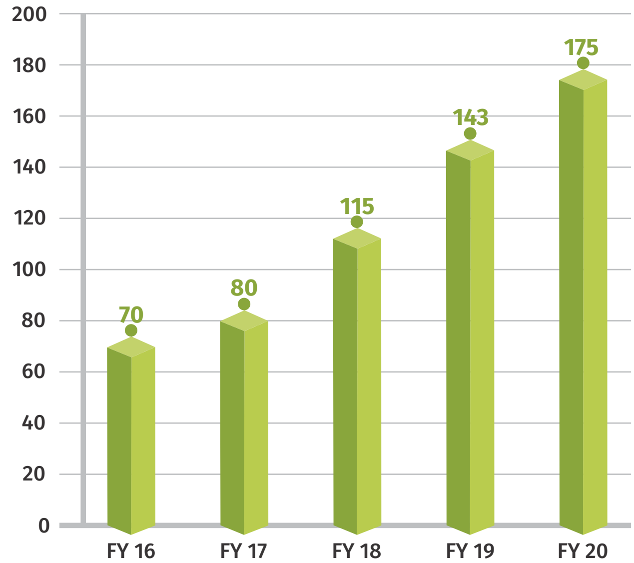
LOAN ASSETS (₹ in Crores)



2.3 Branch Expansion

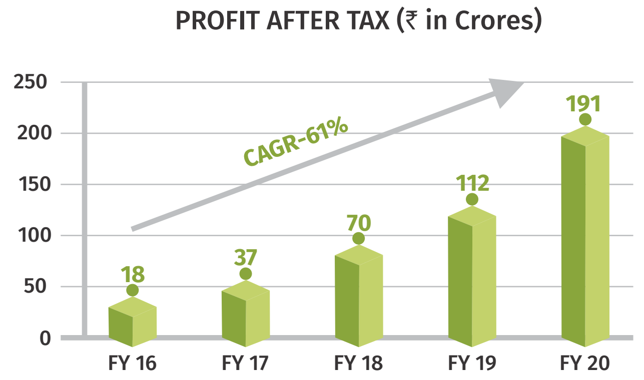
During the year under review, your Company expanded its distribution network in every state where it operates. The distribution network stood at 175 branches as at the end of March 31, 2020 as compared to 143 branches in the previous year.

NO. OF BRANCHES



2.4 Income and Profits

During the year under review, your Company's Gross Income grew by 55% to ₹523 crores as at March 31, 2020 as against ₹337 crores as at March 31, 2019. The Profit before tax for the year ended March 31, 2020 stood at ₹247 crores with an increase of 62% over ₹153 crores in the corresponding period of the previous year. The Profit after Tax (PAT) stood at ₹211 cores which was 88% higher over the PAT of ₹112 crores in the previous financial year. The above PAT is after considering an amount of ₹20 crores being onetime benefit of reversal of Deferred Tax Liability on Special Reserve transferred under Section 36(1) (viii) of Income Tax Act. If this benefit was not considered, the PAT will be at ₹191 crores translating into a growth of 71% as compared to the previous year.



2.5 Asset Quality

Your Company closed the financial year 2019 - 20 with a Gross NPA of 0.70%. This GNPA level was slightly higher than the previous year level due to the impact of corona virus. These levels, one of the best in the industry, have been maintained by Aptus since inception. This would not have been possible but for the excellent systems and processes in originating loan proposals from customers and strong adherence to laid down policies in terms of credit, legal, technical and collections. The above organization strengths coupled with very good quality of portfolio gives us confidence to aspire for more profitable and aggressive growth in the years to come.

2.6 Resource Mobilisation

Financial year 2019-20 was not a good year for raising funds for Housing Finance Industry post ILFS issue and fall of one of the big HFCs. With the liquidity squeeze in the market and reluctance of most of the banks to fund to NBFCs, including HFCs, most of the HFCs raised significant funding through sell-down of their loan assets under either the securitization or direct assignment route. Some of the larger HFCs have also resorted to ECB issuances.

Given this scenario, fund raising during the year 2019-20 was also not easy for Aptus. However, the positive attributes of Aptus in terms of quality loan book, corporate governance, net worth, consistent profitability etc., enabled Aptus to raise funds from various banks and NHB.

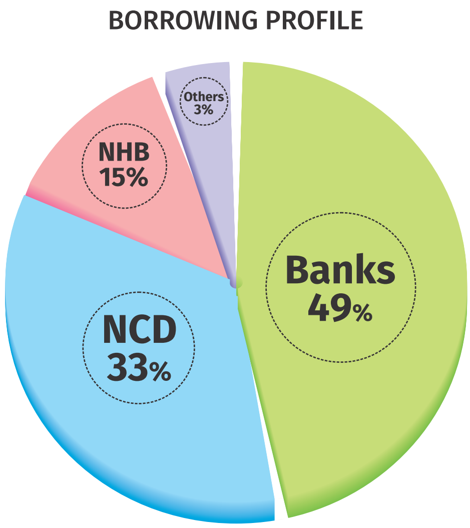
During the year 2019-20, resources were mobilized in the following forms:

a. **Share Capital** – During the year, fresh capital to the tune of ₹800 crores was raised by the Company by issuing 1,52,08,121 fully paid up equity shares of ₹10/- each at a premium of ₹516.03/- per share by way of private placement to new and existing investors.

   Consequent to this the Company's net worth got further strengthened at ₹1709 crores as on March 31, 2020 as against ₹698 crores in the previous year.

b. **Term Loans –** Funds to the extent of ₹1000 crores was raised from various banks and NHB. All these were long term loans with a tenor of 5 to 7 years.

Currently funding mix of Aptus comprises of Term Loans from Banks, NHB, Multilateral funding agencies like IFC and Mutual Funds. As on March 31, 2020, 64% of term loans were from banks and NHB and 36% were from debt capital market, majority from DFIs like IFC and mutual funds.



Aptus understands that it is in the business of long term funding which are in the range of 10-15 years. With this in the back ground, Aptus' borrowing strategy has always been prudent to secure long term funding ranging between 5-7 years. The funds raised by way of issuance of debentures to both Mutual Funds and IFC was of 7 year tenor and borrowings from banks were in the range of 5-7 years. There were no short tenor borrowings including commercial papers.

2.7 Capital Adequacy Ratio

Capital Adequacy Ratio of Aptus stood at 82.50% as on March 31, 2020, as against the minimum requirement of 13% stipulated by National Housing Bank.

3. Credit Rating

During the year 2019-20, the credit rating of your company was upgraded from A to A+ by both ICRA and CARE.

4. Transfer to Special Reserves

As per Section 29C (i) of National Housing Bank Act, 1987, your Company is required to transfer atleast 20% of its net profit every year to a reserve before any dividend is declared. Accordingly, your Company has transferred ₹36.26 crores to special reserve in accordance with Section 29C(i) of National Housing Bank Act, 1987 read along with Section 36(1)(viii) of the Income Tax Act, 1961.

5. Dividend

In order to conserve resources for growth, your Directors do not recommend any dividend for the financial year 2019-20.

6. Corona virus disease (COVID-19) pandemic

To contain the spread of Covid-19 virus, Government enforced lock down of all economic activities. The primary focus of your Company was to ensure safety and well being of all its employees. The business continuity planning program of the Company was used effectively to manage its operations through this crisis. Your Company provided work from home facility to its employees, wherever possible, across all its branches and at the head office and took all reasonable steps to ensure continued service delivery to its customers. During these times, the Company's offices worked with minimal staff with necessary safety measures.

The Company had also given option to its customers to avail moratorium for payment of installments falling due between March 01, 2020 and May 31, 2020 as a part of the COVID-19 Regulatory package announced by the Reserve Bank of India vide its circular dated March 27, 2020.

Your Company and its wholly owned subsidiary have made donations of ₹30 lakhs to PM CARES fund as part of their CSR initiatives.

7. Statutory and Regulatory Compliances

Your Company continues to comply with the guidelines issued by the National Housing Bank regarding accounting guidelines, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, KYC guidelines and AML standards and fair practices code. Your Company has complied with the applicable regulations under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Foreign Exchange Management Act, 1999 and the Regulations thereunder including foreign direct and downstream investments.

Your Company has also complied with the provisions of the Secretarial Standard 1 (SS-1) and Secretarial Standard 2 (SS-2) issued by the Institute of Company Secretaries of India relating to 'Meetings of Board of Directors' and 'General Meetings' respectively.

8. Employee Stock Options Scheme

During financial year 2015-16, your Company has introduced an ESOP scheme titled Aptus Employees Stock Option Scheme 2015 (ESOP 2015). The details of these ESOP schemes are given in the Annexure A to this report.

9. Annual Return

As per Section 134 (3) (a) of the Companies Act, 2013, annual return / extract of annual return referred to in Section 92(3) of the act has been placed at the web address of the Company www.aptusindia.com

10. Internal Financial Controls

Your Company has an internal control system, commensurate with the size, scale and complexity of its operations. The Internal Auditors review internal control and risk-management measures, accounting procedures, highlight areas requiring attention, and report their main findings and recommendations to the Audit Committee. The Audit Committee regularly reviews the audit findings and action taken thereon, as well as the adequacy and effectiveness of the internal financial systems and controls. Statutory Auditors, S. R Batliboi & Associates LLP have also reviewed the internal controls systems as existing in the Company and have given an unmodified opinion on the same.

11. Auditor's Report

The Report of the Statutory Auditors to the members is annexed to and forms part of the financial statements and the same does not contain any qualification, reservation or adverse remark on the financial statements prepared as per Section 133 of Companies Act, 2013 and notes on accounts annexed thereto. There were no frauds detected or reported by the Auditors under sub-section (12) of section 143 of the Companies Act, 2013 during the year.

12. Maintenance of cost records and cost audit

Maintenance of cost records and requirements of cost audit as prescribed under the provisions of section 148(1) of the Act is not applicable for the business activities carried out by the company.

13. Risk Management Policy

As per the directions issued by National Housing Bank, your Company has constituted a Risk Management Committee which is responsible for putting in place a risk management system, risk management policy and strategy to be followed by the Company.

As per this, various risks identified are as follows:

- Credit risk
- Liquidity risk
- Interest rate risk
- Operational risk

The Risk Management Committee along with the Asset Liability Management Committee reviews and monitors these risks at regular intervals.

Credit risk of the Company is managed through credit norms in line with the business requirements and also following a practice of personally assessing every borrower through rigorous credit evaluation including personal visits, physical verification etc to assess their credit worthiness.

The running of efficient and successful Housing Finance Company depends on careful assessment and effective management of Operational, Market and Reputation risks in addition to Credit risk. The company has put in place efficient risk management policies, systems and processes that seek to strike an appropriate balance between risk and returns. These include efficient risk management measures, such as assessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent Loan to value ratio and analysis of the borrower's debt service capacity, monitoring the end use of approved loans, lending only against approved properties, risk based loan pricing and property insurance.

Your Company has employed qualified Technical and Legal team to value properties, track property price movements and scrutiny of legal documents.

A separate collection vertical has been set up to monitor recovery of dues from the borrowers. The recovery team constantly follows up with borrowers for the collection of outstanding dues.

Liquidity risks are managed through ongoing monitoring of Asset Liability mismatch and interest rate risks are managed through regular monitoring of maturity profiles of borrowings and advances to customers.

Operational risks arising from inadequate internal processes, people and systems or from external events are adequately addressed by the internal control system and are continuously reviewed and monitored. The senior management team regularly assesses the risks and takes appropriate measure to mitigate them. Process improvements and quality control are on-going activities and are built into the employee training modules as well. The Company has well documented systems to ensure better control over transaction processing and regulatory compliance.

14. Human Resources

In Aptus, Human Resource Development is considered vital for effective implementation of business plans.

Lots of importance is placed on recruiting quality staff in these levels and they are groomed to take on higher responsibilities. Further on the job training and induction is imparted to these staff to have better understanding of the company, its culture and business. These initiatives coupled with adequate compensation levels including appropriate incentive schemes matched with the market and good employee welfare schemes like health and life insurance covers have helped us retain the manpower at these levels.

Aptus staff strength as at March 31, 2020 was 1702.

15. Directors and Key Managerial Personnel

The following changes took place in the composition of Board of Directors during the year:

(a) Mr. Pankaj Vaish, (DIN: 00367424) resigned from the Board as Nominee Director of WestBridge Crossover Fund LLC with effect from October 30, 2019. Mr. Sumir Chadha, (DIN: 00040789), nominated by WestBridge Crossover Fund LLC was appointed as additional director with effect from November 05, 2019. His appointment needs to be regularized at the ensuing annual general meeting.

(b) Mr. Shailesh Mehta, Non-Executive Director (DIN: 01633893) retired by rotation at the Tenth Annual General Meeting held on August 08, 2019 and was re-appointed.

(c) Mr. K M Mohandass (DIN: 00707839), Mr. S Krishnamurthy (DIN: 00066044) and Mr. Krishnamurthy Vijayan (DIN: 00589406) were re-appointed as the Independent Directors of the Company for a second term of five years by the Board of Directors on March 04, 2020, subject to the shareholders' approval at the ensuing annual general meeting.

(d) Ms. Mona Kachhwaha (DIN: 01856801) was appointed as an Additional Director with effect from May 30, 2020 and her appointment needs to be regularized at the ensuing annual general meeting.

16. Board Meetings held during the year

During the financial year ended March 31, 2020, four (4) Board Meetings were held on May 10, 2019, August 08, 2019, November 05, 2019 and February 13, 2020 respectively. The gap between two meetings was not more than 120 days.

17. Auditors

Statutory Auditors

Pursuant to the provisions of Section 139 and 141 of the Companies Act, 2013, M/s S.R. Batliboi & Associates LLP were appointed as the Statutory Auditors of the Company at the 10th Annual General Meeting (AGM) of the shareholders held on August 08, 2019, for a period of five financial years, i.e. from FY 2019-20 to FY 2023-24, to hold office from the conclusion of the 10th AGM up to the conclusion of the 15th AGM.

Secretarial Auditor

M/s. S. Sandeep & Associates, Company Secretaries were appointed to conduct the secretarial audit of the Company for the financial year 2019 - 20, as required under Section 204 of the Companies Act, 2013 and rules made thereunder.

The secretarial audit report for the financial year ended March 31, 2020 forms part of Annual report as Annexure B to Board's Report and does not contain any qualifications, reservations or adverse remark.

18. Particulars of Contracts or Arrangements with Related parties

During the financial year, the Company has entered into contracts or arrangements with Related Parties. The Company has framed a Related Party Transaction (RPT) policy for the Company as per the Companies Act 2013 and the HFC Corporate Governance (NHB) Directions, 2016.

The RPT policy along with the details of the related party transactions in Form AOC-2 for the financial year 2019-20 is enclosed as Annexure C to this report.

19. Material Changes and Commitments

There are no material changes and commitments between March 31, 2020 and the date of this report having an adverse bearing on the financial position of the Company.

20. Conservation of Energy, Technological Absorption

The Company does not have any activity relating to conservation of energy and technical absorption and does not own any manufacturing facility. Hence the requirement of disclosure of particulars relating to conservation of energy and technology absorption in terms of Section 134 of the Companies Act, 2013 and the Rules framed thereunder is not applicable.

21. Foreign Exchange Earnings / Outgo

Your Company does not have any foreign currency earnings or expenditure during the financial year ended March 31, 2020.

22. Particulars of Employees

In accordance with the provisions of Section 197(12) of the Companies Act, 2013, read with Rules 5(1), 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the name and other particulars of employees are to be set out in the annexure forming part of the Annual Report. However, as per provisions of Section 136(1) of the Companies Act 2016, read with relevant proviso of the Companies Act, 2013 the Annual Report is being sent to members excluding the aforesaid information. The said information is available for inspection at the Registered Office of the Company. Any member interest in obtaining such particulars may write to the Company and the same will be furnished without any fee and free of cost.

23. Dematerialisation of Shares & Non-Convertible Debentures

The fully paid up equity shares of the Company have been admitted for dematerialization by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) with ISIN No. INE852O01017.

The partly paid up equity shares of the Company have been admitted for dematerialization by NSDL with ISIN No. IN9852O01015.

The Non-Convertible Debentures of the Company have been admitted for dematerialization by NSDL with ISIN Nos. INE852O07014, INE852O07022, INE852O07030, INE852O07048, INE852O07055, INE852O07063, INE852O07071, INE852O07089, INE852O07097 and INE852O07105.

During the financial year, there were no such instances of any Non-Convertible Debentures which have not been claimed by the investors or not paid by your Company after the date on which the Non-Convertible Debentures became due for redemption.

The Non-Convertible Debentures of your Company are listed on BSE Ltd and your Company has paid the requisite listing fee to ensure continuous listing of its debt instruments.

24. Particulars of Loans, Guarantees or Investments to Wholly owned Subsidiary

During the year under review, the Company had granted loans and provided guarantees and made investments covered under Section 186 of the Companies Act, 2013 to Aptus Finance India Private Limited, Wholly Owned Subsidiary as given below:

Sr. No.	Nature	Amount as at March 31, 2020 (₹ crores)	Date of Board Resolution	Purpose
1	Inter – Corporate Loan	51	November 02, 2018	Onward lending purpose
2	Inter Corporate Guarantee	147	August 06, 2018	For the borrowings availed by the wholly owned subsidiary

* For details refer to Note no. 33.2- Details of related party transactions disclosed as per notes to the Standalone Financial Statements.

During the financial year ended March 31, 2020, your Company has infused further equity capital into its wholly owned subsidiary "Aptus Finance India Private Limited" the details of which are as under. With this capital infusion, the paid up capital of the subsidiary company stands at ₹100.80 crores as at March 31, 2020 which was earlier at ₹90 crores as at March 31, 2019.

Sr. No.	Date of Investment	Details of Investee	Amount of investment (in ₹)	Purpose for which the proceeds from investment is proposed to be utilized by the recipient	Date of Board Resolution	Date of Special Resolution	Expected rate of return
1	December 02, 2019	Aptus Finance India Private Limited	₹60,48,00,000 (Comprising of 1,08,00,000 equity shares of ₹10 each at a premium of ₹46/-)	General corporate purposes	November 05, 2019	NA	NA

Aptus Finance India Private Limited is a wholly owned subsidiary of the Company incorporated on September 18, 2015. In accordance with the provisions of section 129 (3) of the Companies Act 2013, the Consolidated Financial Statements drawn up in accordance with the applicable accounting standards form part of the Annual Report.

Statement containing salient features of the financial statements of the subsidiary, pursuant to first proviso to sub – section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014 in Form AOC – 1 forms part of the financial statements.

25. Disclosure of Significant & Material Orders passed by the Regulators or court or tribunal

During the financial year, there were no significant and material orders passed by the regulators or Courts or Tribunals which would impact the going concern status of the Company and its future operations.

26. Deposits

Your Company is registered as a non-deposit taking Housing Finance Company with National Housing Bank and hence does not accept any deposits. The Company has not accepted any deposits from the public during the financial year ended March 31, 2020.

27. Declaration from Independent Directors

The Company has received declarations from all the Independent Directors to the effect that they meet the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of your Board of Directors, the Independent Directors appointed during the financial year ended March 31, 2020, satisfy the attributes as to integrity, experience and high levels of skill and expertise.

28. Corporate Social Responsibility Policy (CSR)

The Company has duly constituted a Corporate Social Responsibility Committee as per the provisions of Section 135 of the Companies Act, 2013 and devised a Policy for the implementation of the CSR framework, broadly defining the areas of spending for its promotion / development, of at least two percent of the average net profits made during the last three immediately preceding Financial Years on the activities mentioned under Schedule VII to the Companies Act, 2013.

The CSR Committee monitors the Policy of the Company from time to time and endeavors to ensure that the requisite amount is spent on CSR activities as per the framework.

The CSR Committee consists of three Members, viz. Mr. Krishnamurthy Vijayan, Mr. K M Mohandass and Mr. M Anandan, CMD. A report on CSR is attached as Annexure D to this Report.

The CSR policy of the Company has been placed in the website of the Company at www.aptusindia.com.

29. Formal Annual Evaluation

As per the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Committees. A structured exercise was carried out based on the criteria for evaluation forming part of the Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management and the inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its committee, attendance at meetings, Board culture, duties of directors, and governance. The aforesaid policy is enclosed as Annexure E to this report.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its stakeholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors have expressed their satisfaction with the evaluation process.

30. Vigil Mechanism, whistle Blower Policy

Your Company as part of the "Vigil Mechanism" has in place a "Whistle Blower Policy" to deal with instances of fraud and misappropriations, if any. This policy has been placed in the website of the Company at www.aptusindia.com. During the year under review no whistle blower complaint was received.

31. Management Discussion and Analysis

Report on Management Discussion and Analysis is enclosed and is forming part of this report as Annexure F.

32. Corporate Governance Report

The National Housing Bank, vide Notification No. NHB (ND)/DRS/REG/MC-07/2018 dated July 2, 2018, has mandated all Housing Finance Companies to follow the guidelines on Corporate Governance as per the Housing Finance Companies – Corporate Governance (NHB) Directions, 2016. The Company has accordingly framed the internal guidelines on Corporate Governance and the same is forming part of this report as Annexure G.

Your Company is committed to achieving the highest standards of Corporate Governance and it aspires to benchmark itself with the best practices in this regard. The Board regularly reviews the Management's reports on statutory and regulatory compliances.

33. Committees

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

34. Policy on Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

The Company has in place an Anti-Sexual Harassment Policy named "Policy Against Sexual Harassment" in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. The said policy is uploaded in the website of the Company. An Internal Complaints Committee has been constituted as per the Act to redress complaints received regarding sexual harassment. During the financial year under review, no complaint of sexual harassment was received and there were no unresolved complaints as at March 31, 2020.

35. Directors' Responsibility Statement

The Board of Directors have instituted/put in place a framework of internal financial controls and compliance systems, which is reviewed by the management and the relevant board committees, including the audit committee and independently reviewed by the internal, statutory and secretarial auditors.

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors confirms that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there were no material departures therefrom;

(ii) they have, in the selection of the accounting policies, consulted the statutory auditors and have applied their recommendations consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at March 31, 2020 and the of the profit of the company for the year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis;

(v) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively during the year ended March 31,2020; and

(vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively during the year ended March 31, 2020.

Acknowledgement

Your Directors wish to thank National Housing Bank for their valuable guidance and support received. Your Directors would also like to acknowledge the role of all its stakeholders viz., Investors, Shareholders, Bankers, Rating Agencies, Debenture Trustees and all others for their whole – hearted support, confidence and faith they have reposed in the Company.

Your Directors would like to appreciate the commitment displayed by all the executives, officers, staff and the Senior Management team of the Company in achieving an excellent performance of the Company during the Financial Year.

For and on behalf of the **Board of Directors**

M Anandan
Chairman & Managing Director
DIN: 00033633

Place: Chennai
Date : May 30, 2020

ANNEXURE A

APTUS EMPLOYEES STOCK OPTION SCHEME, 2015

The decision to introduce APTUS Employees Stock Option Scheme, 2015 (hereinafter called "APTUS ESOP, 2015" or "The Scheme") was taken by the Board of Directors at the meeting held on May 12, 2015, and was approved by the shareholders of the Company at the Annual General Meeting held on August 07, 2015.

Pursuant to Rule 12(9) of Companies (Share Capital and Debentures) Rules, 2014, the details of the Aptus Employees Stock Option Scheme, 2015 during the financial year ended March 31, 2020 are :-

Nature of Disclosures	Particulars
a Options approved to be issued as ESOPs	18,00,000
b. Options Granted	17,00,000
c. Options outstanding as on April 01, 2019	10,60,000
d. Options Exercised	3,72,500
e. Options Lapsed / Surrendered	Nil
f. Options outstanding as on March 31, 2020	6,87,500
g. Variation of Terms of Option	None
h. Total number of options in force	6,87,500
i. Money realised by exercise of options during the year 2019-20	3,00,00,000
j. Details of options granted to	
i. key managerial personnel	Nil
ii. any other employee who received a grant of options in any one year of option amounting to 5 per cent or more of options granted during that year	Nil
iii. Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil

ANNEXURE B

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

To

The Members,
APTUS VALUE HOUSING FINANCE INDIA LIMITED
No 8B, Doshi Towers, 8th Floor, No.205,
Poonamallee High Road,
Kilpauk, Chennai -600 010

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s. APTUS VALUE HOUSING FINANCE INDIA LIMITED (CIN: U65922TN2009PLC073881) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

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

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

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder as applicable to the Company;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder as applicable to the Company.

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder as applicable to the extent of Foreign Direct Investment. The Company does not have any External Commercial Borrowings or Overseas Direct Investment.

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable:

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

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

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018;

d) 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.

(vi) The Company has materially complied with the following laws to the extent applicable specifically to Housing Finance Companies (HFCs):

a) National Housing Bank (NHB) Act, 1987 and the NHB Directions and Guidelines as applicable to HFCs;

b) The Prevention of Money Laundering Act, 2002

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

i. Listing agreements entered into by the Company with the BSE Limited as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for listing of its Non-Convertible Debentures.

ii. Secretarial Standards (SS-1) for Board Meeting and Secretarial Standards (SS-2) for General Meetings issued by The Institute of Company Secretaries of India.

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

We further report that the Board of Directors of the Company is duly constituted as on the date of this report, with proper balance of Executive, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. As on the date of this report, the Board of Directors comprises of a Chairman cum Managing Director, three Independent Directors, three Non-Executive Directors (including a women director) and two Nominee Directors, with four directors whose period of office is liable to determination by rotation, which is in accordance with the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance as per the applicable provisions of the Act, and a proper system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. As per the minutes of the meeting, majority decision is carried through and there were no dissenting views of the members.

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

We further report that, during the audit period the Company has:

a. made a preferential issue of 1,52,08,121 fully paid up equity shares of ₹10/- each at a premium of ₹516.03/- per share aggregating to ₹7,99,99,27,889.63/- by way of private placement which were allotted on September 06, 2019.

b. made a preferential issue of 15,00,000 partly paid up equity shares of ₹10/- each at a premium of ₹516.03/- per share by way of private placement which were allotted on September 06, 2019.

c. allotted 3,35,000 fully paid up equity shares of ₹10/- each at a premium of ₹65/- and 37,500 fully paid up equity shares of ₹10/- each at a premium of ₹120/- on October 14, 2019 under the Aptus Employees Stock Option Scheme, 2015.

d. passed a special resolution under Section 180(1)(c) of the Act at the annual general meeting held on August 08, 2019 fixing the borrowing limits as ₹3500 crores.

e. passed a special resolution under Section 180(1)(a) of the Act at the annual general meeting held on August 08, 2019 permitting the Company for creating charge on its assets upto ₹3500 crores.

f. passed a special resolution for private placement of debentures under Sections 42 and 71 of the Act at the annual general meeting held on August 08, 2019 up to a sum of ₹1500 crores.

g. made a pre-payment of ₹100 crores towards redemption of Non-Convertible Debentures on March 20, 2020.

For **S Sandeep & Associates**

S Sandeep
Managing Partner
FCS No.5853
COP No. 5987
UDIN No. F005853B000331728

Place: Chennai
Date : May 30, 2020

ANNEXURE C

RELATED PARTY TRANSACTION POLICY

Aptus Value Housing Finance India Limited (Holding Company) is a public limited debt listed company incorporated under the Companies Act, 1956 (CIN: U65922TN2009PLC073881) having its registered office at No. 8B, Doshi Towers, 8th Floor, No:205, Poonamallee High Road, Kilpauk, Chennai - 600 010. It has promoted a wholly owned subsidiary in the name and style of M/s Aptus Finance India Private Limited (Subsidiary Company) which has been incorporated under the Companies Act, 2013 (CIN: U74900TN2015PTC102252) having its registered office at No. 8B, Doshi Towers, 8th Floor, No:205, Poonamallee High Road, Kilpauk, Chennai - 600 010.

The holding company would be providing / sharing its infrastructure and resources to / with the subsidiary company. These transactions which are proposed between the holding company and subsidiary company would fall under the purview of Related Party Transactions as dealt with under Section 188 of the Companies Act, 2013 and the rules made thereunder and other applicable laws.

This policy, namely, the related party transaction policy is being formulated and is to be implemented to address these aspects.

This policy seeks to address 2 points.

1. Identification and disclosure of Related Party Transactions (RPT)
2. Lay down transfer pricing norms between the holding company and the subsidiary company.

Who is a Related Party

As per Section 2(76) of the Companies Act, 2013 – related party, with reference to a company, means -

- A director or his relative
- Key Managerial Personnel or his relative
- A firm, in which a director, manager or his relative is a partner
- A private company in which a director or manager is a member or director
- A public company in which a director or manager is a director and holds along with his relatives, more than 2% of its paid-up share capital
- A body corporate whose board, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager, except if advice/ directions/ instructions are given in the professional capacity
- Any person on whose advice, directions or instructions a director or manager is accustomed to act, except if advice/ directions/ instructions are given in the professional capacity
- Any company which is:
  - A holding, subsidiary or an associate company of such company, or
  - A subsidiary of a holding company to which it is also a subsidiary
- Such other persons as may be prescribed

As can be clearly seen from the above, holding and subsidiary companies fall into the category of Related Party and hence transactions between these 2 entities will have to be disclosed in the accounts / financial statements as Related party transactions and necessary approvals are required to be obtained from the Audit Committee, Board of Directors and the shareholders, as the case may be as laid down under the Companies Act, 2013 and the rules made thereunder and other applicable laws.

Related Party Transactions

The following transactions would be disclosed as Related party Transactions:

1. Investment by the Holding company into the subsidiary company
2. Other transactions between the holding company and subsidiary company

In the transactions above, the investment by the holding company into the subsidiary needs no further explanation. However, it is essential to cover the other transactions that could be entered into between the holding company and the subsidiary company.

Other Transactions Between The Holding Company and Subsidiary Company

The holding company would be providing sharing its infrastructure and resources to / with the subsidiary company, it becomes necessary for the holding company to transfer / allocate costs / expenses appropriately and proportionately to the subsidiary company to ensure that such transactions are done on an arm's length basis.

All the costs / expenses that are incurred by the subsidiary company directly would be booked in the books of the subsidiary. However, the costs / expenses incurred by the holding where a portion of the benefits / services are utilized / accrue by / to the subsidiary company, such costs / expenses would need to be shared between the 2 entities. Such costs / expenses are listed below.

a. **<u>Personnel costs –</u>** The holding company would be providing or deputing its employees and personnel to manage, administer and handle the business of the subsidiary company in all areas including collections, legal, disbursements, software, customer care, marketing, etc. The holding company would be providing or deputing all kinds and types of employees and personnel who are on the rolls of the holding company to the subsidiary company including Senior Management personnel, Key Management Personnel, Managers, Cashiers, etc. Their costs would have to be proportionately and appropriately transferred / allocated to the subsidiary company.

b. **<u>Expenses for shared infrastructure and resources –</u>** The holding company would be sharing all kinds and types of its infrastructure, assets and resources with the subsidiary company like registered office premises, branch offices and premises, storage premises, servers, computers, work stations, hardware and peripherals, telephone and mobile connections, broad band and internet connectivity, logos, stationery, electricity, etc. Hence the expenses pertaining to such infrastructure, assets and resources like rent, electricity charges, repairs & maintenance, communication expenses, software expenses, stationery expenses, etc. would be shared between the holding company and the subsidiary company.

Methodology for Allocation of Shared Costs

The shared costs / expenses enumerated above would be shared / apportioned between the holding company and subsidiary company in the proportion to the average AUM (Assets under Management) for the relevant period.

The sharing / apportionment ratio may be modified during the course of the financial year with the approval of the Audit Committee / Board.

The Related Party Transactions are to be reviewed by the Audit Committee / Board on a quarterly basis.

Form No. AOC - 2

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

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

1. Details of material contracts or arrangement or transactions not at arm's length basis: Nil
2. Details of material contracts or arrangement or transactions at arm's length basis:

Name of the related party and nature of relationship	Mr. M Anandan, Promoter, Chairman and Managing Director	Aptus Finance India Private Limited, Wholly Owned Subsidiary Company
Nature of contracts / arrangements / transactions	Rent payable towards usage of premises owned by Mr. M Anandan	Shared support charges
Duration of the contracts/ arrangements/ transactions	3 years	Ongoing
Salient terms of the contracts or arrangements or transactions including the value, if any	1. Lease rent per month: ₹ 60,638/- 2. Security Deposit: Nil 3. Revision in lease rent: Escalation of 5% every year	The holding company would be providing / sharing its infrastructure and resources to / with the wholly owned subsidiary company, it becomes necessary for the holding company to transfer / allocate costs / expenses appropriately and proportionately to the wholly owned subsidiary company to ensure that such transactions are done on an arm's length basis.
Justification for entering into such contracts/ arrangements/ transactions	The Company is utilizing the said premises for storage of records and the same is in ordinary course of business.	All the costs / expenses that are incurred by the wholly owned subsidiary company directly would be booked in the books of the subsidiary. However, the costs / expenses incurred by the holding where a portion of the benefits / services are utilized / accrue by / to the wholly owned subsidiary company, such costs / expenses would need to be shared between the 2 entities. The same is in the ordinary course of business.
Date of approval by the Board	May 17, 2017	May 10, 2019
Amount paid as advance, if any	-	-
Date on which the special resolution was passed in general meeting as required under the first proviso to section 188	Not Applicable	Not Applicable

ANNEXURE D

REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Brief outline of the Company's CSR policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Aptus is a growing company and is committed towards social welfare of the common people as it caters the housing needs of self-employed, informal segment of customers, belonging to middle income, primarily from semi urban and rural markets. Your Company has adopted a policy for Corporate Social Responsibility which has been placed in the website of the Company www. aptusindia.com.

As per the CSR policy, your Company shall seek to positively impact the lives of the disadvantaged by supporting and engaging in activities that aim to improve their wellbeing.

The Company will undertake its CSR activities either directly or through a Registered Trust or through a Registered Society or establish another company under Section 8 of the Companies Act, 2013 or even to collaborate with other entities.

The implementation Schedule for CSR activities will be dependent on the availability of eligible projects.

Your company would be undertaking the CSR activities as listed in Schedule VII and Section 135 of the Companies Act, 2013 and the Rules framed thereunder. The CSR Committee will oversee the implementation and monitoring of all CSR projects/ programmes / Activities and periodic reports shall be provided for review to the Board as and when necessary.

Composition of the CSR Committee

Mr. K M Mohandass, Independent Director (DIN: 00707839)
Mr. Krishnamurthy Vijayan, Independent Director (DIN: 00589406)
Mr. M Anandan, CMD (DIN: 00033633)

Average net profit of the Company for the last three financial years (standalone)

Average net profit: ₹10,046.34 lakhs

Prescribed CSR expenditure (2% of the average net profit of the last three financial years)

The Company during the financial year 2019 - 20 is required to spend ₹200.93 lakhs towards CSR.

Details of CSR spent during the financial year:

a) Total amount spent for the financial year: ₹64.70 lakhs

b) Amount unspent, if any: ₹136.23 lakhs.

The Board at its meeting held on February 13, 2020 approved the proposal to incur CSR expenditure upto ₹39.70 lakhs and later the Company also made a donation to Covid 19 relief fund – PM Cares of ₹25 lakhs during the last week of March 2020. Aptus Finance India Private Limited, wholly owned subsidiary had made a donation of ₹5 lakhs to Covid 19 relief fund – PM Cares during the last week of March 2020.

As regards the balance unspent CSR amount of about ₹136.23 lakhs, the company is in the process of identification of suitable CSR initiatives which will align with the initiatives already undertaken by the Company, the business of the company and the areas in which it operates.

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

c) Manner in which the amount spent during the financial year is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity Identified**	**Sector in which the Project is covered**	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1	Support to educational institutions (Schools)	Education	Local Area – Tamil Nadu	₹31.45 lakhs	Direct expenditure – ₹31.45 lakhs	₹31.45 lakhs	Spent directly by the Company
2	Homeless shelters for children, women and men;	Social Upliftment	Local Area – Chennai, Tamil Nadu	₹8.25 lakhs	Direct expenditure - ₹8.25 lakhs	₹20.01 lakhs	Spent directly by the Company
3	Covid 19 relief fund – PM Cares	Relief Activities	India	₹25 lakhs	Direct expenditure - ₹25 lakhs	₹25.00 lakhs	Spent directly by the Company
	Total			**₹64.70 lakhs**		**₹76.46 lakhs**	

Place: Chennai
Date: May 30, 2020

M Anandan
Chairman& Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

ANNEXURE E

POLICY ON APPOINTMENT, REMUNERATION AND EVALUATION OF THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT (THE "POLICY")

1. Purpose of this Policy

Aptus Value Housing Finance India Limited ("Aptus" or the "Company") has adopted this Policy on appointment, remuneration and evaluation of the Directors, Key Managerial Personnel and Senior Management (the "Policy") as required by the provisions of Section 178 of the Companies Act, 2013 (the "Act").

The purpose of this Policy is to establish and govern the procedure applicable:

a) To evaluate the performance of the members of the Board.

b) To ensure remuneration to Directors, KMP 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.

c) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

The Company should ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully and the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

2. Definitions

Independent Director means a director referred to in Section 149(6) of the Act, as amended from time to time.

Key Managerial Personnel (the "KMP") shall mean "Key Managerial Personnel" as defined in Section 2(51) of the Act.

Nomination and Remuneration Committee, by whatever name called, shall mean a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 178 of the Act.

Remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites as defined under the Income-tax Act, 1961.

Senior Management means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the Managing Director, including all functional heads.

Words and expressions used and not defined in this Policy but defined in the Act or any rules framed under the Act or the Accounting Standards shall have the meanings assigned to them in these regulations.

3. Composition of the Nomination & Remuneration Committee

The composition of the Committee and its terms of reference to be in compliance with the Act, Rules made thereunder, as amended from time to time.

4. Appointment and removal of Director, KMP and Senior Management

4.1 Appointment criteria and qualification: The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director and recommend to the Board his / her appointment.

For the appointment of KMP (other than Managing Director) or Senior Management, a person should possess adequate qualification, expertise and experience for the position he / she is considered for the appointment.

Further, for administrative convenience, the appointment of KMP (other than Managing Director) or Senior Management, the Managing Director is authorized to identify and appoint a suitable person for such position. However, if the need be, the Managing Director may consult the Committee / Board for further directions / guidance.

4.2 Term: The Term of the Directors including Managing Director / Independent Director shall be governed as per the provisions of the Act and Rules made thereunder, as amended from time to time. Whereas the term of the KMP (other than the Managing Director) and Senior Management shall be governed by the prevailing HR policies of the Company.

4.3 Evaluation: The Committee shall specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

4.4 Removal: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder and / or for any disciplinary reasons and subject to such applicable Acts, Rules and Regulations and the Company's prevailing HR policies, the Committee may recommend, to the Board, with reasons recorded in writing, removal of a Director, KMP or member of Senior Management.

4.5 Policy Review: Subject to the recommendations of the Nomination & Remuneration Committee, the Board reserves the right to review and amend this policy, if required, to ascertain its appropriateness as per the needs of the Company.

5. Remuneration of Managing Director, KMP and Senior Management

The remuneration / compensation / commission, etc., as the case may be, to the Managing Director will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission, etc., as the case may be, shall be subject to the approval of the shareholders of the Company and Central Government, wherever required and shall be in accordance with the provisions of the Act and Rules made thereunder. Further, the Managing Director of the Company is authorized to decide the remuneration of KMP and Senior Management, and which shall be decided by the Managing Director based on the standard market practice and prevailing HR policies of the Company.

6. Remuneration to Non-executive / Independent Director

The remuneration / commission / sitting fees, as the case may be, to the Non-Executive / Independent Director, shall be in accordance with the provisions of the Act and the Rules made thereunder for the time being in force or as may be decided by the Committee / Board / shareholders.

CRITERIA FOR EVALUATION

Criteria for evaluation of the Board and non-independent directors:

1. Composition of the Board and availability of multi-disciplinary skills
2. Commitment to good Corporate Governance Practices
3. Adherence to Regulatory Compliance
4. Track record of financial Performance
5. Grievance redressal mechanism
6. Existence of integrated Risk Management System
7. Use of Modern technology
8. Commitment to CSR
9. Stakeholder focus
10. Knowledge sharing
11. Drive and commitment
12. Financial & Risk Awareness

Criteria for evaluation of Chairman & Managing Director:

1. Leadership qualities
2. Standard of Integrity
3. Understanding of Macroeconomic trends and Micro Industry trends.
4. Public Relations
5. Future Vision and Innovation

Criteria for evaluation of Independent Directors:

1. Qualifications & Experience
2. Standard of Integrity
3. Attendance in Board Meetings / AGM
4. Understanding of Company's business
5. Value addition in Board Meetings

Criteria for evaluation of the Committees:

1. Qualification & Experience of members
2. Depth of review of financial performance
3. Oversight of Audit & Inspection
4. Review of regulatory compliance
5. Fraud monitoring
6. Defined set of terms of reference
7. Consideration of the recommendations of the committees by the Board
8. Familiarity of the members with the policies, procedures and guidelines of the Committees
9. Receipt of agenda & supporting materials by the members
10. Attendance at committee meetings

ANNEXURE F

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Overview

The Indian Mortgage to GDP ratio stood at 10.3%. Mortgage to GDP ratio in India continues to be one of the lowest compared to advanced and emerging economies impaling vast opportunity for growth.

The mortgage industry which was at ₹10 trillion in March 2015 has grown to ₹20.20 trillion by Sep 2019 translating into a growth of around 15-16% per annum. However, the overall housing loan portfolio growth of Housing Finance Companies (HFCs) and Non-Banking Financial Companies (NBFCs) reduced significantly to 4% - YoY for the period ended September 2019 owing to lower disbursements due to funding constraints for the sector. This has also resulted in the pace of growth of banks higher than HFCs, partly supported by portfolio buyouts.

Given the tough operating environment and the impact of COVID-19,it is expected that housing credit growth be much lower at 9-12% in FY 2020 (lower than the last three years' CAGR of 17%). The affordable housing segment, however is expected to grow around 20-25%, almost double the industry growth. Having said that, given the low mortgage penetration levels in the country, the long term growth for the sector remain good and housing finance sector is expected to recover as the operating environment improves.

There have been quite a few government schemes and regulatory changes that have been launched/brought in, in order to promote housing and revive housing finance industry. The schemes include introduction of special window worth ₹10000 crores for the last-mile funding of non-NPA and non-NCLT housing projects, Partial Credit Guarantee (PCG) scheme to enhance liquidity in the HFC/NBFC sector, introduction of RERA ,redevelopment of slums, creation of affordable housing through public-private partnerships, subsidy for economically weaker sections of the society,PMAY credit-linked subsidy schemes, grant of infrastructure status to affordable housing projects and creation of Affordable Housing Fund with National Housing Bank (NHB).

The Pradhan Mantri Awas Yojana (PMAY) which was launched in June 2015 under the Housing for all, 2022 initiative by Government has started to pick up pace with an increase in number of houses sanctioned as well as the number of beneficiaries of the subsidy. The success of this scheme will continue to benefit from the Governments focus on the Housing for All initiative.

Though there is a subdued growth of HFCs due to the tough operating environment, impact of COVID-19 which is existing currently, considering the government focus on Housing for All and other initiatives taken by both NHB and RBI, it is clearly evident that India is moving towards reducing its share of homeless people particularly in the affordable housing segment.

2. Key trends in Affordable housing finance sector

Emergence of Affordable Housing Finance Companies (AHF):

- Affordable Housing market is poised to grow multi folds in times to come. Demand for low cost housing remains high in the market, likely to provide the required impetus to drive growth in the segment.
- Most of the newer HFCs are focused on catering to the unserved and underserved customers in the affordable housing and commenced operations mostly in Maharashtra, Gujarat, TN and Rajasthan belt.
- Shift in focus away from formal salaried segment, large number of newer HFCs have found a niche in the self-employed segment. They have created proprietary appraisal models to assess the customers who do not have income proofs and 35 to 40% of whom are new to credit.
- Smaller size HFCs continue to face challenges on the funding side as bank funding remain tight. Though the leverage ratios have increased over the last 2 years, they remain significantly lower than the larger HFCs.
- While HFCs have reported best asset quality over the years, affordable HFCs have started showing signs of weakness. Few large AHF have reported large NPAs.
- Overall profitability of HFCs in FY20 remains largely at similar levels of FY 19 due to upfront income booked on account of direct assignment transactions.
- Best performing HFCs in this segment have been those with differentiated business models.
- Capitalization and strong risk management is a key differentiator for quality lenders.

3. Key Regulatory changes for HFCs

3.1 GOI Scheme for incomplete housing projects should be a positive for HFCs

The Government of India (GOI) has announced a special window worth ₹10,000 crores for the last mile funding of non NPA and non-National Company Law Tribunal housing projects. This is expected to provide some relief to HFCs and home buyers stuck in incomplete projects totaling nearly 3.5 lakh units across the country.

3.2 GOI's PCG scheme to enhance liquidity in NBFC/HFC sector:

The guidelines issued by the Ministry of Finance for the Partial Credit Guarantee (PCG) Scheme offered by the GoI to the public sector banks (PSB) for purchasing high rated pooled assets from financially sound NBFCs or HFCs are meant to provide additional liquidity to the NBFC/HFC sectors. It recognizes the role of NBFCs and HFCs in taking forward the Government's agenda of financial inclusion as these entities have a farther reach than most banks and also cater to customers of varied credit profiles who otherwise may have been unable to get credit from banks.

3.3. LIFT Scheme by NHB

To infuse liquidity into HFCs and cater to the funding requirement of HFCs, a new scheme, viz. the Liquidity Infusion Facility (LIFT) was launched in Aug 2019. The objective of the scheme is to support HFCs in creating individual housing loan portfolios that fall under the priority sector as defined by RBI. This is over and above the refinance available under the two existing schemes of Liberalised Refinance Scheme (LRS) and Affordable Housing Fund (AHF).

3.4 NHB proposes amendments to Capital Adequacy Requirements (CAR) and borrowing limits

NHB vide a communication dated March 04, 2019 has proposed amendments in regulations relating to CAR and borrowing limits. As per the proposal, the CAR of HFCs which was at 12% in FY 2019 has been raised to 13% in FY 2020. This is proposed to be raised progressively to 15% by March 31, 2022. Further the cap on borrowings which is at 16 times Net Owned Funds (NOF) is proposed to be brought down to 12 times NOF by March 31, 2022.

4. APTUS: Business Overview

4.1 Primary focus –Self Employed/ Cash salaried, LMI families:

Aptus, right from the inception in 2010, has kept the focus in providing individual home loans to the underserved Low and Middle Income (LMI) families largely in Tier II and III Cities to buy or construct a home of their own. More than 80% of the sanctioned customers belong to the LMI /self-employed category and also customers belonging to salaried class in the informal segment who largely earns cash salaries. Typical customer of Aptus will be an individual who runs a business of his own like retailers, agents, professionals, traders, shop owners, contractors, service centers etc. or an individual who works in an informal set up and earns cash salary. These customers aspire to own a home but are under served by banks / HFCs due to challenges faced in income assessment, repayment capacity. Hence Aptus focus is in niche segment of underserved LMI families, by existing financial institutions. Almost all these customers are first time home buyers and mainly reside in the home purchased through funding from HFCs.

4.2 Focus: Semi Urban/ Rural

Keeping in line with Aptus' focus on Tier II and Tier III towns, today over 65% of Aptus loans disbursed fall under the Rural Areas as classified by NHB. In addition, focus will continue to be in extended suburbs of metro and mini towns, underserved Tier II and III locations, and potential semi urban and rural housing locations. With a branch network of over 175 locations spread across 4 states and 1 union territory the distribution reach of Aptus is one of the best and largest in southern part of India.

4.3 Average Ticket Size

Most of Aptus customers are either constructing a house on their own plot of land or buying an apartment of their own, mostly first home. The average value of the properties funded is around ₹15 – 30 Lacs.

4.4 Products

Housing Finance Company

Home Loans:

Aptus product portfolio is exhaustive including, Home loans for construction, purchase, Home improvement/ extension loans. Home loans account for about 60% of the HFC's portfolio.

Aptus does not have any loan exposure to Real Estate, Builders or to Corporates.

Business Loans:

Significant part of Aptus customers are self-employed and are in need of working capital / small business loans. This is a large, growing, profitable product and APTUS provides business loans based on cash flows and security of property, largely residential.

A wholly owned subsidiary of the Company has been formed to focus exclusively on the small business loan segment.

4.5 Business process, systems and I T

The Company has put in place a robust Credit Underwriting process, which ensures protection of the under lying risk in the untested market like self-employed, LMI customers where adequate documents may not be readily available for verification.

Also, Aptus has chosen to have the legal scrutiny and technical evaluation of the property done by in house specialists.

Core lending Suite include:

- Sourcing of loan proposals.
- Legal and Technical evaluation.
- Evaluation by Credit/ operations team
- CIBIL check
- Direct call to customer by credit / CRM team
- Performance tracking done through MIS, CRM, post audit etc.
- IT system enables the data entered at branches flow to HO seamlessly and on a real time basis which has resulted in improved efficiency in operations.

Further in order to protect the organization from disasters, a Disaster Recovery and Business Continuity Plan has been implemented.

These sound systems and processes have resulted in Aptus maintaining an excellent portfolio quality. For the 50000 plus customers already acquired, EMI has crossed ₹600 crores and repayments are collected mostly on time, with one of the lowest NPA % in the industry.

4.6 Funding

With the liquidity squeeze in the market and reluctance of the banks to fund to HFCs, most of the HFCs raised significant funding through sell-down of their loan assets either under the securitization or direct assignment route. Some of the larger HFCs have also resorted to ECB issuances.

However, given the positive attributes of Aptus in terms of consistent business growth, quality loan book, profitability in terms of return ratios and good corporate governance practices, Aptus was able to raise funds from various banks and NHB to the extent of around ₹1000 crores. All these were long term loans with a tenor of 5 to 7 years. Further in order to instill confidence amongst bankers and rating agencies and also to meet the growth plan of future years, fresh equity capital to the extent of ₹800 crores was raised during the year. This also resulted in improvement in rating by both ICRA and CARE by one notch from A to A+.

Aptus understands that it is in the business of funding long term home loans up to 15 years. With this in the back ground, Aptus' borrowing policy has always been prudent in terms of:

- Diversified Funding Mix,
- Nil exposure to short term borrowings and
- Prudent ALM Policy.

Aptus has built up a strong cash liquidity of ₹590 crores as on March 2020 to meet the uncertainty caused by COVID-19 pandemic.

4.7 Human Resources

At Aptus, lot of importance is placed on the human capital, be it in recruitment, induction, compensation, training and growth of employees and are groomed to take on higher responsibilities. Further on the job training and in company exposure is imparted to these staff to have better understanding of the company, its culture and business. These initiatives coupled with adequate compensation, including unique incentive schemes matched with the market and good employee welfare schemes like health and life insurance covers have helped us retain the manpower. Aptus has one of the lowest staff attrition levels in the Industry.

As the number of employees are on the rise, need was felt to have a robust software to handle the entire HR processes and operations. In this context, a HRMS software, by name “formula HR” was identified and the same has been implemented.

5. APTUS Key Performance Highlights

- Unique sourcing and risk management model.
- Robust underwriting process leading to high quality portfolio, GNPA of much less than 1.0%
- Ability to manage expansion across States
- Sustained growth in AUM - CAGR 42%.
- Income growth of over 55% in FY 20.
- PAT ₹211 Cr in FY20, 88% growth in FY 20.
- ROA 7.01%, best in theIndustry.
- ROE 15.10% , despite new Capital.
- Positive ALM and strong Net worth of ₹1709 crores.
- Sufficient Liquidity of ₹590 crores to withstand the uncertainty caused by COVID-19

6. KEY RISKS

6.1 Environment risks:

- Dependence on economic factors.
- Delay in Project approvals and construction.

6.2 Collateral and credit risks:

- Insufficient data for Credit appraisal
- Lack of proper property title
- Liquidity Risk

6.3 Operating risks :

- Employee attrition.
- Geographical concentration of Company operations.
- Funding disadvantage of small and medium HFCs vis-a vis large, HFCs.
- Evolving Socio Economic risk

Mitigants

The Company is constantly evaluating Macroeconomic related business risks, Customer risk, Underwriting risk, Employee risk and Financial risk and taking corrective actions on an ongoing basis given our nature of business.

7. Covid-19 and Aptus

The lock down due to the outbreak of COVID-19 has impacted our business operations as well as cash flows of our customers. In terms of operations HFCs generally have significantly higher level of interactions / touch point with the customers for new business origination and for collections and this has been impacted by the lockdown. Though there has been a graded opening of branches from May 4th 2020, it would take considerable time for business to return to normal. Also, given the likely impact on the loan servicing abilities of customers, who are largely self-employed, cash salaried and small business owners, we will be more cautious while underwriting new loans. We have initiated all possible measures to minimize the impact on our business continuity and the health of our staff and partners.

ANNEXURE G

REPORT ON CORPORATE GOVERNANCE

The fundamental objective of "Good Corporate Governance and Ethics" is to ensure the commitment of an organization in managing the company in an ethical, legal and transparent manner in order to maximize the long-term value of the company for its stakeholders including shareholders, customers, employees and other partners. Your company is committed to good corporate governance in all its activities.

1. Company Philosophy

Aptus Value Housing Finance India Limited (Aptus) philosophy on corporate governance envisages adherence to the highest levels of commitment, integrity, transparency, accountability and fairness, in all areas of its business and in all interactions with its stakeholders.

2. Board of Directors

Your Board of Directors currently consists of Nine (9) members including the Chairman cum Managing Director. Of these, three (3) are Independent Directors and five (5) are Non-Executive Directors.

Mr. M Anandan is the Executive Chairman and Managing Director of the Company.

During the financial year ended March 31, 2020, four (4) Board Meetings were held on May 10, 2019, August 08, 2019, November 05, 2019 and February 13, 2020 respectively. The gap between two meetings was not more than 120 days.

Particulars of the Directors' attendance to the Board/Committee Meetings and particulars of their other company directorships are given below:

Name	Nature of Directorship	Attendance		Other Directorships
		Board	Committees	
M Anandan (DIN: 00033633)	Chairman & Managing Director	4	14	-
K M Mohandass (DIN: 00707839)	Independent Director	3	13	2
S Krishnamurthy (DIN: 00066044)	Independent Director	4	14	1
Krishnamurthy Vijayan (DIN: 00589406)	Independent Director	4	8	-
Shailesh J Mehta (DIN: 01633893)	Non Executive Director	4	2	5
Suman Bollina (DIN: 07136443)	Non Executive Director	3	NA	1
K P Balaraj (DIN: 00163632)	Nominee Director, Non Executive	4	7	1
Pankaj Vaish* (DIN: 00367424)	Nominee Director, Non Executive	2	1	-
Sumir Chadha** (DIN: 00040789)	Nominee Director, Non Executive	2	NA	5
Mona Kachhwaha# (DIN: 01856801)	Additional Director, Non Executive	-	-	2

 # Ms. Mona Kachhwaha has been appointed in the Board of Directors with effect from 30/05/2020.

** Mr. Pankaj Vaish resigned from the Board of Directors with effect from 30/10/2019.*

*** Mr. Sumir Chadha was appointed in the Board of Directors with effect from 05/11/2019.*

2.1 Changes in Board of Directors

The following changes took place in the composition of Board of Directors during the year:

Mr. Pankaj Vaish, (DIN: 00367424) resigned from the Board as Nominee Director of WestBridge Crossover Fund LLC with effect from October 30, 2019. In his place, Mr. Sumir Chadha, (DIN: 00040789) nominated by WestBridge Crossover Fund LLC was appointed as additional director with effect from November 05, 2019. His appointment needs to be regularized at the ensuing annual general meeting.

Ms Mona Kachhwaha (DIN: 01856801) was appointed as an Additional Director with effect from May 30, 2020 and her appointment needs to be regularized at the ensuing annual general meeting.

2.2 Independent Directors

Your Company appointed Independent Directors who are renowned people having expertise/experience in their respective field/profession. None of the Independent Directors are Promoters or are related to Promoters. They do not have pecuniary relationship with the Company and further do not hold two percent or more of the total voting power of the Company.

Every Independent Director, at the first meeting of the Board in which he/she participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he/she meets the criteria of independence as required under Section 149(7) of the Companies Act, 2013.

Mr. K M Mohandass, Mr. S Krishnamurthy and Mr. Krishnamurthy Vijayan were re-appointed as the Independent Directors of the Company for a second term of five years by the Board of Directors on March 4, 2020, subject to the shareholders' approval at the ensuing annual general meeting. Company had issued a formal letter of re- appointment to all Independent Directors and the terms and conditions of their re-appointment have been disclosed in the website of the Company.

2.3 Code of Conduct for Directors and Senior Management

Your Company has adopted a Code of Conduct for Independent Directors as per Schedule IV to the Companies Act, 2013. The Code aims at ensuring transparency and independence and at the same time to bring value to the company by providing input on strategy, business, and other matters including performance of monitoring functions.

Your Company has also adopted a Code of Business Ethics for Directors and members of the Senior Management. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

Your Company continues to ensure effective implementation and enforcement of these codes to achieve the objectives enshrined in these Codes.

3. Committees

A. Committees of the Board

3.1 Audit Committee

Composition and Meetings

The Audit Committee currently consists of the following members:

1. Mr. K M Mohandass, Chairman
2. Mr. S Krishnamurthy
3. Mr. Krishnamurthy Vijayan
4. Mr. K P Balaraj

Mr. M Anandan, CMD is an invitee to the meetings of the Committee.

The Audit Committee of the Board met four (4) times during the year on May 10, 2019, August 08, 2019, November 05, 2019 and February 13, 2020 respectively.

Terms of reference

1. Oversight of the Company's financial reporting process and the disclosure of its financial interest to ensure that the financial statements are correct, sufficient and credible.
2. The recommendation for appointment, remuneration and terms of appointment of statutory, secretarial and internal auditors of the company
3. Reviewing with the management the quarterly, half yearly and annual financial statements before submission to the Board, with particular reference to:
   - Matters required to be included in Director's Responsibility Statement to be included in the Board's report to members.
   - Changes, if any in accounting policies and practices and reasons for the same.
   - Major Accounting entries involving estimates based on the exercise of judgment by management.
   - Significant adjustments made in the financial statements arising out of audit findings.
   - Compliance with accounting and other legal requirements relating to financial statements.
   - Disclosure of any Related Party Transactions.
   - Qualifications in draft Auditors Report
4. Reviewing with the management performance of statutory and internal auditors, adequacy of the internal control systems.

5. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department reporting structure and frequency of internal audit.
6. Discussion with internal auditors any significant findings and follow up there on.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with statutory auditors before the audit commences, about the nature & scope of audit as well as post audit discussion to ascertain any area of concern.
9. Review on quarterly basis the securitization/ bilateral assignment transactions and investment activities of the Company.
10. Annual Review of Company's policies framed pursuant to RBI and NHB guidelines and suggest changes if any, required to the Board for adoption.
11. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
12. Examination of the financial statement and the auditors' report thereon;
13. Approval or any subsequent modification of transactions of the company with related parties;
14. Scrutiny of inter-corporate loans and investments;
15. Valuation of undertakings or assets of the company, wherever it is necessary.

The Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operation.
2. Management letters/letters of internal control weaknesses issued by the statutory auditors.
3. Internal audit report relating to internal control weaknesses.

3.2 Nomination & Remuneration Committee

Composition and Meetings

The Nomination & Remuneration Committee currently consists of the following members:

1. Mr. Shailesh J Mehta
2. Mr. K M Mohandass
3. Mr. S Krishnamurthy
4. Mr. M Anandan
5. Mr. K P Balaraj

The Nomination & Remuneration Committee of the Board met twice during the year on May 10, 2019 and February 13, 2020.

Terms of Reference

1. To review the structure, size and composition (including the skills, knowledge and experience) of the Board atleast annually and make recommendations on any proposed changes to the Board to complement the Company's Corporate Strategy.
2. To identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for Directorships.
3. Identification of persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, Recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
4. To assess the independence of Independent Non-Executive Directors.
5. Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. To review the result of the performance evaluation process that relates to the composition of the Board.
7. To make recommendation to the Board regarding the appointment and re- appointment of Directors and succession planning for Directors in particular for Chairman & Chief Executive.
8. To recommend the remuneration payable to Non-Executive Directors of the Company from time to time.
9. Annual appraisal of the performance of Managing Director and fixing his terms of remuneration.
10. Administration and superintendence of ESOP scheme of the Company and /or by the Board of Directors.

3.3 Resourcing & Business Committee

Composition and Meetings

The Resourcing & Business Committee currently consists of the following members:

1. Mr. S Krishnamurthy
2. Mr. K M Mohandass
3. Mr. M Anandan

The Resourcing & Business Committee of the Board met eight (8) times during the year on April 30, 2019, May 27, 2019, September 05, 2019, October 22, 2019, December 28, 2019, February 17, 2020, March 04, 2020 and March 19, 2020 respectively.

Terms of Reference

1. Borrowing such sum or sums of moneys, availing all kinds and types of loans and credit facilities including debentures and other debt instruments, commercial paper, temporary loans from the company's bankers, from time to time, upto such sum / limit as may be fixed by the Board of Directors / Shareholders, for and on behalf of the Company, from its directors, shareholders, banks, NBFCs, financial institutions, companies, firms, bodies corporate, Co-operative Banks, investment institutions and their subsidiaries, or from any other person as may be permitted under applicable laws, whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and/or properties, whether movable including stocks, fixed assets, book debts and to create security over the assets and / or properties of the Company in relation to such borrowings and loan/ credit facilities, modification or satisfaction of the charge/ security created on the assets and/or properties of the Company from time to time.
2. To mortgage / charge/ hypothecate all or any of the movable properties and assets of the Company both present and future and the whole or substantially the whole of the undertaking or the undertakings of the Company on such terms and conditions, as may be agreed to with the Lender(s), Debenture holders and providers of credit and debt facilities to secure the loans / borrowings / credit / debt facilities obtained or as may be obtained, or Debentures/Bonds and other instruments issued or to be issued by the Company to or in favour of the financial institutions, Non-Banking Financial Companies, Co-operative Banks, investment institutions and their subsidiaries, banks, mutual funds, trusts and other bodies corporate or trustees for the holders of debentures/bonds and/or other instruments.
3. To establish current and other banking accounts with various banks upon such terms and conditions as may be agreed upon with the said bank and various other entities; to specify and change the authorized signatories and their transaction limits to the said banking accounts; to close current and other banking accounts.
4. Any unsecured loans to be given by the Company other than staff loan advances to be approved by the Resourcing & Business Committee.
5. Any secured loan to be given by the Company including Housing loans, loans against property, SME loans and other loans exceeding ₹1 crore to be approved by Resourcing & Business Committee.
6. To consider and approve securitization arrangements and to authorize carrying out of all actions connected therewith.
7. Issuance of Share/Debenture and other security certificates
    a. Issuance of fresh Share/Debenture and other security certificates
    b. Issuance of duplicate Share/Debenture and other security certificates
    c. Issuance of certificates upon request of the Company on split / consolidation / replacement of old and duplicate certificates, transfer or transmission requests.
8. To review, modify and approve investment policy of the Company from time to time.
9. To give any guarantee or provide security or authorize the issuance of any form of comfort letter in connection with all kinds and types of loans, credit facilities, debt facilities and financing facilities availed and / or to be availed by Aptus Finance India Private Limited ("Wholly-Owned Subsidiary") in accordance with the limit laid down by the Board of Directors.
10. To authorize affixing the common seal of the Company in accordance with the manner laid down in the Articles of Association and to authorize taking the Common Seal out of the registered office of the Company.
11. To exercise such other powers as may be vested by the Board from time to time.

3.4 Corporate Social Responsibility Committee

Composition and Meetings

The Committee currently consists of following members:

1. Mr. Krishnamurthy Vijayan
2. Mr. K M Mohandass
3. Mr. M Anandan, CMD

The Corporate Social Responsibility Committee of the Board met twice during the year on May 10, 2019 and February 13, 2020.

Terms of Reference

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Companies Act, 2013 as may be amended or modified from time to time;
2. To recommend the amount of expenditure to be incurred on the activities referred above
3. To monitor the Corporate Social Responsibility activities of the company from time to time.

3.5 IT Strategy Committee

Composition and Meetings

The Committee currently consists of following members:

1. Mr. Krishnamurthy Vijayan
2. Mr. K. P. Balaraj
3. Mr. M Anandan, CMD

The IT Strategy Committee of the Board met twice during the year on May 10, 2019 and November 05, 2019.

Terms of Reference

(i) Advising senior management on IT policy, procedures, IT infrastructure

(ii) Review IT strategies, cyber security and any matter related to IT Governance.

(iii) Any matter as may be specified by the Board or as required by NHB guidelines / regulations from time to time.

B. Internal Committees:

3.6 Asset Liability Committee (ALCO)

Composition and Meetings

The Asset Liability Committee currently consists of the following members:

1. Mr. M Anandan, CMD
2. Mr. P Balaji, ED & CFO
3. Mr. G. Subramanian – ED- Chief of Risk & Operations
4. Mr. C. T. Manoharan – EVP- Business Development

The Asset Liability Committee meets regularly to review the areas falling within its terms of reference as given below.

Terms of Reference

1. Liquidity Risk Management
2. Management of Market (Interest Rate) Risk
3. Funding and Capital Planning
4. To determine Aptus Value Housing Finance Base Rate (AVHFBR)
5. Credit and Portfolio Risk Management
6. Setting credit norms for various lending products of the company
7. Operational and Process Risk Management
8. Laying down guidelines on KYC norms
9. To approve and revise the actual interest rates to be charged from customers for different products from time to time applying the interest rate model.

3.7. Risk Management Committee

Composition and Meetings

The Risk Management Committee currently consists of the following members:

1. Mr. M Anandan, CMD
2. Mr. P Balaji, ED & CFO
3. Mr. G. Subramanian – ED- Chief of Risk & Operations
4. Mr. C. T. Manoharan – EVP- Business Development

Terms of Reference

1. Laying down the review of procedures relating to risk assessment & risk minimization to ensure that executive management controls risk through means of a properly defined framework.
2. Credit & Portfolio Risk Management
3. Operational & Process Risk Management.
4. Laying down guidelines on KYC Norms.
5. Annual Review of Company's policies framed pursuant to RBI and NHB guidelines and suggest changes if any, required to the Board for adoption.
6. Evaluation of internal financial controls and risk management systems.

3.8 Internal Complaints Committee (ICC)

Composition and Meetings

The Internal Complaints Committee currently consists of the following members:

1. Mr. N Srikanth
2. Ms. Shenbagavadivu
3. Ms. Laxmi Sridhar

The Internal Complaints Committee meets regularly to review the areas falling within its terms of reference as given below:

Terms of Reference

1. Investigating every formal written complaint of sexual harassment.
2. Taking appropriate remedial measures to respond to any substantiated allegations of sexual harassment.
3. Discouraging and preventing employment-related sexual harassment.

4. Remuneration of Directors

4.1 Sitting Fees

All directors except the CMD and Nominee Directors are paid a sitting fee of ₹20,000 for attending every meeting of the Board and ₹10,000 for attending every meeting of the Audit Committee, Nomination & Remuneration Committee, Resourcing and Business Committee, Corporate Social Responsibility Committee and IT Strategy Committee.

The details of sitting fees paid and shares held by them in the Company as at March 31, 2020 are as follows:

Name	Sitting Fees (₹) (#)		No. of equity shares held in the Company
	Board	Committees	
Mr. M Anandan*	NA	NA	1,92,32,833
Mr. K M Mohandass**	60,000	1,30,000	1,25,100
Mr. S Krishnamurthy	80,000	1,40,000	Nil
Mr. Krishnamurthy Vijayan	80,000	80,000	Nil
Mr. Shailesh J Mehta	80,000	20,000	Nil
Mr. K P Balaraj	NA	NA	Nil
Mr. Suman Bollina	60,000	NA	83,333
Ms. Sumir Chadha	NA	NA	Nil
Mr. Pankaj Vaish***	NA	NA	Nil

** Out of 1,92,32,833 equity shares held by Mr. M Anandan 15,00,000 are partly paid up equity shares.*

***100 Equity shares are held by Mr. KM Mohandass in his own name and 1,25,000 equity shares are held by Mr. KM Mohandass as a registered holder on behalf of KM Mohandass HUF (beneficial owner). Mr. KM Mohandass is the karta of the HUF.*

****Mr. Pankaj Vaish resigned from the Board of Directors with effect from October 30, 2019.*

(#) excluding reimbursement of travel and other expenses incurred for the Company's business/meetings

4.2 Commission to Non-Executive Directors

The Non-executive Directors (including Independent Directors) of the Company are paid remuneration by way of profit related Commission based on the criteria laid down by the Nomination and Remuneration Committee and the Board. The same has been approved by the Board and the shareholders and is within the limits prescribed under the Companies Act, 2013.

The details of commission paid to Directors during the financial year ended March 31, 2020 are as follows:

Name	Commission (₹ in lakhs)
Mr. K M Mohandass	4.50
Mr. S Krishnamurthy	4.50
Mr. Krishnamurthy Vijayan	4.50
Mr. Shailesh J Mehta	4.50
Mr. Suman Bollina	4.50
Mr. K P Balaraj	-
Mr. Sumir Chadha	-
Mr. Pankaj Vaish	-
Total	**22.50**

4.3 Remuneration to Managing Director

The details of remuneration paid to Mr. M Anandan, CMD for the financial year ended March 31, 2020 are as follows:

Particulars	Amount (₹ in lakhs)
Salary	350.40
Commission	127.50
Other allowances and Perquisites	2.72
Total	**480.62**

5. CMD/ED & CFO Certification

CMD and ED & CFO have given a certificate to the Board as per the format given in regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) 2015 which is given as Annexure H to this report.

6. General Body Meetings

During the financial year ended March 31, 2020, one (1) Annual General Meeting was held on August 08, 2019 and one (1) Extra Ordinary General Meeting was held on August 19, 2019.

All the proposed resolutions, including special resolutions, were passed by the shareholders as set out in the Notices.

General Shareholder Information

Financial year	April 01, 2019 to March 31, 2020
11th Annual General Meeting	
Day, Date and Time	Tuesday; August 11, 2020 at 12.30 p.m.
Venue	**Regd. Office:** No. 8B, Doshi Towers, 8th Floor, No.205, Poonamallee High Road, Kilpauk, Chennai – 600 010.
Registrar and Transfer Agents	KFin Technologies Private Limited **Address:** 7th floor, 701, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp Guru Nanak Hospital, Off Bandra Kurla Complex, Bandra East, Mumbai - 400 051. India Telephone No. 040-67406120 / 67406121
Debenture Trustee Details	Axis Trustee Services Limited **Address:** AXIS House, Bombay Dyeing Mills Compound, Pandhurang Budhkar Marg, Worli, Mumbai - 400025. India Telephone No. 022- 6226 0054 / 6226 0050
Demat ISIN Number in NSDL/ CDSL (Fully/ Partly paid Equity Shares)	INE852O01017 (Fully paid up equity shares) IN9852O01015 (Partly paid up shares)

7. Shareholding pattern as on March 31, 2020

Names of shareholders	No. of shares	% of shareholding
M. Anandan & immediate relatives	2,54,19,498	26.52
WestBridge Crossover Fund LLC	3,43,45,951	35.83
JIH II LLC	82,72,010	8.63
Aravali Investment Holdings	39,52,499	4.12
Madison India Opportunities IV	35,18,109	3.67
GHIOF Mauritius	19,99,571	2.09
Malabar India Fund Limited	36,88,760	3.85
Malabar Select Fund	36,88,760	3.85
Malabar Value Fund	6,11,060	0.64
Steadview Capital Mauritius Limited	32,22,856	3.36
SCI Investment VI	31,93,669	3.33
ABG capital	5,68,739	0.59
Others	33,81,776	3.53
Total	**9,58,63,258**	**100.00%**

ANNEXURE H

May 30, 2020

CMD/ ED & CFO Certificate

The Board of Directors
Aptus Value Housing Finance India Limited

This is to certify that:

1. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 and that to the best of our knowledge and belief:
   a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent or illegal.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting.

Mr. M Anandan
CMD

Mr. P Balaji
ED &CFO

Place: Chennai

For and on behalf of **the Board of Directors**

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

Place: Chennai
Date: May 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of

APTUS VALUE HOUSING FINANCE INDIA LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit including other comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note no 2.B to the accompanying financial results, which describes the economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Company's operations and financial metrics.

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

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

Key Audit Matters	How our audit addressed the key audit matter
a) **Impairment for Financial Instruments based on expected credit loss model** (Refer to note 2.1.6 and note 30 to the standalone financial statements)	
Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Company. The Company has advances aggregating ₹2,748.62 crores as at March 31, 2020. As per the expected credit loss model of the Company developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Company is required to estimates the probability of loss / expected loss based on past experience and future considerations. This involves a	▪ We read and assessed the Company's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements. ▪ For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Company's provisioning methodology (including factors that affect the probability

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward looking factors, micro- and macro-economic factors, in estimating the expected credit losses. Additionally, the economic and business consequences of the COVID 19 pandemic as described in Note 2.B to the financial statements, significant social disruption and disturbance and slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect expected credit loss under the ECL approach.

Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.</td><td>of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management.

▪ We performed tests of controls and details on a sample basis in respect of the staging of outstanding exposures, implementation of Company policy in response to COVID-19 and other relevant data used in impairment computations prepared by management as compared to the Company's policy.

▪ We obtained an understanding of the basis and methodology adopted by management to determine probability of defaults, exposure at default and the loss given defaults for various loans, and tested the same on a sample basis.

▪ We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.

▪ We tested the arithmetical accuracy of computation of ECL provision performed by the Company in spreadsheets.

▪ Assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.</td></tr>
<tr><td colspan="2">b) IT Systems and controls</td></tr>
<tr><td>During the current year, as the IT systems and processes continue to mature in view of the evolving business and regulatory landscape, changes in the technology environment have been carried out by the Company.

The Company made changes to its IT systems to give effect to the policy approved by its Board of Directors, in response to and as required by the COVID-19 Regulatory Package provided by RBI, including moratorium on instalments due on Loans Implementation of the moratorium involves significant level of judgement, changes to IT systems, etc.

The IT infrastructure is critical for effective and efficient functioning of the Company's business operations as well as for timely and accurate financial reporting. Accordingly, the Company has continued to invest in its IT infrastructure in the current year as well.

Due to the pervasive nature and complexity of the IT environment and considering that significant changes in key processes have been implemented in recent past, it is considered a key audit matter.</td><td>Our audit procedures included the following, among others:

▪ We included specialized IT auditors as part of our audit team for testing IT general controls, application controls and IT dependent manual controls implemented by the Company, and testing the information produced by the Company's IT systems.

▪ We tested the design and operating effectiveness of the Company's IT access controls over the key information systems that are related to financial reporting.

▪ We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls. These included testing that requests for access to systems were reviewed and authorized.

▪ We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit.

▪ In addition, we tested the key application controls with respect to financial reporting to evaluate their operating effectiveness.

▪ If deficiencies were identified, we tested compensating controls or performed alternate procedures.</td></tr>
</table>

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

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

The Board of Directors' Responsibilities for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

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

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

Other Matter

The comparative financial statements of the Company for the year ended March 31, 2019, included in these standalone financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 10, 2019.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) In our opinion, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

   (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 does not have any pending litigations which would impact its financial position;

      ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6 and Note 17 to the standalone financial statements;

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

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107

Place: Chennai
Date : May 30, 2020

UDIN: 20211107AAAABZ1246

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

Refer to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

   (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the company.

2. The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

3. (a) The Company has granted loans to a company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the company's interest.

   (b) The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the repayment/receipts are regular.

   (c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Companies Act, 2013 which are overdue for more than ninety days.

4. In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Accordingly, the provisions of clause 3(v) of the Order are not applicable.

6. To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.

7. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues applicable to it. Dues with respect to service tax, value added tax, duty of custom, duty of excise and sales tax are not applicable to the Company.

   (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

   (c) According to the information and explanations given to us, there are no dues of income tax, goods and service tax, service tax, and cess which have not been deposited on account of any dispute.

8. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company does not have any loan or borrowing from government.

9. According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments. Term loans raised by the Company were applied for the purpose for which they were raised.

10. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

11. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12. In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

13. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

14. According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment on private placement basis of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. The Company has not raised any amounts by way of issue of fully or partly convertible debentures during the year.

15. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

16. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934, are not applicable to the Company.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107
UDIN: 20211107AAAABZ1246

Place: Chennai
Date : May 30, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF APTUS VALUE HOUSING FINANCE INDIA LIMTED

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

We have audited the internal financial controls over financial reporting of **Aptus Value Housing Finance India Limited ("the Company")** as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

The Board of Directors' Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

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

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Financial Statements

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

Opinion

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

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107

Place: Chennai
Date : May 30, 2020

UDIN: 20211107AAAABZ1246

BALANCE SHEET As at March 31, 2020

₹ in lakhs

Sr.	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
	ASSETS			
	1. Financial Assets			
	(a) Cash and cash equivalents	4	48,177.90	10,651.82
	(b) Bank Balance other than (a) above	5	11,660.44	406.95
	(c) Loans	6	2,74,067.38	205,289.30
	(d) Investments	7	15,138.29	9,000.00
	(e) Other Financial assets	8	264.06	308.60
	Total Financial Assets		**3,49,308.07**	**2,25,656.67**
	2. Non-Financial Assets			
	(a) Current tax assets (Net)	9	-	83.25
	(b) Deferred tax assets (Net)	10	1,089.55	-
	(c) Property, plant and equipment	11A	326.71	319.76
	(d) Other Intangible assets	11B	35.35	78.91
	(e) Right of use assets		647.65	-
	(f) Other non-financial assets	12	128.60	131.88
	Total Non-Financial Assets		**2,227.86**	**613.80**
	TOTAL ASSETS		**3,51,535.93**	**2,26,270.47**
	LIABILITIES AND EQUITY			
	LIABILITIES			
	1. Financial Liabilities			
	(a) Payables			
	Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises	29	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		102.07	233.94
	(b) Debt Securities	13	60,451.28	70,138.48
	(c) Borrowings (Other than Debt Securities)	14	1,21,865.32	85,052.72
	(d) Lease Liabilities		666.36	-
	(e) Other financial liabilities	15	528.73	339.59
	Total Financial Liabilities		**1,83,613.76**	**1,55,764.73**
	2. Non-Financial Liabilities			
	(a) Current tax liabilities (Net)	16	526.68	-
	(b) Provisions	17	252.43	180.31
	(c) Deferred tax liabilities (Net)	10	-	1,293.38
	(d) Other non-financial liabilities	18	168.55	139.90
	Total Non-Financial Liabilities		**947.66**	**1,613.59**
	TOTAL LIABILITIES		**1,84,561.42**	**1,57,378.32**
	3. EQUITY			
	(a) Equity Share capital	19	9,451.33	7,878.26
	(b) Other Equity	20	157,523.18	61,013.89
	Total Equity		**1,66,974.51**	**68,892.15**
	TOTAL LIABILITIES AND EQUITY		**3,51,535.93**	**2,26,270.47**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

STATEMENT OF PROFIT AND LOSS For the year ended on March 31, 2020

₹ in lakhs

Sr.	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
1.	**Revenue from operations**			
	(a) Interest Income	21	40,511.11	28,976.27
	(b) Fees and Other charges	21	1,051.23	834.88
	Total Revenue from operations		**41,562.34**	**29,811.15**
2.	**Other Income**	22	**3,942.02**	**1,637.22**
3.	**Total Income (1+2)**		**45,504.36**	**31,448.37**
4.	**Expenses**			
	(a) Finance costs	23	16,936.07	11,186.05
	(b) Employee benefits expense	24	5,677.90	4,428.48
	(c) Depreciation and amortisation expense	11A & 11B	579.30	291.58
	(d) Other expenses	25	1,298.89	1,417.56
	(e) Impairment of Financial Instruments	26	266.31	119.60
	Total Expenses		**24,758.47**	**17,443.27**
5.	**Profit Before Tax (3-4)**		**20,745.89**	**14,005.10**
6.	**Tax Expense**			
	- Current tax	27	4,924.24	3,216.91
	- Adjustment of tax relating to earlier periods		58.86	(11.23)
	- Deferred tax	10, 27	(2,379.06)	533.92
	Income Tax Expense		**2,604.04**	**3,739.60**
7.	**Profit for the year (5-6)**		**18,141.85**	**10,265.50**
8.	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss Remeasurement gain / (loss) on defined benefit plan		(15.35)	(4.92)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		3.86	1.43
	Other Comprehensive Income		**(11.49)**	**(3.49)**
9.	**Total Comprehensive Income for the year (7+8)**		**18,130.36**	**10,262.01**
10.	**Earnings per share (of ₹10/- each)**			
	(a) Basic (in ₹)	35	**20.69**	**13.03**
	(b) Diluted (in ₹)	35	**20.57**	**13.00**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
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Director
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P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

STATEMENT OF CHANGES IN EQUITY For the period ended March 31, 2020

1. Equity Share Capital

₹ in lakhs

Particulars	Amount
Balance as at April 1, 2018	**7,857.01**
Changes in equity share capital during the year	
(a) Issue of equity shares under employee stock option plan (Refer Note 39)	21.25
Balance as at March 31, 2019	**7,878.26**
Changes in equity share capital during the year	
(a) Fresh issue of equity shares	1,535.82
(b) Issue of equity shares under employee stock option plan (Refer Note 39)	37.25
Balance as at March 31, 2020	**9,451.33**

2. Other Equity

₹ in lakhs

Particulars	Reserves and Surplus					Items of Other Comprehensive Income	Total
	Securities Premium	Employee Stock Option Reserve	Statutory Reserve	Special Reserve	Retained Earnings		
Balance as at April 1, 2018	37,311.58	161.68	72.35	4,275.52	8,756.76	(4.24)	50,573.65
Premium received during the year	138.13	-	-	-	-	-	138.13
Additions during the year	-	40.10	-	-	-	-	40.10
Profit (loss) for the year after income tax	-	-	-	-	10,265.50	-	10,265.50
Appropriations to Reserves	-	-	-	2,789.70	(2,789.70)	-	-
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	(3.49)	(3.49)
Balance as at March 31, 2019	37,449.71	201.78	72.35	7,065.22	16,232.56	(7.73)	61,013.89
Premium received during the year	78,741.22	-	-	-	-	-	78,741.22
Additions during the year	-	19.21	-	-	-	-	19.21
Profit (loss) for the year after income tax	-	-	-	-	18,141.85	-	18,141.85
Appropriations to Reserves	-	-	986.03	2,640.04	(3,626.07)	-	-
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	(11.49)	(11.49)
Share issue expenses during the year	(381.50)	-	-	-	-	-	(381.50)
Premium on ESOP exercised during the year	47.18	(47.18)	-	-	-	-	-
Balance as at March 31, 2020	**1,15,856.61**	**173.81**	**1,058.38**	**9,705.26**	**30,748.34**	**(19.22)**	**1,57,523.18**

Notes: Refer Note 20.2 for description of nature and purpose of each reserve.

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

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director & Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

CASH FLOW STATEMENT For the year ended on March 31, 2020

₹ in lakhs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
Cash flows from operating activities				
Profit before tax		**20,745.89**		14,005.10
Adjustments for:				
Finance costs	16,936.07		11,186.05	
Interest income from bank deposits	(1,646.52)		(133.41)	
Income from Mutual funds	(290.28)		(411.46)	
Depreciation and amortisation expense	579.30		291.58	
Impairment of Financial Instruments	266.31		119.60	
Financial guarantee commission	(26.89)		-	
Expense recognised in respect of equity-settled share-based payments	19.21		40.10	
	15,837.20		11,092.46	
Operating profit before working capital changes		**36,583.09**		**25,097.56**
Movements in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Loans	(69,034.64)		(70,812.51)	
Other Financial assets	44.54		(120.69)	
Other non-financial assets	(36.44)		34.36	
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	(131.87)		(28.16)	
Other financial liabilities	125.75		227.09	
Provisions	47.02		33.97	
Other non-financial liabilities	28.65	(68,956.99)	11.11	(70,654.83)
Cash used in operations		(32,373.90)		(45,557.27)
Finance cost paid		(16,512.88)		(11,781.77)
Direct Taxes paid		(4,373.18)		(3,309.97)
Net cash used in operating activities (A)		**(53,259.96)**		**(60,649.01)**
Cash flows from investing activities				
Capital expenditure on Property, plant and equipment	(249.17)		(268.81)	
Deposits placed with banks (net)	(11,032.16)		(238.85)	
Investments in subsidiary	(6,048.00)		(6,500.00)	
Interest received on Bank deposits	1,425.19		125.94	
Purchases of Investments	(1,04,797.00)		(86,289.00)	
Redemption of Investments	1,04,924.91		89,741.02	
Income from Mutual Funds	162.37		411.46	
Net cash flow used in investing activities (B)		**(15,613.86)**		**(3,018.24)**
Cash flows from financing activities				
Proceeds from issue of equity shares (including securities premium)	80,314.29		159.38	
Share issue expenses	(381.50)		-	
Proceeds from issue of Debt securities	-		40,100.00	
Repayment of Debt securities	(10,000.00)		-	
Proceeds from borrowings	72,000.00		43,252.74	
Repayment of borrowings	(35,207.65)		(10,279.91)	
Payment of principal portion of Lease liabilities	(235.09)		-	
Interest paid on Lease liabilities	(90.15)		-	
Net cash flow from financing activities (C)		**1,06,399.90**		**73,232.21**
Net increase in cash and cash equivalents (A+B+C)		**37,526.08**		**9,564.96**
Cash and cash equivalents at the beginning of the year		10,651.82		1,086.86
Cash and cash equivalents at the end of the year (Refer Note 4)		**48,177.90**		**10,651.82**

The accompanying notes form an integral part of the financial statements.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

1. CORPORATE INFORMATION:

Aptus Value Housing Finance India Limited ("the Company") was incorporated on December 11, 2009 with the primary objective of carrying on the business of providing long term housing finance to meet the housing needs of the low and middle income segment in the country. The Company is also engaged in providing loans for non-housing finance activities in the form of Loan Against Properties ("LAP").

The Company received the certificate of registration from the National Housing Bank ("NHB") on May 31, 2010 to commence the business of Housing Finance without accepting public deposits. The certificate of commencement of business was received from the Registrar of Companies on June 25, 2010.

The Company has a wholly owned subsidiary, Aptus Finance India Private Limited, which is a Non- Banking Finance Company registered with RBI and engaged in the business providing finance in the form of loan against immovable properties.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation and presentation

(I) The standalone financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the NHB to the extent applicable.

(ii) The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

(iii) Amounts in the standalone financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

B. The COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict 40-day lockdown in India to contain the spread of the virus till May 3, 2020, which was further extended till May 31, 2020 with some relaxations in specific areas. This has led to significant disruptions and dislocations for individuals and businesses, impacting Company's regular operations including lending and collection activities. The Company's Impairment loss allowance in respect of its loan portfolio as at March 31, 2020, includes amounts estimated by management as the potential impact of COVID-19 based on the information available at this point in time as more fully explained in the note 30 to the Financial Statements. However, the full extent of impact of the COVID-19 pandemic on the Company's operations, and financial metrics (including impact on provisioning on advances) will depend on future developments and the governmental, regulatory and the Company's responses thereto, which are highly uncertain and incapable of estimation at this time.

C. Presentation of standalone financial statements

The Company presents its balance sheet in order of liquidity.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the Company and/or its counterparties.

2.1 Financial Instruments

2.1.1 Financial instruments – initial recognition

2.1.1.1 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. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Company (as per the terms of the agreement with the borrowers). The Company recognises debt securities and borrowings when funds reach the Company.

2.1.1.2 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVTPL (Fair value through profit and loss), transaction costs are added to, or subtracted from, this amount.

2.1.1.3 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 or FVTPL

2.1.2 Financial assets and liabilities

2.1.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Company Measures Bank balances, Loans, and other financial investments at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

2.1.2.1.1 Business model assessment

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

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.1.2.1.2 The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.1.2.2 Financial assets or financial liabilities held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit making. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.1.2.3 Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 *Financial Instruments:* Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI ("Other Comprehensive Income"). Equity instruments at FVOCI are not subject to an impairment assessment.

2.1.2.4 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. 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.

2.1.3 Reclassification of financial assets and liabilities

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

2.1.4 Modification of financial assets

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

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

2.1.5 Derecognition of financial assets and liabilities

2.1.5.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes. When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors: (i) Change in counterparty (ii) If the modification is such that the instrument would no longer meet the SPPI criterion (iii) If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2.1.5.2 Derecognition of financial assets other than due to substantial modification

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either, the Company has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Control is considered to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

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

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

In case when transfer of a part of financial asset qualifies for derecognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is derecognised as a gain or loss on decrease of such financial asset previously under amortised cost category.

2.1.5.3 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.

2.1.6 Impairment of financial assets

2.1.6.1 Overview of the ECL principles

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

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

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 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Company recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.

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.

Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days past dues	ECL
Stage 1	Upto 30 days	12 month ECL
Stage 2	31 to 90 days	Lifetime ECL
Stage 3	90 days +	Lifetime ECL

In addition to days past due, the Company also considers other qualitative factors in determining significant increase in credit risks since origination.

2.1.6.2 The calculation of ECLs

The Company calculates ECLs 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 key elements of the ECL are summarised below:

PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), 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. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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 PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

<u>Significant increase in credit risk</u>

The Company monitors all financial assets 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 12mECLs.

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 including forward-looking information.

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%.

<u>Credit-impaired financial assets</u>

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:

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For the year ended March 31, 2020

- significant financial difficulty of the borrower;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- 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 are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan commitment

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. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

Forward looking information

In its ECL models, the Company relies on a broad range of forward looking information as economic inputs. 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 made as temporary adjustments.

2.1.6.3 Write-off

Loans and debt securities are written off when the Company has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Company may apply enforcement activities to financial assets written off. Recoveries resulting from the Company's enforcement activities will result in impairment gains.

2.1.7 Financial Guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by an entity are initially measured at their fair values and, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.2 Recognition of Interest Income

2.2.1 The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.2.2 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 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.

2.2.3 Fee and Other charges

Fee and other charges include fees other than those that are an integral part of EIR. The fees included in this part of the Company's statement of profit or loss include among other things fees charged for servicing a loan including cheque bounce charges, field visit charges, pre-closure charges.

2.2.4 Dividend Income

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

2.3 Leases

The Company's Right-of-Use ("ROU") assets consist of leases for 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: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use 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. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Company enters into operating leases as a lessee for renting of branch premises.

Certain lease arrangements include 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.

Right-of-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right-of-use assets are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

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 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 if the whether it will exercise an extension or a termination option.

ROU asset are recognised and presented separately in the Balance sheet under Non-Financial Assets while lease liability is presented under Financial Liabilities in the Balance Sheet. Lease payments made by the Company are classified as financing cash flows. Also refer Note 43A to the Financial Statements.

2.4 Employee benefits

Post-employment benefits and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement of actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

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Interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that 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.

Liabilities recognised in respect of leave encashment and other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. The Company records the leave encashment liability based on actuarial valuation computed using projected unit credit method.

2.5 Share-based payment

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India and IND AS 102. The Company measures compensation cost relating to the employee stock options (equity settled) using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options. The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred at the time of grant. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 40.

2.6 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Company operates and generates taxable income.

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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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:

- In respect of taxable temporary differences associated with investments in subsidiaries, where 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, 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 taxable entity and the same taxation authority.

2.7 Property, plant and equipment and Other intangible assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value. Depreciation on the following categories of tangible fixed assets (other than Freehold Land) has been provided on the straight-line method, the useful lives of which have been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Particulars	Estimated Life	Life as per Schedule II
Office Equipment	3 years	5 years
Servers (under office equipment)	3 years	6 years
Furniture and Fixtures	3 years	10 years
Vehicles	3 years	8 years

Other assets have been depreciated on straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Freehold Land is not depreciated. Intangible assets are amortized over their estimated useful life on straight line method as follows:

Intangibles – Computer Software - 3 years or License Period whichever is lower.

Improvements to Leasehold Premises are amortized over the primary lease period or 3 years, whichever is lower.

Individual assets costing ₹5,000 or less are fully depreciated in the year of purchase.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Assets

The Company's other intangible assets mainly include the value of computer software.

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

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are

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carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

2.8 Impairment of tangible and intangible assets other than goodwill

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any, indication of impairment exists. An intangible asset that is not yet available for use is tested for impairment each financial year even if there is no indication that the asset is impaired.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

2.9 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.10 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

2.10.1 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.12 Segment Reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company's performance based on an analysis of various performance indicators by business segments and geographic segments.

As per the requirements of Ind AS 108 "Operating Segments", based on evaluation of financial information for allocation of resources and assessing performance, the Company has identified a single segment, viz. "providing long term housing finance, loans against property and refinance loans". Accordingly, there are no separate reportable segments as per Ind AS 108.

2.13 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.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

- **Level 1 financial instruments** – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.
- **Level 2 financial instruments –** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.
- **Level 3 financial instruments –** Those that include one or more unobservable input that is significant to the measurement as whole.

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 (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

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3A. Significant accounting judgements, estimates and assumptions

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

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

3A 1. De-recognition of Financial instruments

The Company enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Company has been exposed to. Based on this assessment, the Company believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Company hence it has been concluded that securitisation transactions entered by the Company does not qualify for de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

3A 2. Fair value of financial instruments

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

3A 3. 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 estimates include:

- 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 temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs

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

3A 4. Provisions and other contingent liabilities

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

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

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Note: 4 Cash & Cash Equivalent

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	88.55	186.99
Cheques on hand	-	9.11
Balances with banks - In current accounts	36,086.64	10,455.72
Balances with banks - In deposit accounts - Original maturity less than 3 months	12,002.71	-
Total	**48,177.90**	**10,651.82**

Note: 5 Bank Balances other than above

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
In deposit accounts - Original maturity more than 3 months	11,326.31	41.54
Balances held as margin money against securitisation (Refer Note 44.5)	334.13	365.41
Total	**11,660.44**	**406.95**

Note: 6 Loans

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans (Secured) - At Amortised Cost - Within India		
Term Loans	2,74,862.40	2,05,827.76
Less: Impairment loss allowance	(795.02)	(538.46)
Total	**2,74,067.38**	**2,05,289.30**

Notes:

(i) Term Loans include an amount of ₹5,100 lakhs (March 31, 2019 - ₹6,686.58 lakhs) given to Subsidiary. The loan is secured by book debts of Subsidiary.

(ii) Term Loans (other than (i) above) are secured by deposit of original title deeds of immovable properties with the Company and/or registered mortgage of title deeds.

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Note: 6.1

6.1.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans is, as follows:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
Gross Carrying amount opening balance	2,01,998.81	2,776.80	200.88	851.27	2,05,827.76	1,32,575.24	1,678.09	84.69	676.72	1,35,014.74
New assets originated / Increase in existing assets (Net)	1,04,790.12	-	-	-	1,04,790.12	93,598.33	-	-	-	93,598.33
Exposure de-recognised / matured / repaid	(32,417.03)	(2,936.49)	(123.02)	(278.94)	(35,755.48)	(22,177.92)	(497.69)	(9.83)	(99.87)	(22,785.31)
Transfer to Stage 1	137.93	(130.62)	-	(7.31)	-	372.79	(320.24)	-	(52.55)	-
Transfer to Stage 2	(82,477.01)	82,513.87	-	(36.86)	-	(2,042.20)	2,102.63	-	(60.43)	-
Transfer to Stage 3	(3,154.13)	(1,281.52)	298.88	4,136.77	-	(327.43)	(185.99)	126.02	387.40	-
Gross carrying amount closing balance	**1,88,878.69**	**80,942.04**	**376.74**	**4,664.93**	**2,74,862.40**	**2,01,998.81**	**2,776.80**	**200.88**	**851.27**	**2,05,827.76**

6.1.2 Reconciliation of ECL balance is given below:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
ECL allowance - opening balance	281.78	9.69	130.22	116.77	538.46	213.03	4.88	72.36	130.26	420.53
New assets originated / Increase in existing assets (Net)	63.49	-	-	-	63.49	129.60	-	-	-	129.60
Exposure de-recognised / matured / repaid	(115.43)	(3.85)	(51.31)	(54.73)	(225.32)	(57.47)	(0.65)	(22.75)	(36.83)	(117.70)
Transfer to Stage 1	1.44	(0.46)	-	(0.98)	-	13.83	(0.94)	-	(12.89)	-
Transfer to Stage 2	(102.61)	107.57	-	(4.96)	-	(3.47)	14.59	-	(11.12)	-
Transfer to Stage 3	(5.76)	(4.49)	35.95	(25.70)	-	(0.50)	(0.56)	23.50	(22.44)	-
Impact on account of exposures transferred during the year between stages	(1.35)	(17.04)	254.12	182.66	418.39	(13.24)	(7.63)	57.11	69.79	106.03
ECL allowance - closing balance	**121.56**	**91.42**	**368.98**	**213.06**	**795.02**	**281.78**	**9.69**	**130.22**	**116.77**	**538.46**

Note: 6.2 - Internal rating grade (Loans measured at Amortised cost)

The internal rating grade is assigned based on the ageing (Days Past Due - DPD) of the loans viz., Low risk (DPD of 0-30 days); Medium risk (DPD of 31-89 days); High risk (DPD of 90+ days)

Grade	March 31, 2020					March 31, 2019				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
Low Risk	1,88,878.69	71,334.64	-	248.04	2,60,461.37	2,00,388.81	-	-	8.37	2,00,397.18
Medium Risk	-	9,607.40	-	581.15	10,188.55	1,610.00	2,776.80	-	26.81	4,413.61
High Risk	-	-	376.74	3,835.74	4,212.48	-	-	200.88	816.09	1,016.97
Total	**1,88,878.69**	**80,942.04**	**376.74**	**4,664.93**	**274,862.40**	**2,01,998.81**	**2,776.80**	**200.88**	**851.27**	**2,05,827.76**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 7 Investments

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Investment in Subsidiary (at Amortised cost) 100,800,000 Equity shares (March 31, 2019 - 90,000,000 Equity shares) of Face Value ₹10 each fully paid up	15,138.29	9,000.00
Total	**15,138.29**	**9,000.00**

The investment includes fair value of the corporate guarantee given to Aptus Finance India Private Limited amounting to ₹90.29 lakhs (March 31, 2019 - ₹ Nil).

Note: 7.1 - Internal rating grade (Investments measured at Amortised cost)

Grade	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Low Risk	15,138.29	-	-	15,138.29	9,000.00	-	-	9,000.00
Medium Risk	-	-	-	-	-	-	-	-
High Risk	-	-	-	-	-	-	-	-
Total	**15,138.29**	**-**	**-**	**15,138.29**	9,000.00	-	-	9,000.00

Note 7.2.1 - Movement in investments (Investments measured at Amortised cost)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	9,000.00	-	-	9,000.00	2,500.00	-	-	2,500.00
New assets purchased	6,138.29	-	-	6,138.29	6,500.00	-	-	6,500.00
Assets redeemed	-	-	-	-	-	-	-	-
Assets derecognized or written off	-	-	-	-	-	-	-	-
Transfer to stages	-	-	-	-	-	-	-	-
Closing balance	**15,138.29**	**-**	**-**	**15,138.29**	**9,000.00**	**-**	**-**	**9,000.00**

Note 7.2.2 - Movement in investments (Investments measured at FVTPL)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	-	-	-	-	3,452.02	-	-	3,452.02
New assets purchased	1,04,797.00	-	-	1,04,797.00	86,289.00	-	-	86,289.00
Assets redeemed	(1,04,797.00)	-	-	(1,04,797.00)	(89,741.02)	-	-	(89,741.02)
Assets derecognized or written off	-	-	-	-	-	-	-	-
Transfer to stages	-	-	-	-	-	-	-	-
Closing balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 8 Other Financial assets

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Considered Good, Unsecured - At Amortised Cost		
Security deposits	237.05	220.99
Loans and advances to employees	0.28	0.59
Other Receivables (Refer note below)	26.73	87.02
Total	**264.06**	**308.60**

(i) Includes an amount of ₹10.62 lakhs (March 31, 2019 - ₹21.47 lakhs) receivable upon remittance of the dues towards securitised assets.

Note: 9 Current tax assets (Net)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax and Tax Deducted at Source (Net of provisions: March 31, 2019 - ₹9,127.22 lakhs)	-	83.25
Total	**-**	**83.25**

Note: 10 Deferred tax assets (Net)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets / (liabilities)		
Tax effect of items constituting deferred tax assets:		
Provision for compensated absences, gratuity and other employee benefits	60.66	52.02
Impairment Loss Allowance	232.26	157.29
On difference between written down value of Property, plant and equipment as per books and as per Section 32 of Income Tax Act, 1961	114.44	98.32
Deferred Processing Fee Income	1,022.03	763.15
Others	10.98	-
Tax effect of items constituting deferred tax assets	**1,440.37**	**1,070.78**
Tax effect of items constituting deferred tax (liabilities):		
On Special Reserve created under section 36(1)(viii) of the Income Tax Act, 1961	-	(2,078.46)
On Provision for doubtful advances allowed under section 36(1)(viia)	(120.25)	(51.35)
Prepaid Finance charges	(230.57)	(234.35)
Others	-	-
Tax effect of items constituting deferred tax (liabilities)	**(350.82)**	**(2,364.16)**
Deferred tax assets /(liabilities) (net)	**1,089.55**	**(1,293.38)**
Reconciliation of Deferred Tax:		
Net Deferred Tax Asset / (Liability) as at the beginning of the year	(1,293.38)	(760.89)
Add / Less: Deferred tax asset/ (liability) credited to / (expense) recognized in Profit and Loss and Other comprehensive income	2,379.07	(533.92)
Add / Less: Deferred tax asset/ (liability) credited to / (expense) recognized in Profit and Loss and Other comprehensive income	3.86	1.43
Net Deferred Tax Asset/(Liability) as at the end of the year	**1,089.55**	**(1,293.38)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 11

11A. Property, Plant and Equipment

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
a) Freehold Land	64.57	64.57
b) Leasehold improvements	72.29	90.38
c) Furniture and fixtures	21.13	18.74
d) Vehicles	0.18	19.21
e) Office Equipments	168.55	126.86
Total	**326.72**	**319.76**

₹ in lakhs

Particulars	Freehold Land	Leasehold Improvements	Furniture and Fixtures	Vehicles	Office Equipments	Total
Gross Carrying Value						
Balance at April 01, 2018	64.57	141.46	30.25	60.45	189.87	486.60
Additions	-	57.87	32.90	-	101.63	192.40
Disposals	-	-	-	-	-	-
Balance at March 31, 2019	**64.57**	**199.33**	**63.15**	**60.45**	**291.50**	**679.00**
Additions	-	37.75	33.03	-	149.05	219.83
Disposals	-	-	-	-	-	-
Balance at March 31, 2020	**64.57**	**237.08**	**96.18**	**60.45**	**440.55**	**898.83**
Accumulated depreciation						
Balance at April 01, 2018	-	58.91	19.11	20.62	71.26	169.90
Depreciation expense	-	50.04	25.30	20.62	93.38	189.34
Elimination on disposals of assets	-	-	-	-	-	-
Balance at March 31, 2019	**-**	**108.95**	**44.41**	**41.24**	**164.64**	**359.24**
Depreciation expenses	-	55.84	30.64	19.03	107.36	212.87
Elimination on disposals of assets	-	-	-	-	-	-
Balance at March 31, 2020	**-**	**164.79**	**75.05**	**60.27**	**272.00**	**572.11**
Net book value						
As at March 31, 2019	64.57	90.38	18.74	19.21	126.86	319.76
As at March 31, 2020	64.57	72.29	21.13	0.18	168.55	326.72

Notes:

(i) Freehold Land with a carrying value of ₹64.57 lakhs (March 31, 2019 - ₹64.57 lakhs) has been hypothecated to secure Non-convertible debentures issued by the Company.

11B. Other Intangibe Assets

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
a) Computer software	35.35	78.91
Total	**35.35**	**78.91**

11B. Other Intangibe Assets (Contd..)

₹ in lakhs

Particulars	Computer Software	Total
Gross Carrying Value		
Balance at April 01, 2018	184.63	184.63
Additions	63.60	63.60
Disposals	-	-
Balance at March 31, 2019	**248.23**	**248.23**
Additions	44.10	44.10
Disposals	-	-
Balance at March 31, 2020	**292.33**	**292.33**
Accumulated depreciation		
Balance at April 01, 2018	67.08	67.08
Amortisation expense	102.24	102.24
Elimination on disposals of assets	-	-
Balance at March 31, 2019	**169.32**	**169.32**
Amortisation expense	87.66	87.66
Elimination on disposals of assets	-	-
Balance at March 31, 2020	**256.98**	**256.98**
Net book value		
As at March 31, 2019	78.91	78.91
As at March 31, 2020	35.35	35.35

Depreciation and Amortisation expense

₹ in lakhs

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Depreciation on Property, plant and equipment	11A	212.87	189.34
Amortisation on Other intangible assets	11B	87.66	102.24
Depreciation expense on right-of-use assets	43	278.76	-
Total		**579.29**	**291.58**

Note: 12 Other non-financial assets

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Considered Good, Unsecured		
Capital Advances	8.20	22.96
Prepaid Expenses	49.12	35.58
Other Advances	71.28	73.34
Total	**128.60**	**131.88**

Note: 13 Debt Securities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Secured Redeemable Non-Convertible Debentures - At Amortised cost	60,451.28	70,138.48
(Within India)		
Total	**60,451.28**	**70,138.48**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 13 Debt Securities (Contd..)

(a) Details of Secured Redeemable Non-Convertible Debentures - Redeemable at par:

₹ in lakhs

No. of Debentures	Effective Interest Rate	Due date of redemption	Face Value	Balance Outstanding	
				As at March 31, 2020	As at March 31, 2019
			₹	₹ in lakhs	₹ in lakhs
3,320,000	10.25%	May 15, 2023	100	3,418.39	3,409.06
3,320,000	9.62%	May 15, 2023	100	3,408.03	3,398.03
3,330,000	10.09%	May 15, 2023	100	3,422.63	3,412.14
5,500	10.11%	December 26, 2024	100,000	5,463.15	7,948.79
2,500	10.14%	January 24, 2025	100,000	2,474.34	7,948.06
2,000	10.19%	February 26, 2025	100,000	1,983.09	3,973.64
5,000	10.06%	June 20, 2025	100,000	4,977.04	4,972.63
12,500	10.06%	July 20, 2025	100,000	12,440.76	12,429.74
12,500	10.06%	August 20, 2025	100,000	12,441.69	12,430.67
10,100,000	10.55%	November 03, 2025	100	10,422.16	10,215.72
Total				**60,451.28**	**70,138.48**

Notes:

(i) Redeemable Non-Convertible Debentures are secured by hypothecation of specified receivables amounting to ₹70,156.75 lakhs as at March 31, 2020 (March 31, 2019 - ₹79,764.42 lakhs) and specified immovable property amounting to ₹64.57 lakhs as at March 31, 2020 (March 31, 2019 - ₹64.57 lakhs).

(ii) The Company has not defaulted in the repayment of borrowings and interest.

Note: 14 Borrowings (Other than Debt Securities)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Secured - At Amortised cost (Within India)		
Term loans		
- Banks	88,065.47	62,928.70
- National Housing Bank	28,237.19	14,546.14
Securitisation Loans	4,584.41	6,634.63
Working Capital Loans	978.25	943.25
Total	**1,21,865.32**	**85,052.72**

(a) Details of Term loans and Securitisation payables are as follows:

₹ in lakhs

Effective Interest Rate	Tenure	Balance Outstanding	
		As at March 31, 2020	As at March 31, 2019
9%-10%	5- 7 years	10,589.87	15,974.86
10%-11%		29,719.68	19,292.78
11%-12%		12,721.19	9,112.23
7%-7.50%	7-10 years	10,000.00	-
7.50%-8%		3,543.30	4,358.50
8%-9%		3,342.00	5,532.70
9%-10%		29,559.19	22,718.50
10%-11%		11,318.66	2,940.00

Note: 14 Borrowings (Other than Debt Securities) (Contd..)

(a) Details of Term loans and Securitisation payables are as follows: (Contd..)

₹ in lakhs

Effective Interest Rate	Tenure	Balance Outstanding	
		As at March 31, 2020	As at March 31, 2019
8%-9%	> 10 years	8,076.87	1,862.50
9%-10%		183.52	-
10%-11%		-	313.44
11%-11.25%		1,832.79	2,003.96
Total		**1,20,887.07**	**84,109.47**

Notes:

(i) Term loans from Banks are secured by hypothecation of specified receivables amounting to ₹1,45,429.10 lakhs as at March 31, 2020 (March 31, 2019 - ₹94,609.49 lakhs).

(ii) The Company has not defaulted in the repayment of borrowings and interest.

(iii) Term Loans from National Housing Bank aggregating to ₹11,274.82 lakhs (March 31, 2019 - ₹14,546.14 lakhs) has been guaranteed by the promoter Mr. M Anandan.

(iv) Working Capital loans have been availed at Interest rate of 10-12% p.a and are secured by hypothecation of specified receivables amounting to ₹1,170.22 lakhs as at March 31, 2020 (March 31, 2019 - ₹1,134.84 lakhs).

Note: 15 Other financial liabilities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost		
Advances from customers	24.43	6.39
Remittances Payable - Securitised Assets	41.68	75.05
Employee benefits payable	399.23	258.15
Financial guarantee liability	63.39	-
Total	**528.73**	**339.59**

Note: 16 Current tax liabilities (Net)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax (Net of Advance Tax: March 31, 2020 - ₹12,184.91 lakhs)	526.68	-
Total	**526.68**	**-**

Note: 17 Provisions

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 31)		
Provision for gratuity	126.64	94.96
Provision for compensated absences	114.37	83.68
Provisions for Undrawn commitments	11.42	1.67
Total	**252.43**	**180.31**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 17.1 Loan commitment

17.1.1 An analysis of changes in the gross carrying amount is as follows:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
Opening balance of outstanding exposure	4,987.52	-	-	-	4,987.52	2,678.77	-	-	-	2,678.77
New exposure	4,916.88	-	-	-	4,916.88	4,985.02	-	-	-	4,985.02
Exposure derecognised or matured/lapsed (excluding write off)	(4,853.87)	-	-	-	(4,853.87)	(2,676.27)	-	-	-	(2,676.27)
Transfers to Stage 1	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 2	(1,555.84)	1,555.84	-	-	-	-	-	-	-	-
Transfers to Stage 3	(1.00)	-	-	1.00	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**3,493.69**	**1,555.84**	**-**	**1.00**	**5,050.53**	**4,987.52**	**-**	**-**	**-**	**4,987.52**

17.1.2 Reconciliation of ECL balance is given below:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Individual	Stage 3 Collective	Total
Opening balance of outstanding exposure	1.67	-	-	-	1.67	-	-	-	-	
New exposure	11.42	-	-	-	11.42	1.67	-	-	-	1.67
Exposure derecognised or matured/lapsed (excluding write off)	(1.67)	-	-	-	(1.67)	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 2	(10.03)	10.03	-	-	-	-	-	-	-	-
Transfers to Stage 3	(0.05)	-	-	0.05	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**1.34**	**10.03**	**-**	**0.05**	**11.42**	**1.67**	**-**	**-**	**-**	**1.67**

Note: 18 Other non-financial liabilities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory remittances	168.55	139.90
Total	**168.55**	**139.90**

Note: 19 Equity share capital

₹ in lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
(i) Authorised				
Equity shares of ₹10 each with voting rights	10,60,00,000	10,600.00	8,26,00,000	8,260.00
(ii) Issued, Subscribed				
Equity shares of ₹10 each with voting rights - Fully paid-up	9,43,63,258	9,436.33	78,782,637	7,878.26
Equity shares of ₹10 each with voting rights - Partly paid-up (₹ 1 each)	15,00,000	15.00	-	-
Total	**9,58,63,258**	**9,451.33**	**7,87,82,637**	**7,878.26**

Notes:

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Fresh issue	ESOP	Closing Balance
Equity shares with voting rights				
Year ended March 31, 2020				
- Number of shares	7,87,82,637	16,708,121	3,72,500	9,58,63,258
- Amount (₹ in lakhs)	7,878.26	1,535.82	37.25	9,451.33
Year ended March 31, 2019				
- Number of shares	7,85,70,137	-	2,12,500	7,87,82,637
- Amount (₹ in lakhs)	7,857.01	-	21.25	7,878.26

(b) During the year 2019-20, the Company has allotted 1,52,08,121 fully paid-up equity shares of ₹10 each at a premium of ₹516.03 per share and 15,00,000 partly paid-up equity shares of ₹10 each (Paid-up to the extent of ₹1 per share) on preferential basis. The said allotment has been approved by the Board of Directors at its meeting held on August 08, 2019 and by the shareholders in the Extraordinary General Meeting held on August 19, 2019 respectively.

(c) During the year 2019-20, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 3,35,000 fully paid up equity shares of ₹10 each at a premium of ₹65 each and 37,500 fully paid up equity shares of ₹10 each at a premium of ₹120 each to the employees of the Company vide circular resolution dated October 14, 2019.

(d) During the year 2018-19, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 2,12,500 fully paid up equity shares of ₹10 each at a premium of ₹65 each to the employees of the Company vide circular resolution dated April 11, 2018.

(e) **Terms/right attached to Equity Shares:**
The Company has only one class of equity shares having a par value of ₹10 each. Each holder is entitled to one vote per equity share. Dividends proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting except in case of interim dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Notes: (Contd..)

(f) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of Shares held	% holding in that class of shares	Number of Shares held	% holding in that class of shares
Equity shares with voting rights				
M Anandan	1,92,32,833	20.06%	1,77,32,833	22.51%
Padma Anandan	50,00,000	5.22%	50,00,000	6.35%
WestBridge Crossover Fund LLC	3,43,45,951	35.83%	3,43,45,951	43.60%
JIH II LLC	8,272,010	8.63%	-	0.00%
Aravali Investment Holdings	39,52,499	4.12%	39,52,499	5.02%
Granite Hill India Opportunities Fund, Mauritius	19,99,571	2.09%	39,99,571	5.08%

(g) Shares reserved for issue under options:

Refer Note 40 for details of shares reserved for issue under options.

Note: 20 Other Equity

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium reserve	1,15,856.61	37,449.71
Employee Stock Options Reserve	173.81	201.78
Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987	10,763.64	7,137.57
Retained Earnings	30,748.34	16,232.56
Other Comprehensive Income	(19.22)	(7.73)
Total	**1,57,523.18**	**61,013.89**

20.1 Movement in Other Equity

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Securities premium reserve (Refer Note 20.2.1)		
Opening balance	37,449.71	37,311.58
Add : Premium on shares issued during the year	78,741.22	138.13
Add : Premium on ESOP exercised during the year	47.18	-
Less : Share Issue Expenses	381.50	-
Closing Balance	**1,15,856.61**	**37,449.71**
(b) Employee Stock Options Reserve (Refer Note 20.2.2 & Note 40)		
Opening Balance	201.78	161.68
Additions during the year	19.21	40.10
Options exercised during the year	(47.18)	-
Closing Balance	**173.81**	**201.78**
(c) Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Refer Note 20.2.3)		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	72.35	72.35
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987	7,065.22	4,275.52

20.1 Movement in Other Equity (Contd..)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Addition/Appropriation/withdrawal during the year		
Add: a) Amount transferred u/s 29C of NHB Act, 1987	986.03	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	2,640.04	2,789.70
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29 C of NHB Act 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	1,058.38	72.35
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory reserve u/s 29C of the NHB Act, 1987	9,705.26	7,065.22
	10,763.64	7,137.57
(d) Retained Earnings		
Opening balance	16,232.56	8,756.76
Add: Profit for the year	18,141.85	10,265.50
Less: Transfer to Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 (Refer Note 20.2.3)	(2,640.04)	(2,789.70)
Less: Transfer to Special reserve u/s 29C of the NHB Act, 1987 (Refer Note 20.2.3)	(986.03)	-
Closing Balance	**30,748.34**	**16,232.56**
(e) Other Comprehensive Income		
Opening balance	(7.73)	(4.24)
Remeasurement gain / (loss) on defined benefit plan	(15.35)	(4.92)
Tax impact on above item	3.86	1.43
Closing Balance	**(19.22)**	**(7.73)**
Total	**1,57,523.18**	**61,013.89**

20.2 Nature and purpose of reserves:

20.2.1 Securities premium reserve

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

20.2.2 Employee Stock Options Reserve

Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service. Stock options granted but not vested as on the transition date were valued for expired period, calculated from the grant date till date of transition, and were credited to Share Based Payment reserve.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

20.2.3 Statutory Reserve

As per Section 29C(1) of the National Housing Bank Act, 1987, the Company is required to transfer atleast 20% of its net profit after tax 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. During the current year, the company has transferred ₹2,640.04 lakhs (March 31, 2019 - ₹2,789.70 lakhs) in terms of section 36(1)(viii) to the Special Reserve.

The Company has transferred an amount of ₹986.03 lakhs during the year (March 31, 2019 - ₹ Nil) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987. Total amount clearly earmarked for the purposes of Statutory Reserve u/s 29C is ₹8,551.97 lakhs (March 31, 2019 - ₹4,925.89 lakhs) out of which ₹1,058.38 lakhs (March 31, 2019 - ₹72.35 lakhs) is distinctly identifiable above and the balance of ₹7,493.59 lakhs (March 31, 2019 - ₹4,853.54 lakhs) is included in the Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961.

The Company does not intend to make withdrawals from the Special reserve created under Section 36(1)(viii) of the Income Tax Act, 1961.

Note: 21 Revenue from operations

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income (on Financials Instruments measured at Amortised Cost)		
- On Term Loans	40,511.11	28,976.27
Revenue from contracts with customers		
- Fees and Other charges	1,051.23	834.88
Total	**41,562.34**	**29,811.15**

Note: 22 Other income

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income from Deposits with Banks	1,646.52	133.41
Income from Mutual funds	290.28	411.46
Charges for Marketing	1,959.55	1,081.80
Other Non Operating Income	45.67	10.55
Total	**3,942.02**	**1,637.22**

Revenue from contracts with customers

₹ in lakhs

Particulars	March 31, 2020	March 31, 2019
Fees and Other charges *	1,051.23	834.88
Charges for Marketing	1,959.55	1,081.80
Total Revenue from contracts with customers	**3,010.78**	**1,916.68**
* comprises of charges collected from the customers in the nature of Preclosure charges, Cheque dishonour charges and other charges as applicable.		
Timing of Revenue recognition		
Over a period of time	1,959.55	1,081.80
At a point in Time	1,051.23	834.88
Geographical markets		
In India	3,010.78	1,916.68
Outside India	-	-
Contract Balances		
Contract liabilities	-	-
Contract assets	15.62	64.79

Note: 23 Finance costs

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on Financial liabilities (measured at Amorised cost)		
- Debt Securities	7,113.87	5,313.55
- Borrowings (Other than Debt Securities)	9,714.03	5,872.50
- Others	108.17	-
Total	**16,936.07**	**11,186.05**

Note: 24 Employee benefits expense

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, Bonus and Commission	5,667.30	4,329.12
Employee Stock options expense (Refer Note 40)	19.21	40.10
Contributions to provident and other funds	305.00	162.17
Gratuity expense (Refer Note 31)	23.90	19.15
Staff welfare expenses	422.82	248.54
	6,438.23	4,799.08
Less: Expenses recovered (Refer Note 45)	(760.33)	(370.60)
Total	**5,677.90**	**4,428.48**

Note: 25 Other expenses

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent expense	58.44	283.94
Repairs and maintenance		
- Computers	18.15	11.63
- Others	2.96	5.53
Insurance	5.80	9.21
Information Technology expenses	42.64	36.69
Rates and taxes	100.55	95.91
Communication Expenses	95.99	103.98
Travelling and conveyance	244.98	219.69
Office expenses	216.79	267.14
Printing and stationery	54.05	57.43
Commission to Directors	22.50	24.00
Sitting fees to non-whole time directors	7.30	7.00
Rating Fee	69.10	56.39
Electricity Charges	27.25	25.72
Bank charges	17.84	9.46
Business promotion	12.15	18.48
Legal and professional	134.85	87.73
Payments to auditors (Refer Note (i) below)	32.72	29.10
Corporate Social Responsibility Expenditure (Refer Note 37)	64.70	11.76
Miscellaneous expenses	70.13	56.77
	1,298.89	**1,417.56**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 25 Other expenses (Contd..)

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Notes:		
(i) As Auditors:		
Statutory Audit	22.00	19.00
Tax Audit	1.00	1.00
Limited Review	6.00	2.50
Others	3.50	6.05
Out of pocket expenses	0.22	0.55
	32.72	**29.10**

(ii) The above expenses are net of expenses recovered from Subsidiary amounting to ₹247.67 lakhs (March 31, 2019 - ₹85.25 lakhs), refer Note 45.

Note: 26 Impairment of Financial Instruments

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expected Credit Loss Expense	266.31	119.60
Total	**266.31**	**119.60**

Note: 27 Reconciliation of Effective tax rate

The income tax expense for the year can be reconciled to the accounting profit/ (loss) as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	20,745.89	14,005.10
Income tax Expense Calculated at 25.168% (2019: 29.12%)	5,221.33	4,078.29
Effect of change in tax rate	(175.53)	(126.82)
Effect of income that is exempt from taxation	(35.20)	(119.82)
Effect of inadmissible expenses	40.15	11.68
Effect of admissible deductions	(706.65)	(32.52)
Effect of reversal of opening balance of deferred tax liability on Special Reserve created u/s 36(1)(viii) of Income Tax, Act	(1,796.38)	-
Others	(2.54)	(59.98)
Income tax expense recognised in Profit and Loss	**2,545.18**	**3,750.83**

The income tax rate used for the above reconciliations is 25.168% (2019: 29.12%), these are the corporate tax rate payable by corporate entities in India on taxable profits under the Income Tax Act, 1961.

The Company has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognised provision for income tax for the year ended March 31, 2020 basis the rate provided in the said section and re-measured its opening balance of deferred tax liabilities ("DTL") (net) as at April 1, 2019 and has reversed DTL of ₹175.53 lakhs to the statement of profit and loss.

During the year, the Company has reversed deferred tax liabilities of ₹2,078.46 lakhs (₹1,796.38 after considering impact of change in tax rate as mentioned above) created in earlier years, on Special Reserve created under section 36(1)(viii) of the Income Tax Act, on the basis of a resolution of the Board of Directors of the Company that there is no intention to make withdrawals from such Special Reserve.

Note: 28

28.1 i) Matters wherein management has concluded the Company's liability to be probable have accordingly been provided for in the books. Also refer note 17.

ii) Matters wherein management has concluded the Company's liability to be possible have accordingly been disclosed under Note 28.2 Contingent liabilities below.

iii) Matters wherein management is confident of succeeding in these litigations and have concluded the Company's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process.

28.2 Contingent Liabilities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Corporate undertakings for securitisation of receivables for which the outflow would arise in the event of a shortfall, if any, in the cashflows of the pool of the securitised receivables. (Refer note (i) below)	23.90	18.69
(b) Corporate Guarantees given to Banks and external lenders on behalf of the subsidiary - Aptus Finance India Private Limited	14,783.61	4,794.22

Note:

(i) In respect of these undertakings, management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Company's financial condition.

28.3 Commitments

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments		
(a) Loans sanctioned to Borrowers pending disbursement	14,150.95	7,400.96
Total	**14,150.95**	**7,400.96**

Note: 29 Micro, Small and Medium Enterprises

Based on the extent of information available with the Management, there are no transactions with Micro and Small Enterprises. This has been relied upon by the Auditors.

Note: 30 Impact due to COVID-19 pandemic (also refer Note 2B)

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of instalments the Company has extended moratorium to its borrowers in accordance with its Board approved policy. Estimates and associated assumptions applied in preparing the financial statements, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Company has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans and has recognised an expected credit loss of ₹806.44 lakhs, including a management overlay of ₹150.00 lakhs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Disclosure under Accounting Standards

Note: 31 Employee benefit plans

31.1 Defined contribution plans

The Company makes Provident Fund contributions for qualifying employees to the Regional Provident Fund Commissioner. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognized ₹305.00 lakhs (March 31, 2019 - ₹162.17 lakhs) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to the scheme by the Company are at rates specified in the rules of the scheme.

31.2 Defined benefit plans

The Company provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Company. The Company does not have a funded gratuity scheme for its employees.

The Company is exposed to various risks in providing the above gratuity benefit such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the bond interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity provision has been made based on the actuarial valuation done as at the year end using the Projected Unit Credit method. The details of actuarial valuation as provided by the Independent Actuary is as follows:

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Change in defined benefit obligations during the year		
Present value of obligation as at beginning of the year	94.96	77.23
Current service cost	17.82	14.10
Past service cost - vested benefits	-	-
Interest cost	6.08	5.05
Benefits paid	(7.57)	(6.34)
Actuarial (gains) / losses	15.35	4.92
Present value of obligation at end of the year	**126.64**	**94.96**
Change in Fair value of assets during the year		
Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Actual Company Contributions	-	-
Actuarial (gains) / losses	-	-
Plan Assets at the end of the year	**-**	**-**
Liability recognized in the Balance Sheet		
Present value of obligation	126.64	94.96
Fair value of Plan Assets	-	-
Net Liability recognized in the Balance Sheet	**126.64**	**94.96**

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expenses Recognised in the Statement of Profit and Loss:		
Current service cost	17.82	14.10
Net Interest on Net Defined Benefit Obligations	6.08	5.05
Past service cost	-	-
Expenses recognized in the statement of profit and loss	23.90	19.15
Amount Recognized for the current period in the Statement of Other Comprehensive Income [OCI]		
Actuarial (gain)/loss on Plan Obligations	15.35	4.92
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	-	-
Effect of Balance Sheet asset limit	-	-
Amount recognized in OCI for the current period	15.35	4.92
Actual return on Plan Assets	**-**	**-**

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.28%	6.67%
Future Salary Increase	5.00%	5.00%
Attrition rate	8% to 46%	10% to 45%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate Table	Indian Assured Lives Mortality (2012-14) Ultimate Table

Notes:

1. The estimate of the future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
3. Experience adjustments.

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Projected Benefit Obligation	126.64	94.96	77.23	51.56	34.92
Fair Value of Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(126.64)	(94.96)	(77.23)	(51.56)	(34.92)
Experience Adjustments on Plan Liabilities	(9.78)	(4.77)	(8.33)	(1.81)	(6.68)

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

The following table summarizes the impact on defined benefit obligation arising due to increase / decrease in key actuarial assumptions by 50 basis points:

As at March 31, 2020

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	2.45	(2.51)
Impact of increase	(2.36)	2.59

As at March 31, 2019

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	1.67	(1.72)
Impact of increase	(1.61)	1.78

The sensitivity analysis presented above may not be representative of the actual change in the defined 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 defined benefit obligation has been calculated using the projected unit credit method at the end of-the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

31.3 Compensated absences

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.28%	6.67%
Future Salary Increase	5.00%	5.00%

Note: 32 Segment Reporting

The Company operates under the principal business segment viz. "providing long term housing finance, loans against property and refinance loans". Further, the Company is operating in a single geographical segment. The Chief Operating Decision Maker (CODM) views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. Accordingly, disclosures relating to primary and secondary business segments under the Indian Accounting Standard on 'Segment Reporting' (Ind AS 108) are not applicable to the Company.

Note: 33 Related party transactions

33.1 Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. M Anandan, Chairman & Managing Director
	Mr. P Balaji, ED & Chief Financial Officer
	Ms. Jyoti Suresh Munot, Company Secretary (from February 01, 2019)
	Ms. C Payal, Company Secretary (till January 31, 2019)
Relatives of Key Management Personnel	Mr. Suman Bollina, Director
Individuals having Significant Influence	Mr. M Anandan, Chairman & Managing Director
Entities having Significant Influence	WestBridge Crossover Fund LLC
Subsidiary	Aptus Finance India Private Limited
Entities in which Key Management Personnel Exercise Significant Influence	None

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

33.2 Details of related party transactions for the year

₹ in lakhs

Transactions during the year	Names of related parties	Year ended March 31, 2020	Year ended March 31, 2019
Remuneration *	Mr. M Anandan		
	- Salary	350.40	243.75
	- Commission	127.50	100.00
	- Others	2.72	2.51
Remuneration *	Mr. P Balaji		
	- Salary	88.68	76.29
	- Employee Stock options expense	-	4.43
Remuneration *	Ms. C Payal		
	- Salary	-	1.36
Remuneration *	Ms. Jyoti Suresh Munot		
	- Salary	1.63	0.27
Director Commission	Mr. Suman Bollina	4.50	4.00
Rent	Mr. M Anandan	7.28	6.93
Proceeds from Issue of partly paid-up shares	Mr. M Anandan	15.00	-
Support cost recovered	Aptus Finance India Private Limited	1,008.00	455.85
Investment during the year #	Aptus Finance India Private Limited	6,138.29	6,500.00
Advances given during the year	Aptus Finance India Private Limited	5,950.00	8,200.00
Advances repaid during the year	Aptus Finance India Private Limited	7,400.00	1,650.00
Interest Income on Loan to Subsidiary	Aptus Finance India Private Limited	752.47	193.50
Commission on Financial Guarantee	Aptus Finance India Private Limited	26.89	-

₹ in lakhs

Balances as at year end	Names of related parties	As at March 31, 2020	As at March 31, 2019
Personal guarantee given for Borrowings taken by the Company as at year end	Mr. M Anandan	11,274.82	14,546.14
Investment as at year end #	Aptus Finance India Private Limited	15,138.29	9,000.00
Advances outstanding as at year end	Aptus Finance India Private Limited	5,100.00	6,550.00
Interest accrued but not due on Loan to Subsidiary	Aptus Finance India Private Limited	-	136.58
Corporate guarantee given for Borrowings taken by the Subsidiary and outstanding as at year end	Aptus Finance India Private Limited	14,730.97	4,794.22

Notes:

* Remuneration paid to KMP excludes expense recognised for retiral benefits.

\# Includes Investment in subsidiary arising out of financial guarantee obligations

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 34 Financial Instruments

34.1 Capital management

The Company actively manages its capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework is administered by the risk committee of Company.

The Company is subject to the capital adequacy requirements of the National Housing Bank (NHB). As per the Housing Finance Companies (NHB) Directions, 2010, the Company is required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula, at least half of which must be Tier 1 capital, which is generally shareholders' equity.

The Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB.

The company sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

Following is Company's capital as provided internally to key management personnel.

	31-03-2020	31-03-2019
Capital Adequacy	82.50%	43.64%
Tier I Capital	82.25%	43.21%
Tier II Capital	0.25%	0.43%

34.2 Categories of Financial Instruments

₹ in lakhs

Particulars	As at March 31, 2020 Measured at			As at March 31, 2019 Measured at		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Cash and Cash equivalents	-	-	48,177.90	-	-	10,651.82
Bank Balance other than above	-	-	11,660.44	-	-	406.95
Loans	-	-	2,74,067.38	-	-	2,05,289.30
Investments	-	-	15,138.29	-	-	9,000.00
Other Financial assets	-	-	264.06	-	-	308.60
Total Financial Assets	**-**	**-**	**3,49,308.07**	**-**	**-**	**2,25,656.67**
Financial liabilities						
Debt Securities	-	-	60,451.28	-	-	70,138.48
Borrowings (Other than Debt Securities)	-	-	1,21,865.32	-	-	85,052.72
Trade Payables	-	-	102.07	-	-	233.94
Other Financial Liabilities	-	-	528.73	-	-	339.59
Total Financial liabilities	**-**	**-**	**1,82,947.40**	**-**	**-**	**1,55,764.73**

34.3 Market risk management

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market place, in particular, changes in interest rates, exchange rates and equity. In line with the regulatory requirements, the Company has in place a Board approved Market Risk Management and ALM policy in place. The Policy provides the framework for assessing market risk, in particular, tracking of events happening in market place, changes in policies / guidelines of government and regulators, exchange rate movement, equity market movements, money market movements etc.

34.4 Interest rate risk management

Interest rate risk is managed through ALM policy framed by the Company. The ALM policy is administered through the ALCO (Asset Liability Management Committee) which monitors the following on a monthly basis:

- Borrowing cost of the Company as on a particular date
- Interest rate scenario existing in the market
- Gap in cash flows at the prevalent interest rates
- Effect of Interest rate changes on the Gap in the cash flows
- Fixing appropriate interest rate to be charged to the customer based on the above factors

Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings where interest rates are variable, assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

34.5 Credit risk

Credit risk in the Company arises due to default by customers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Company and the Company's asset base comprises loans for affordable housing and loans against property. Credit Risk in the Company stems from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk assessment in the Company pivots around the early assessment of stress, either in a portfolio or an account, and taking appropriate measures.

34.5.1. Credit risk management

Credit risk in the Company is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Board approved credit policies and procedures mitigate the Company's prime risk which is the default risk. There is a Credit Risk Management Committee in the Company for the review of the policies, process and products on an ongoing basis, with approval secured from the Board as and when required. There is a robust Credit Risk Management set-up in the Company at various levels.

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

34.5.2. Significant increase in credit risk

The Company monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Company measures the loss allowance based on lifetime rather than Stage 1 (12-month) Expected Credit Loss (ECL). Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Company has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD). The following table lists the staging criteria used in the Company: Staging Criterion.

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For the year ended March 31, 2020

Stage-1: 0 – 30 days past due

Stage-2: 31 – 89 days past due

Stage-3: 90+ days past due

Stage-2 follows the rebuttable presumption of Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

The company also considers other qualitative factors and repayment history and considers guidance issued by the Institute of Chartered accountants of India (ICAI) for staging of advances to which moratorium benefit has been extended under the COVID regulatory package issued by RBI and as approved by the Board.

34.5.3. Measurement of ECL

The key inputs used for measuring ECL are:

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Company uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL.

Loss given default (LGD): LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral.

Exposure at default (EAD): 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 expected drawdowns on committed facilities.

Probability of Default

To arrive at Probability of Default, 'Vintage Analysis' was done considering monthly defaults of borrower since origination. The analysis considered Monthly Default Rates starting from inception until the end of observation period i.e. March 2020 to calculate default rates for each vintage month. Cumulative PD was calculated from the marginal PDs for each vintage month. Simple Average and Weighted Average PD was computed for each Month on Book (MOB) period starting from MOB 0 until MOB "n" (end of observation period). The Company has used Simple average to eliminate the bias that can be possible due to weighted average effect.

Loss Given Default

LGD was calculated using First time NPA (FTN) date and recovery data for each of these FTN dates. FTN date was taken from inception until March 2020. For each pool, recovery data was mapped to the subsequent months (until March 2019) from the respective default month i.e. recovery data was retrieved and plotted against the flow of month i.e. Months on Book MOB 0, MOB 1, MOB 2, MOB 3 till MOB (n) against each default month. Considering time value of money, recoveries in each month was discounted to arrive at the value as of FTN date. Average Interest Rates charged for each disbursement year was used as the Effective Interest Rates (EIR) for the loans.

Marginal Recovery rates was computed for each month as Discounted Recovery amount for a given month divided by the total outstanding amount for the given FTN date. Cumulative recovery rates were computed for each FTN date and LGD for corresponding FTN date was computed by using the formula (1-Recovery Rate). Weighted average LGD was computed for the entire observation period, weights being the total outstanding amount for each FTN date.

Exposure at Default

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. EAD calculation for all portfolios is as under:

Stage 1 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)]

Stage 2 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Stage 3 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)]

  Credit Conversion Factor (CCF) for undrawn portion has been taken at 100% based on historical experience and other information available with the company.

The Company measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial obligations.

Credit Risk Concentrations

An analysis of the Company's credit risk concentrations is provided in the following tables which represent gross carrying amounts of each class.

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Loans (at amortised cost) - Gross amount		
Concentration by products		
Housing Loans	1,63,579.26	1,20,306.60
Loans against property (including Loans subordinated as Credit Enhancements for assets de-recognised)	1,11,283.14	85,521.16
Total Advances	**2,74,862.40**	**2,05,827.76**

34.5.4 The tables below analyse the movement of the loss allowance during the year per class of assets.

₹ in lakhs

Loss allowance on Loans at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2020	121.56	91.42	582.04
Loss allowance as at March 31, 2019	281.78	9.69	246.99
Movement	(160.22)	81.73	335.05

The table below provides an analysis of the gross carrying amount of Loans by past due status.

₹ in lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Loans				
0-30 days	2,60,461.37	214.65	2,00,397.18	280.27
31-90 days	10,188.55	37.97	4,413.61	15.99
More than 90 days	4,212.48	542.40	1,016.97	242.20
Total	**2,74,862.40**	**795.02**	**2,05,827.76**	**538.46**

Collateral held as security and other credit enhancements

The Company holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
Housing Loans	Mortgage of the immovable property
Loan Against Properties	Mortgage of the immovable property

Offsetting financial assets and financial liabilities

The Company has not recognised any financial asset or liability on a net basis.

Financial Guarantee

The Company has issued Corporate Guarantees of ₹14,783.61 lakhs (March 31, 2019 - ₹4,794.22 lakhs) to Banks and external lenders on behalf of the subsidiary - Aptus Finance India Private Limited. Based on the financial performance of the subsidiary, the Company does not expect the guarantee liability to devolve on the Company.

34.6 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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Exposure to liquidity risk

The Company manages and measures liquidity risk as per its ALM policy and the ALCO (Asset Liability Management Committee of the Company) is responsible for managing the liquidity risk. The Company not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities.

34.6.1 Following are the contractual maturities of financial liability/financial assets at the reporting date. Loans, debt securities and borrowings include estimated interest receipts / payments.

₹ in lakhs

As on March 31, 2020	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	48,216.46	-	-	-	-	-	-	-	-	-	48,216.46
Bank Balance other than (a) above	10,678.68	-	-	-	251.01	151.85	752.34	-	-	-	11,833.88
Loans	4,554.15	3,807.06	4,906.45	14,728.43	29,429.11	1,21,622.49	1,11,347.11	1,01,003.31	1,16,839.18	76,935.97	5,85,173.26
Investments	-	-	-	-	-	-	-	-	-	15,138.29	15,138.29
Other Financial assets	27.01	-	-	-	-	237.05	-	-	-	-	264.06
Total	**63,476.30**	**3,807.06**	**4,906.45**	**14,728.43**	**29,680.12**	**1,22,011.39**	**1,12,099.45**	**1,01,003.31**	**1,16,839.18**	**92,074.26**	**6,60,625.95**
Financial liabilities											
Trade payables	102.07	-	-	-	-	-	-	-	-	-	102.07
Debt Securities	327.98	1,343.71	327.98	1,005.81	3,010.32	12,027.59	30,338.16	42,115.54	-	-	90,497.09
Borrowings (Other than Debt Securities)	2,322.44	1,801.65	4,867.75	8,228.71	16,340.71	61,349.50	39,530.94	17,717.40	6,188.64	118.58	158,466.32
Other financial liabilities	528.73	-	-	-	-	-	-	-	-	-	528.73
Total	**3,281.22**	**3,145.36**	**5,195.73**	**9,234.52**	**19,351.03**	**73,377.09**	**69,869.10**	**59,832.94**	**6,188.64**	**118.58**	**2,49,594.21**

As on March 31, 2019	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	10,651.82	-	-	-	-	-	-	-	-	-	10,651.82
Bank Balance other than (a) above	1.49	-	-	-	144.40	274.31	-	-	-	-	420.20
Loans	4,033.15	3,601.36	3,600.62	10,799.84	21,608.00	92,412.11	82,427.03	72,544.65	83,935.43	63,993.49	4,38,955.68
Investments	-	-	-	-	-	-	-	-	-	9,000.00	9,000.00
Other Financial assets	87.61	-	-	-	-	220.99	-	-	-	-	308.60
Total	**14,774.07**	**3,601.36**	**3,600.62**	**10,799.84**	**21,752.40**	**92,907.41**	**82,427.03**	**72,544.65**	**83,935.43**	**72,993.49**	**4,59,336.30**
Financial liabilities											
Trade payables	233.94	-	-	-	-	-	-	-	-	-	233.94
Debt Securities	410.96	1,237.60	410.96	1,260.27	3,521.28	14,030.32	23,524.16	67,764.81	-	-	1,12,160.36
Borrowings (Other than Debt Securities)	1,788.83	915.39	2,410.32	6,020.39	11,689.77	42,693.39	30,638.54	10,947.64	2,741.73	485.39	110,331.39
Other financial liabilities	339.59	-	-	-	-	-	-	-	-	-	339.59
Total	**2,773.32**	**2,152.99**	**2,821.28**	**7,280.66**	**15,211.05**	**56,723.71**	**54,162.70**	**78,712.45**	**2,741.73**	**485.39**	**2,23,065.28**

34.7 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Company recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

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.

34.8 Fair Value Measurements

Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard.

(a) Fair Value of financial instruments recognised and measured at fair value

₹ in lakhs

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2020				
Financial assets				
Investments	-	-	-	-

₹ in lakhs

Particulars	Level 1	Level 2	Level 3	Total
As at March 31, 2019				
Financial assets				
Investments	-	-	-	-

(b) Fair Value of financial instruments recognised not measured at fair value

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Company's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions.

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 cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet except for cash and cash equivalents and bank balances other than cash and cash equivalents which have been classified as Level 1.

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Loans

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Where such information is not available, the Company uses historical experience and other information used in its collective impairment models. Fair values of lending portfolios are calculated using a portfolio-based approach. The Company then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Debt securities & Borrowings other than debt securities

The Company estimates the fair value from market-observable data such as secondary prices for its traded debt and the fair value of floating rate borrowings is deemed to be equivalent to the carrying value.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments 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 lakhs

Particulars	As at March 31, 2020					As at March 31, 2019				
	Carrying Value	Fair Value hierarchy				Carrying Value	Fair Value hierarchy			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	48,177.90	48,177.90	-	-	48,177.90	10,651.82	10,651.82	-	-	10,651.82
Bank Balance other than cash and cash equivalents	11,660.44	11,660.44	-	-	11,660.44	406.95	406.95	-	-	406.95
Loans	2,74,067.38	-	-	2,78,956.95	2,78,956.95	2,05,289.30	-	-	2,09,808.56	2,09,808.56
Investments	15,138.29	-	-	15,138.29	15,138.29	9,000.00	-	-	9,000.00	9,000.00
Other Financial assets	264.06	-	-	264.06	264.06	308.60	-	-	308.60	308.60
Total Financial Assets	**3,49,308.07**	**59,838.34**	**-**	**2,94,359.30**	**354,197.64**	**2,25,656.67**	**11,058.77**	**-**	**2,19,117.16**	**2,30,175.93**
Financial liabilities										
Trade Payables	102.07	-	-	102.07	102.07	233.94	-	-	233.94	233.94
Debt Securities	60,451.28	60,451.28	-	-	60,451.28	70,138.48	70,138.48	-	-	70,138.48
Borrowings (Other than Debt Securities)	1,21,865.32	1,21,865.32	-	-	1,21,865.32	85,052.72	85,052.72	-	-	85,052.72
Lease Liabilities	666.36	-	-	666.36	666.36	-	-	-	-	-
Other financial liabilities	528.73	-	-	528.73	528.73	339.59	-	-	339.59	339.59
Total Financial Liabilities	**1,83,613.76**	**1,82,316.60**	**-**	**1,297.16**	**1,83,613.76**	**1,55,764.73**	**1,55,191.20**	**-**	**573.53**	**1,55,764.73**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 35 Earnings per share

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit After Tax	18,141.85	10,265.50
Weighted Average Number of Equity Shares (Face Value ₹10 Each) - Basic	8,76,83,769	7,87,76,815
Earnings Per Share - Basic (₹)	**20.69**	**13.03**
Weighted Average Number of Equity Shares (Face Value ₹10 Each) - Diluted	8,82,05,019	7,89,63,528
Earnings Per Share - Diluted (₹)	**20.57**	**13.00**

Note: 36 Disclosure pursuant to Schedule V Of Clause A.2 Regulation 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

₹ in lakhs

Particulars	Amount outstanding as at March 31, 2020	Maximum amount outstanding during the year
As at March 31, 2020		
Loans and Advances in the nature of Loans to Subsidiaries		
Aptus Finance India Pvt Limited		
- Principal outstanding	5,100.00	9,450.00
- Interest accrued but not due	-	219.63
As at March 31, 2019		
Loans and Advances in the nature of Loans to Subsidiaries		
Aptus Finance India Pvt Limited		
- Principal outstanding	6,550.00	8,150.00
- Interest accrued but not due	136.58	136.58

Note: 37 Corporate Social Responsibility expenditure

As per Section 135 of Companies Act 2013, the Company is required to spend ₹200.93 lakhs towards CSR activities for the year.

The Company in consultation with the Health Department of Chennai Corporation has identified Homeless Shelters for children, women and men, Special Shelters and Shelters for mentally challenged. In this regard, the Company has spent ₹8.25 lakhs towards improvement of these shelters. Further, the Company has identified two schools with a student strength of around 400-500 each and spent an amount of ₹31.45 lakhs to upgrade the facilities and infrastructure of the school.

The Company has also made a contribution of ₹25 lakhs to the PM CARES fund during the year.

In total, the Company has spent an amount of ₹64.70 lakhs during the current year.

Note: 38 Transferred financial assets that are not derecognised

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

The company has Securitised certain loans, however the company has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of transferred assets measured at amortised cost	5,435.55	7,398.06
Carrying amount of associated liabilities measured at amortised cost	4,584.41	6,634.63
Fair value of assets	5,521.00	7,492.87
Fair value of associated liabilities	4,584.41	6,634.63
Net position at Fair Value	936.59	858.24

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Note: 39 Maturity analysis of assets and liabilities

₹ in lakhs

Particulars	March 31, 2020			March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	48,177.90	-	48,177.90	10,651.82	-	10,651.82
Bank Balance other than (a) above	10,929.28	731.16	11,660.44	41.54	365.41	406.95
Loans	14,770.96	2,59,296.42	2,74,067.38	10,702.65	1,94,586.65	2,05,289.30
Investments	-	15,138.29	15,138.29	-	9,000.00	9,000.00
Other Financial assets	27.01	237.05	264.06	87.61	220.99	308.60
Non-financial Assets						
Current tax assets (Net)	-	-	-	-	83.25	83.25
Deferred tax assets (Net)	-	1,089.55	1,089.55	-	-	-
Property, plant and equipment	-	326.71	326.71	-	319.76	319.76
Other Intangible assets	-	35.35	35.35	-	78.91	78.91
Right of use assets	-	647.65	647.65	-	-	-
Other non-financial assets	128.60	-	128.60	131.88	-	131.88
TOTAL ASSETS	**74,033.75**	**277,502.18**	**351,535.93**	**21,615.50**	**2,04,654.97**	**2,26,270.47**
LIABILITIES						
Financial Liabilities						
Trade Payables	102.07	-	102.07	233.94	-	233.94
Debt Securities	-	60,451.28	60,451.28	-	70,138.48	70,138.48
Borrowings (Other than Debt Securities)	22,449.54	99,415.78	1,21,865.32	15,196.37	69,856.35	85,052.72
Lease Liabilities	277.83	388.53	666.36	-	-	-
Other financial liabilities	528.73	-	528.73	339.59	-	339.59
Non-Financial Liabilities						
Current tax liabilities (Net)	526.68	-	526.68	-	-	-
Provisions	-	252.43	252.43	-	180.31	180.31
Deferred tax liabilities (Net)	-	-	-	-	1,293.38	1,293.38
Other non-financial liabilities	168.55	-	168.55	139.90	-	139.90
EQUITY						
Equity Share capital	-	9,451.33	9,451.33	-	7,878.26	7,878.26
Other Equity	-	1,57,523.18	1,57,523.18	-	61,013.89	61,013.89
TOTAL LIABILITIES AND EQUITY	**24,053.40**	**3,27,482.53**	**3,51,535.93**	**15,909.80**	**2,10,360.67**	**2,26,270.47**

Note: 40 Share-based payments

Employee share option plan

40.1 Details of the employee share option plan

a) In the Annual General Meeting held on August 07, 2015, the shareholders approved the issue of up to 1,800,000 options under the Scheme titled "Aptus Employees Stock Option Scheme 2015" (hereinafter referred to as Aptus ESOS, 2015).

Both the Schemes allow the issue of options to employees of the Company. Each option comprises one underlying equity share.

As per the Scheme, the Nomination and Remuneration Committee ("The Committee") grants the options to the employees deemed eligible and also governs the operation of the scheme.

The difference between the fair price of the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

b) Employee stock options details as on the balance sheet date and Movement in share options during the year are as follows:

₹ in lakhs

Particulars	Grant 7 under Aptus ESOS 2015	Grant 8 under Aptus ESOS 2015	Total
Date of Grant	August 07, 2015	May 17, 2017	
Exercise price per option	75.00	130.00	
Intrinsic Value per option	56.26	111.02	
Options outstanding as at April 01, 2018	11,25,000	1,50,000	12,75,000
Add: Options granted during the year	-	-	-
Less: Options forfeited/lapsed during the year	2,500	-	2,500
Less: Options exercised during the year	2,12,500	-	2,12,500
Options outstanding as at March 31, 2019	9,10,000	1,50,000	10,60,000
Add: Options granted during the year	-	-	-
Less: Options forfeited/lapsed during the year	-	-	-
Less: Options exercised during the year	3,35,000	37,500	3,72,500
Options outstanding as at March 31, 2020	5,75,000	1,12,500	6,87,500

40.2 Fair value of share options granted in the year

During the financial year 2017-18, 150,000 shares were granted under the Aptus ESOS 2015 scheme. The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an external firm of Chartered Accountants. The key assumptions used in the model for calculating fair value are as below:

₹ in lakhs

Assumptions	Date of Grant	
	August 07, 2015	May 17, 2017
Risk Free Interest Rate	8.04% to 8.26%	7.21% to 7.73%
Expected Life	2.65 to 5.65	3 to 6
Expected Annual Volatility of Shares	43.15%	35.99%
Expected Dividend Yield	0%	0%
Price of Underlying share at the time of the Option Grant	56.26	111.02
Fair Value of the Option (₹)		
1st Stage	13.61	29.67
2nd Stage	17.21	36.87
3rd Stage	20.60	43.37
4th Stage	23.64	49.29

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40.3 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee benefit expense	19.21	40.10

Note: 41 Change in liabilities arising from financing activities

₹ in lakhs

	01-Apr-19	Cash flows	Other *	31-Mar-20
Debt securities	70,138.48	(10,000.00)	312.80	60,451.28
Borrowings other than debt securities	85,052.72	36,792.35	20.25	1,21,865.32
Total liabilities from financing activities	**1,55,191.20**	**26,792.35**	**333.05**	**1,82,316.60**

	01-Apr-18	Cash flows	Other *	31-Mar-19
Debt securities	30,210.23	40,100.00	(171.75)	70,138.48
Borrowings other than debt securities	52,503.86	32,972.83	(423.97)	85,052.72
Total liabilities from financing activities	**82,714.09**	**73,072.83**	**(595.72)**	**1,55,191.20**

* Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

Note: 42 Collateral and other credit enhancements

Although collateral can be an important mitigation of credit risk, it is the Company's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements. The Company obtains first and exclusive charge on all collateral that it obtains for the loans given. The loans are secured by collateral at the time of origination.

Immovable Property is the collateral for Housing and non-housing loans. Security Interest in favour of the Company is created by Mortgage through deposit of title deed which is registered wherever required by law.The Company does not obtain any other form of credit enhancement other than the above. All the Company's term loan are secured by way of tangible collateral. Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

Note: 43

43A) New and amended standards and interpretations - Ind AS 116 (Refer Note 2.3 for Accounting policy on Leases)

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Company elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Company applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The Company has lease contracts for various items of Land and Building. Before the adoption of Ind AS 116, the Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of Ind AS 116, the Company applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 2.3 - Leases for the accounting policy beginning April 01, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Company.

Leases previously classified as finance leases

The Company did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 01, 2019.

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at April 01, 2019:

- Right-of-use assets of ₹901.45 lakhs were recognised.
- Corresponding lease liabilities of ₹901.45 lakhs were recognised.

43B) The Company has lease contracts for Land and Building used for the branches. Leases of such assets generally have lease terms between 3 and 9 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios.

The Company also has certain leases for Land and Building with lease terms of 12 months or less. The Company applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the period:

Movement of Lease Liability

₹ in lakhs

Particulars	As at March 31, 2020
Opening Balance	-
Add: Additions during the year	901.45
Add / Less: Accretion of Interest	90.14
Less: Payments during the year	(325.23)
Closing Balance	666.36
Current	277.82
Non Current	388.54

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

Maturity Analysis of Lease Liability

₹ in lakhs

Year Ended	Less than 1 Year	1 - 5 Years	More than 5 Years
31-Mar-2020	277.82	371.83	16.70

The effective interest rate for lease liabilities is 10%.

The following are the amounts recognised in the Statement of profit and loss:

₹ in lakhs

Particulars	As at March 31, 2020
Depreciation expense on right-of-use assets	278.76
Interest expense on lease liabilities	90.14
Expense relating to short-term leases (included in other expenses)	41.64
Expense relating to variable leases (included in other expenses)	31.13
Total	**441.67**

The Company had total cash outflows for leases of ₹325.23 lakhs in 2019-20. The Company also had non-cash additions to right-of-use assets and lease liabilities of ₹901.45 lakhs in 2019-20. There are no future cash outflows relating to leases that have not yet commenced.

The Company has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Note: 44 Disclosure as required by National Housing Bank

The following disclosures have been given in terms of National Housing Bank's notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010. Further, the disclosures which are for regulatory and supervisory purpose, have been made so as to comply with NHB's Policy Circular No. NHB(ND)/DRS/Policy Circular No. 89/2017-18 dated June 14, 2018 which requires Housing Finance Companies to continue to follow the extant provisions of National Housing Bank Act, 1987 and Housing Finance Companies (NHB) Directions 2010 including framework on prudential norms and other related circulars issued in this regards by NHB from time to time and the same have been compiled by the Management in accordance with Accounting Standards prescribed under section 133 of the Companies Act, read with the Companies (Accounting Standards) Rules, 2006, as amended (Indian GAAP) and relied upon by the auditors.

44.1 Capital to Risk Assets Ratio (CRAR)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Tier I Capital	1,61,977.01	59,519.24
Tier II Capital	484.20	597.21
Total Capital	**1,62,461.21**	**60,116.45**
Total Risk Assets	**1,96,937.30**	**1,37,749.96**
Capital Ratios		
CRAR - Tier I Capital (%)	82.25%	43.21%
CRAR - Tier II Capital (%)	0.25%	0.43%
CRAR (%)	**82.49%**	**43.64%**
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

44.2 Reserve Fund u/s 29C, of NHB Act 1987

The movement in the Reserve Fund created under Section 29C of NHB Act, 1987 is disclosed under Note 20 to the Financial Statements.

44.3 Investments

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Value of Investments		
i) Gross Value of Investments		
(a) In India	15,048.00	9,000.00
(b) Outside India	-	-
ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India	-	-
iii) Net Value of Investments		
(a) In India	15,048.00	9,000.00
(b) Outside India	-	-
Movement of provisions held towards depreciation on investments		
i) Opening Balance	-	-
ii) Add: Provisions made during the year	-	-
iii) Less: Write-off / Written-bank of excess provisions during the year	-	-
iv) Closing balance	-	-

44.4 Derivatives

The Company has not entered into any Derivative transactions.

Forward Rate Agreement (FRA) / Interest Rate Swap (IRS) : Nil
Exchange Traded Interest Rate (IR) Derivative : Nil
Disclosures on Risk Exposure in Derivatives : Not applicable

44.5 i) Securitised Assets

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Number of Special Purpose Vehicle (SPV) sponsored for Securitisation transactions*	3	4
Outstanding securitised Assets in books of SPV	4,918.17	9,010.89
Less: Collections not yet due to be remitted to SPV**	204.64	217.04
Outstanding securitised Assets as per books	4,713.53	8,793.85
Total amount of exposures retained by the HFC to comply with Minimum Retention Ratio (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures towards Credit Enhancements		
- First Loss	-	-
- Others	-	-
b) On-balance sheet exposures towards Credit Enhancements		
- First Loss – Cash collateral	334.13	365.41
- Others – Overcollateral	1,371.35	1,533.16
Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures towards Credit Enhancements		
- Exposure to own securitizations	-	-
- Exposure to third party securitisations	-	-
b) On-balance sheet exposures towards Credit Enhancements		
- Exposure to own securitizations	-	-
- Exposure to third party securitisations	-	-
Book value of Assets sold	11,710.82	13,508.64

* Represents the SPVs relating to outstanding securitisation transactions
** excludes interest collected from customers on securitised assets.

ii) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction : Nil
iii) Details of Assignment transactions undertaken by HFCs : Nil
iv) Details of non-performing financial assets purchased / sold : Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

44.6 Asset Liability Management

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2020:

₹ in lakhs

Particulars	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Bank (incl. from NHB)	1,227.38	685.66	3,788.57	5,025.38	10,356.98	43,115.74	32,540.44	15,422.26	5,478.91	114.31	**1,17,755.63**
Market Borrowings	-	-	-	-	-	-	19,970.00	40,100.00	-	-	**60,070.00**
Assets											
Advances	968.85	806.54	1,031.36	3,192.55	6,787.79	38,008.61	44,447.42	50,397.18	72,694.19	55,401.09	**2,73,735.58**
Investments	-	-	-	-	-	-	-	-	-	15,048.00	**15,048.00**

Maturity Pattern of certain items of Assets and Liabilities as at March 31, 2019:

₹ in lakhs

Particulars	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Liabilities											
Borrowings from Bank (incl. from NHB)	1,268.55	331.96	1,532.89	4,031.39	8,031.58	32,019.97	25,743.22	9,654.42	2,354.34	449.86	**85,418.18**
Market Borrowings	-	-	-	-	-	-	59,970	10,100.00	-	-	**70,070.00**
Assets											
Advances	802.31	833.17	844.64	2,603.64	5,516.65	33,164.31	33,229.18	35,243.12	50,275.65	45,604.54	**2,08,117.21**
Investments	-	-	-	-	-	-	-	-	-	9,000.00	**9,000.00**

In case of Housing loans, where the loan is not completely disbursed and it is in Pre-EMI stage, the Company has estimated the EMI commencement date based on the technical evaluation and other information available as on date. Accordingly, the maturity pattern for such loans has been considered based on the estimated EMI commencement date.

44.7 A. Exposure to Real Estate Sector

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Direct Exposure		
(i) Residential Mortgages * Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
Upto ₹15 Lakhs	2,47,393.45	1,82,835.08
More than ₹15 Lakhs	21,752.05	18,732.12
Total	**2,69,145.50**	**2,01,567.20**
(ii) Commercial Real Estate Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) Limits	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a. Residential	-	-
b. Commercial Real Estate	-	-
Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

* Includes exposures to Non-Housing loans secured by residential mortgages amounting to ₹1,02,989.59 lakhs (March 31, 2019 - ₹79,622.97 lakhs)

B. Exposure to Capital Market : Nil

C. Details of financing of Parent Company products:

These details are not applicable since the Company is not a subsidiary of any company.

D. Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by HF:

The Company has not exceeded Single Borrower Limit (SGL) / Group Borrower Limit (GBL) during the financial year.

E. Unsecured Advances : Nil

44.8 Other Regulator Registrations

Regulator	Registration No.
1. Ministry of Company Affairs	CIN: U65922TN2009PLC073881
2. National Housing Bank	Certificate Registration No. 05.0084.10 dated May 31, 2010

44.9 Disclosure of Penalties imposed by NHB and other regulators

During the year ended March 31, 2020 and March 31, 2019,

(i) there are no penalties imposed on the Company by NHB or other Regulators.

(ii) the Company has not received any adverse comments in writing by NHB or other Regulators on regulatory compliances, with a specific communication to disclose the same to the public.

44.10 Related party Transactions

Details of the related parties, nature of the relationship with whom Company has entered transactions, remuneration of directors and balances in related party account at the year end, are given in Note no. 33. There were no material transaction with related parties and all these transactions with related parties were carried out in ordinary course of business at arm's length price.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

44.11 Ratings assigned by Credit Rating Agencies

₹ in lakhs

Deposits Instruments	Ratings assigned	
	As at March 31, 2020	As at March 31, 2019
Non-Convertible Debentures	CARE A+ [Single A plus] ICRA A+ [Single A plus]	CARE A [Single A] ICRA A [Single A]
Bank Term Loans	CARE A+ [Single A plus] ICRA A+ [Single A plus]	CARE A [Single A] ICRA A [Single A]
Short Term Debt	-	ICRA A1 [Single A1]

44.12 Net Profit or Loss for the period, prior period items and changes in accounting policies

During the year,

(a) no prior period items occurred which has impact on Statement of Profit and loss,

(b) no change in Accounting policy,

(c) there is no withdrawal from reserve fund.

44.13 Revenue Recognition

There are no circumstances in which revenue recognition has been postponed by the Company pending the resolution of significant uncertainties.

44.14 Consolidated Financial Statements (CFS)

The Company has a wholly owned Subsidiary and the Consolidated financial statements is prepared in accordance with Ind AS 110.

44.15 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss Account

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
1. Provisions for depreciation on Investment	-	-
2. Provision made towards Income Tax	5,227.47	3,739.60
3. Provision towards NPA	291.55	90.73
4. Provision for Standard Assets * (with details like teaser loan, CRE, CRE-RH etc.)		
- Housing Loans (Non-CRE)	95.32	87.54
- Non-Housing Loans (Non-CRE)	108.58	93.02
5. Provision for Standard assets where asset classification benefit is extended as per Paragraph 5 of RBI guidelines dated April 17, 2020	94.35	-
6. Other Provision and Contingencies	-	-

Break up of Loan & Advances and Provisions thereon

₹ in lakhs

Particulars	Housing		Non-Housing	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Standard Assets				
a) Total Outstanding Amount	1,65,091.78	1,21,525.20	101,894.47	79,159.71
b) Provisions made	454.50	359.18	425.22	316.64
Sub-Standard Assets				
a) Total Outstanding Amount	816.01	227.73	799.92	330.32
b) Provisions made	122.40	34.16	119.99	49.55
Doubtful Assets – Category-I				
a) Total Outstanding Amount	107.75	159.90	188.41	84.10
b) Provisions made	36.28	51.47	63.21	24.74
Doubtful Assets – Category-II				
a) Total Outstanding Amount	140.37	17.37	100.20	42.90
b) Provisions made	94.56	10.61	66.89	27.88
Doubtful Assets – Category-III				
a) Total Outstanding Amount	-	14.04	6.60	5.94
b) Provisions made	-	14.04	6.60	5.94
Loss Assets				
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**1,66,155.91**	**1,21,944.24**	**1,02,989.60**	**79,622.97**
b) Provisions made	**707.74**	**469.46**	**681.91**	**424.75**

Notes:

1) The total outstanding amount mean principal + accrued interest* + other charges** pertaining to loans without netting off.

* Accrued interest on non-performing assets are de-recognised, hence not included in the outstanding amount.

** Other charges are recognised only on realisation basis, hence not considered as part of outsanding amount.

2) The Category of Doubtful Assets is as under

Period for which the assets has been considered as doubtful	Category
Up to one year	Category-I
One to three years	Category-II
More than three year	Category-III

44.16 Draw Down from Reserves

During the financial year 2018-19, there were no draw down from Reserves.

44.17 Concentration of Loans & Advances

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Loans & Advances to twenty largest borrowers	763.11	789.69
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	0.28%	0.39%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended March 31, 2020

44.18 Concentration of Exposures (including off-balance sheet exposure)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to twenty largest borrowers / customers	763.11	789.69
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	0.28%	0.39%

44.19 Concentration of NPAs

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Total Exposure to top ten NPA accounts	296.19	196.80
Percentage of Exposure to top ten NPA accounts to Total Advances of the HFC	0.11%	0.10%

44.20 Sector-wise NPAs

₹ in lakhs

Particulars	Percentage of NPAs to Total Advances in that Sector	
	As at March 31, 2020	As at March 31, 2019
A. Housing Loans:		
1. Individuals	0.64%	0.34%
2. Builders/Project Loans	0.00%	0.00%
3. Corporates	0.00%	0.00%
4. Others (specify)	0.00%	0.00%
B. Non-Housing Loans:		
1. Individuals	1.06%	0.58%
2. Builders/Project Loans	0.00%	0.00%
3. Corporates	0.00%	0.00%
4. Others (specify)	0.00%	0.00%

44.21 Movement of NPAs

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(I) Net NPAs to Net Advances(%)	0.61%	0.33%
(II) Movement of Gross NPAs		
a) Opening balance	882.29	684.26
b) Additions during the year	1,562.23	463.41
c) Reductions during the year	(285.27)	(265.38)
d) Closing balance	2,159.25	882.29
(III) Movement of Net NPAs		
a) Opening balance	663.90	556.60
b) Additions during the year	1,194.88	324.76
c) Reductions during the year	(209.47)	(217.46)
d) Closing balance	1,649.31	663.90
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	218.39	127.66
b) Provisions made during the year	367.35	138.65
c) Write-off / write-back of excess provisions	(75.80)	(47.92)
d) Closing balance	509.94	218.39

44.22 Overseas Assets - Nil

44.23 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) - Nil

44.24 Customer Complaints

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	153	151
c) No. of complaints redressed during the year	153	151
d) No. of complaints pending at the end of the year	-	-

44.25 Moratorium

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of installments, the Company has extended moratorium to its borrowers in accordance with its Board approved policy.

Particulars	Amount
Amounts in SMA/overdue categories where the moratorium/deferment was extended	5,806.84
Asset classification benefits vide above mentioned RBI circular	1,887.07
Provisions made during the Q4 FY 2020	94.35
Provisions adjusted during the respective accounting periods against slippages and the residual provisions	-

Note: 45 Sharing of Costs

The Company and its subsidiary share certain costs / service charges. These costs have been recovered by the Company from its subsidiary on a basis mutually agreed to between them, which has been relied upon by the Auditors.

Note: 46 Events after reporting date

There have been no events after the reporting date that require disclosure in these financial statements.

Note: 47 Comparatives

The figures of the previous year have been audited by a firm of chartered accountants other than S.R. Batliboi & Associates LLP. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

Note: 48 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on May 30, 2020.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of

APTUS VALUE HOUSING FINANCE INDIA LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Aptus Value Housing Finance India Limited** (hereinafter referred to as **"the Holding Company"**), and its subsidiary (the Holding Company and its subsidiary, together referred to as "the Group") comprising the consolidated Balance sheet as at March 31 2020, the consolidated Statement of Profit and Loss, including Statement of Other comprehensive income, the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2020, their consolidated profit including other comprehensive loss, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to note no 2.B to the accompanying financial results, which describes the economic and social disruption the Company is facing as a result of COVID-19 pandemic, and its possible consequential implications, on the Company's operations and financial metrics.

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

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of audit procedures performed by us and by other auditors of components not audited by us, as reported by them in their audit reports furnished to us by the management, including those procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated Ind AS financial statements.

Key Audit Matters	How our audit addressed the key audit matter
a) Impairment for Financial Instruments based on expected credit loss model (Refer to note 2.1.6 and note 29 to the consolidated financial statements)	
Financial instruments, which include advances to customers, represents a significant portion of the total assets of the Group. The Group has advances aggregating ₹3,125.39 crores as at March 31, 2020.	▪ We read and assessed the Group's impairment provisioning policy with reference to Ind-AS 109 and the provisioning framework approved by the Board of Directors as well as relevant regulatory guidelines and pronouncements.

<table>
<tr><th>Key Audit Matters</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>As per the expected credit loss model of the Group developed in accordance with the principles set out in Ind-AS 109 on Financial Instruments, the Group is required to estimates the probability of loss / expected loss based on past experience and future considerations. This involves a significant degree of estimation and judgements, including determination of staging of financial instruments; estimation of probability of defaults, loss given defaults, exposure at defaults; and forward looking factors, micro- and macro-economic factors, in estimating the expected credit losses. Additionally, the economic and business consequences of the COVID 19 pandemic as described in Note 2.B to the financial statements, significant social disruption and disturbance and slowdown of economic activity, moratoriums granted to borrowers, the related regulatory directives and also the applicable accounting directions, further affect expected credit loss under the ECL approach.

Due to the significance of the amounts involved, judgments involved in classification of loans, relative complexity of various assumptions and estimates used, uncertainties related to COVID-19 and determination of related provisions, this audit area is considered a key audit matter.</td><td>▪ For expected credit loss provision against outstanding exposures classified across various stages, we obtained an understanding of the Group's provisioning methodology (including factors that affect the probability of default, loss given defaults and exposure at default; various forward looking, micro- and macro-economic factors), the underlying assumptions and the sufficiency of the data used by management.
▪ We performed tests of controls and details on a sample tests basis in respect of the staging of outstanding exposures, implementation of Group policy in response to COVID-19 and other relevant data used in impairment computations prepared by management as compared to the Group's policy.
▪ We obtained an understanding of the basis and methodology adopted by management to determine probability of defaults, exposure at default and the loss given defaults for various loans, and tested the same on a sample basis.
▪ We enquired with the management regarding significant judgments and estimates involved in the impairment computation and additional management overlay provision arising from the effects of the COVID-19 pandemic, and evaluated the reasonableness thereof.
▪ We tested the arithmetical accuracy of computation of ECL provision performed by the Group in spreadsheets.
▪ Assessed disclosures included in the consolidated financial statements in respect of expected credit losses including the specific disclosures made with regard to the impact of COVID-19 on ECL estimation.</td></tr>
<tr><td colspan="2">b) IT Systems and controls</td></tr>
<tr><td>During the current year, as the IT systems and processes continue to mature in view of the evolving business and regulatory landscape, changes in the technology environment have been carried out by the Holding Company.

The Company made changes to its IT systems to give effect to the policy approved by its Board of Directors, in response to and as required by the COVID-19 Regulatory Package provided by RBI, including moratorium on instalments due on Loans Implementation of the moratorium involves significant level of judgement, changes to IT systems, etc.

The IT infrastructure is critical for effective and efficient functioning of the Company's business operations as well as for timely and accurate financial reporting. Accordingly, the Holding Company has continued to invest in its IT infrastructure in the current year as well.

Due to the pervasive nature and complexity of the IT environment and considering that significant changes in key processes have been implemented in recent past, it is considered a key audit matter.</td><td>Our audit procedures included the following, among others:
▪ We included specialized IT auditors as part of our audit team for testing IT general controls, application controls and IT dependent manual controls implemented by the Holding Company, and testing the information produced by the Company's IT systems.
▪ We tested the design and operating effectiveness of the Holding Company's IT access controls over the key information systems that are related to financial reporting.
▪ We tested IT general controls in the nature of controls over logical access, changes management, and other aspects of IT operational controls. These included testing that requests for access to systems were reviewed and authorized.
▪ We considered the control environment relating to various interfaces, configuration and other application controls identified as key to our audit.
▪ In addition, we tested the key application controls with respect to financial reporting to evaluate their operating effectiveness.
▪ If deficiencies were identified, we tested compensating controls or performed alternate procedures.</td></tr>
</table>

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

Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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.

The Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

Other Matters

(a) We did not audit the financial statements and other financial information, in respect of the Holding Company's subsidiary, whose financial statements include total assets of ₹43,374.73 lakhs as at March 31, 2020, and total revenues of ₹7,145.99 lakhs and net cash inflows of ₹192.01 lakhs for the year ended on that date. Those financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary, is based solely on the report(s) of such other auditors.

(b) The consolidated financial statements of the Company for the year ended March 31, 2019, included in these consolidated financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 10, 2019.

Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, are not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditor on separate financial statements and the other financial information of subsidiary, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

(a) We/the other auditors whose report we have relied upon 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 of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, on its subsidiary company, none of the directors of the Group's companies, incorporated in India, is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary company, incorporated in India, refer to our separate Report in "Annexure 1 to this report;

(g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiary, the managerial remuneration for the year ended March 31, 2020 has been paid / provided by the Holding Company, its subsidiary incorporated in India to their directors in accordance with the provisions of section 197 read with Schedule V to 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 and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiary, as noted in the 'Other matter' paragraph:

i. The Group does not have any pending litigations which would impact its consolidated financial position;

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 6 and 16 to the consolidated Ind AS financial statements in respect of such items as it relates to the Group;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, or its subsidiary, incorporated in India during the year ended March 31, 2020.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership Number: 211107

Place: Chennai
Date : May 30, 2020

UDIN: 20211107AAAACA7468

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF APTUS VALUE HOUSING FINANCE LIMITED

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

In conjunction with our audit of the consolidated financial statements of Aptus Value Housing Finance Limited as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Aptus Value Housing Finance Limited (hereinafter referred to as the "Holding Company") and its subsidiary company which are companies incorporated in India, as of that date.

The Board of Directors' Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, 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 with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements

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

Opinion

In our opinion, the Holding Company and its subsidiary company, which are companies incorporated in India, have maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31,2020, based on the internal control over financial reporting criteria established by the Holding 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to the Holding Company's subsidiary, which is a company incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, incorporated in India.

For **S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per **Aniruddh Sankaran**
Partner
Membership No.: 211107

Place: Chennai
Date : May 30, 2020

UDIN: 20211107AAAACA7468

CONSOLIDATED BALANCE SHEET As at March 31, 2020

₹ in lakhs

Sr.	Particulars	Note No.	As at March 31, 2020	As at March 31, 2019
	ASSETS			
	1. Financial Assets			
	(a) Cash and cash equivalents	4	48,403.41	10,685.32
	(b) Bank Balance other than (a) above	5	11,864.24	406.95
	(c) Loans	6	311,708.86	220,024.62
	(d) Other Financial assets	7	267.68	310.10
	Total Financial Assets		**3,72,244.19**	**2,31,426.99**
	2. Non-Financial Assets			
	(a) Current tax assets (Net)	8	-	83.25
	(b) Deferred tax assets (Net)	9	1,272.26	115.25
	(c) Property, plant and equipment	10A	326.81	319.92
	(d) Other Intangible assets	10B	36.57	81.32
	(e) Right of use assets		647.65	-
	(f) Other non-financial assets	11	144.90	133.77
	Total Non-Financial Assets		**2,428.19**	**733.51**
	TOTAL ASSETS		**3,74,672.38**	**2,32,160.50**
	LIABILITIES AND EQUITY			
	LIABILITIES			
	1. Financial Liabilities			
	(a) Payables			
	Trade Payables			
	(i) total outstanding dues of micro enterprises and small enterprises	28	-	-
	(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		126.98	265.43
	(b) Debt Securities	12	64,454.96	70,138.48
	(c) Borrowings (Other than Debt Securities)	13	137,043.21	89,830.49
	(d) Lease Liabilities		666.36	-
	(e) Other financial liabilities	14	465.92	340.99
	Total Financial Liabilities		**2,02,757.43**	**1,60,575.39**
	2. Non-Financial Liabilities			
	(a) Current tax liabilities (Net)	15	583.46	97.50
	(b) Provisions	16	252.43	180.31
	(c) Deferred tax liabilities (Net)	9	-	1,293.38
	(d) Other non-financial liabilities	17	178.02	154.66
	Total Non-Financial Liabilities		**1,013.91**	**1,725.85**
	TOTAL LIABILITIES		**2,03,771.34**	**1,62,301.24**
	3. EQUITY			
	(a) Equity Share capital	18	9,451.33	7,878.26
	(b) Other Equity	19	1,61,449.71	61,981.00
	Total Equity		**1,70,901.04**	**69,859.26**
	TOTAL LIABILITIES AND EQUITY		**3,74,672.38**	**232,160.50**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS For the year ended on March 31, 2020

₹ in lakhs

Sr.	Particulars	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
1.	**Revenue from operations**			
	(a) Interest Income	20	46,759.63	30,973.96
	(b) Fees and Other charges	20	1,196.23	871.70
	Total Revenue from operations		**47,955.86**	**31,845.66**
2.	**Other Income**	21	**4,356.96**	**1,884.53**
3.	**Total Income (1+2)**		**52,312.82**	**33,730.19**
4.	**Expenses**			
	(a) Finance costs	22	18,454.91	11,565.35
	(b) Employee benefits expense	23	6,480.48	4,811.81
	(c) Depreciation and amortisation expense	10A & 10B	580.57	292.82
	(d) Other expenses	24	1,783.86	1,624.45
	(e) Impairment of Financial Instruments	25	284.01	135.99
	Total Expenses		**27,583.83**	**18,430.42**
5.	**Profit Before Tax (3-4)**		**24,728.99**	**15,299.77**
6.	**Tax Expense**			
	- Current tax	26	6,015.39	3,707.15
	- Adjustment of tax relating to earlier periods		58.86	(11.23)
	- Deferred tax	9,26	(2,446.53)	433.72
	Income Tax Expense		**3,627.72**	**4,129.64**
7.	**Profit for the year (5-6)**		**21,101.27**	**11,170.13**
8.	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss Remeasurement gain / (loss) on defined benefit plan		(15.35)	(4.92)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		3.86	1.43
	Other Comprehensive Income		**(11.49)**	**(3.49)**
9.	**Total Comprehensive Income for the year (7+8)**		**21,089.78**	**11,166.64**
10.	**Earnings per share (of ₹10/- each)**			
	(a) Basic (in ₹)	34	**24.07**	**14.18**
	(b) Diluted (in ₹)	34	**23.92**	**14.15**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the period ended March 31, 2020

1. Equity Share Capital

₹ in lakhs

Particulars	Amount
Balance as at April 1, 2018	**7,857.01**
Changes in equity share capital during the year	
(a) Issue of equity shares under employee stock option plan (Refer Note 39)	21.25
Balance as at March 31, 2019	**7,878.26**
Changes in equity share capital during the year	
(a) Fresh issue of equity shares	1,535.82
(b) Issue of equity shares under employee stock option plan (Refer Note 39)	37.25
Balance as at March 31, 2020	**9,451.33**

2. Other Equity

₹ in lakhs

Particulars	Reserves and Surplus							Items of Other Comprehensive Income	Total
	Securities Premium	Employee Stock Option Reserve	Statutory Reserve-I	Special Reserve	Statutory Reserve-II	Impairment Reserve	Retained Earnings		
Balance as at April 1, 2018	**37,311.58**	**161.68**	**72.35**	**4,275.52**	**17.75**	**-**	**8,801.49**	**(4.24)**	**50,636.13**
Premium received during the year	138.13	-	-	-	-	-	-	-	138.13
Additions during the year	-	40.10	-	-	-	-	-	-	40.10
Profit (loss) for the year after income tax	-	-	-	-	-	-	11,170.13	-	11,170.13
Appropriations to Reserves	-	-	-	2,789.70	180.93	-	(2,970.63)	-	-
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-	(3.49)	(3.49)
Balance as at March 31, 2019	**37,449.71**	**201.78**	**72.35**	**7,065.22**	**198.68**	**-**	**17,000.99**	**(7.73)**	**61,981.00**
Premium received during the year	78,741.22	-	-	-	-	-	-	-	78,741.22
Additions during the year	-	19.21	-	-	-	-	-	-	19.21
Profit (loss) for the year after income tax	-	-	-	-	-	-	21,101.27	-	21,101.27
Appropriations to Reserves	-	-	986.03	2,640.04	597.26	90.26	(4,313.59)	-	-
Other Comprehensive Income for the year (net of tax)	-	-	-	-	-	-	-	(11.49)	(11.49)
Share issue expenses during the year	(381.50)	-	-	-	-	-	-	-	(381.50)
Premium on ESOP exercised during the year	47.18	(47.18)	-	-	-	-	-	-	-
Balance as at March 31, 2020	**1,15,856.61**	**173.81**	**1,058.38**	**9,705.26**	**795.94**	**90.26**	**33,788.67**	**(19.22)**	**1,61,449.71**

Notes: Refer Note 19.2 for description of nature and purpose of each reserve.

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

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director & Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

CONSOLIDATED CASH FLOW STATEMENT For the year ended on March 31, 2020

₹ in lakhs

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
Cash flows from operating activities				
Profit before tax		**24,728.99**		**15,299.77**
Adjustments for:				
Finance costs	18,454.91		11,565.35	
Interest income from bank deposits	(1,704.07)		(133.41)	
Dividend income	(313.51)		(424.69)	
Depreciation and amortisation expense	580.57		292.82	
Impairment of Financial Instruments	284.01		135.99	
Expense recognised in respect of equity-settled share-based payments	19.21		40.10	
		17,321.12		**11,476.16**
Operating profit before working capital changes		**42,050.11**		**26,775.93**
Movements in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Loans	(91,958.51)		(82,700.29)	
Other Financial assets	42.42		(122.19)	
Other non-financial assets	(50.84)		45.47	
Adjustments for increase / (decrease) in operating liabilities:				
Trade Payables	(138.45)		0.03	
Other financial liabilities	124.93		228.35	
Provisions	47.02		33.97	
Other non-financial liabilities	23.36	(91,910.07)	22.90	(82,491.76)
Cash used in operations		(49,859.96)		(55,715.83)
Finance cost paid		(18,129.23)		(12,181.40)
Direct Taxes paid		(5,505.05)		(3,696.75)
Net cash used in operating activities (A)		**(73,494.24)**		**(71,593.98)**
Cash flows from investing activities				
Capital expenditure on Property, plant and equipment	(249.19)		(272.62)	
Deposits placed with banks (net)	(11,225.33)		(238.85)	
Interest received on Bank deposits	1,472.11		125.94	
Purchases of Investments	(1,14,496.65)		(89,549.00)	
Redemption of Investments	1,14,624.81		94,012.55	
Income from Mutual Funds	185.35		424.69	
Net cash flow used in investing activities (B)		**(9,688.90)**		**4,502.71**
Cash flows from financing activities				
Proceeds from issue of equity shares (including securities premium)	80,314.29		159.38	
Share issue expenses	(381.50)		-	
Proceeds from issue of Debt securities	5,000.00		40,100.00	
Repayment of Debt securities	(10,937.50)		-	
Proceeds from borrowings	85,294.55		47,252.74	
Repayment of borrowings	(38,063.38)		(10,935.70)	
Payment of principal portion of Lease liabilities	(235.09)		-	
Interest paid on Lease liabilities	(90.14)		-	
Net cash flow from financing activities (C)		**1,20,901.23**		**76,576.42**
Net increase in cash and cash equivalents (A+B+C)		**37,718.09**		**9,485.15**
Cash and cash equivalents at the beginning of the year		10,685.32		1,200.17
Cash and cash equivalents at the end of the year (Refer Note 4)		**48,403.41**		**10,685.32**

The accompanying notes form an integral part of the consolidated financial statements.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2020

1. CORPORATE INFORMATION:

Aptus Value Housing Finance India Limited ('Holding Company') was incorporated on December 11, 2009 with the primary objective of carrying on the business of providing long term housing finance to meet the housing needs of the low and middle income segment in the country. The group is also engaged in providing loans for non-housing finance activities in the form of Loan Against Properties (LAP).

The Holding Company received the certificate of registration from the National Housing Bank (NHB) on May 31, 2010 to commence the business of Housing Finance without accepting public deposits. The certificate of commencement of business was received from the Registrar of Companies on June 25, 2010.

Aptus Finance India Pvt. Limited ('Subsidiary Company') was incorporated on September 18, 2015 as a subsidiary of Aptus Value Housing Finance India Limited with the primary objective of carrying on the business of providing finance in the form of loan against immovable properties.

The Subsidiary Company received the certificate of registration from the Reserve Bank of India (RBI) on December 16, 2016 to commence the business of Non-Banking Financial Institution without accepting public deposits. It is a non-deposit taking non systemically important Non-Banking Financial Company ('NBFC-ND-Non SI').

The above two companies are collectively referred to as the "Group".

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of preparation and presentation

(I) The consolidated financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 as per Section 133 of the Companies Act, 2013 and relevant amendment rules issued thereafter (“Ind AS”) on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below, the relevant provisions of the Companies Act, 2013 (the “Act”) and the guidelines issued by the NHB to the extent applicable.

(ii) The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Division III of Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”.

(iii) Amounts in the consolidated financial statements are presented in Indian Rupees in lakhs rounded off to two decimal places as permitted by Schedule III to the Act, except when otherwise indicated.

(iv) Disclosures required by National Housing Bank's notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 and in terms of the circular no. NHB/ND/DRS/Pol-No.35/2010-11 dated October 11, 2010 are only in relation to standalone financial statements and, hence, have not been included in these consolidated financial statements.

B. Impact of COVID-19 pandemic

The COVID-19 pandemic (declared as such by the World Health Organisation on March 11, 2020), has contributed to a significant decline and volatility, and a significant decrease in economic activity, in global and Indian markets. The Indian government announced a strict 40-day lockdown in India to contain the spread of the virus till May 03, 2020, which was further extended till May 31, 2020 with some relaxations in specific areas. This has led to significant disruptions and dislocations for individuals and businesses, impacting Group's regular operations including lending and collection activities. The Group's Impairment loss allowance in respect of its loan portfolio as at March 31, 2020, includes amounts estimated by management as the potential impact of COVID-19 based on the information available at this point in time as more fully explained in the note 29 to the Financial Statements. However, the full extent of impact of the COVID-19 pandemic on the Group's operations, and financial metrics (including impact on provisioning on advances) will depend on future developments and the governmental, regulatory and the Group's responses thereto, which are highly uncertain and incapable of estimation at this time.

C. Presentation of consolidated financial statements

The Group presents its balance sheet in order of liquidity.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in the normal course of business, event of default or insolvency or bankruptcy of the Group and/or its counterparties.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

D. Principles of consolidation

The consolidated financial statements relate to Aptus Value Housing Finance India Limited(the 'Holding Company') and its subsidiary company.

The consolidated financial statements have been prepared on the following basis:

(i) The financial statements of the subsidiary company used in the consolidation are drawn upto the same reporting date as that of the Holding company i.e., March 31, 2020.

(ii) The financial statements of the Holding company and its subsidiary company have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions.

(iii) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(iv) Aptus Finance India Private Limited, a wholly-owned subsidiary has been considered in the preparation of the consolidated financial statements.

2.1 Financial Instruments

2.1.1 Financial instruments – initial recognition

2.1.1.1 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 Group becomes a party to the contractual provisions of the instrument. Loans are recognised when fund transfers are initiated to the customers' account or cheques for disbursement have been prepared by the Group (as per the terms of the agreement with the borrowers). The Group recognises debt securities and borrowings when funds reach the Group.

2.1.1.2 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 (Fair value through profit and loss), transaction costs are added to, or subtracted from, this amount.

2.1.1.3 Measurement categories of financial assets and liabilities

The Group 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 or FVTPL.

2.1.2 Financial assets and liabilities

2.1.2.1 Bank balances, Loans, Trade receivables and financial investments at amortised cost

The Group Measures *Bank balances, Loans*, and other financial investments at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest ("SPPI") on the principal amount outstanding.

The details of these conditions are outlined below.

2.1.2.1.1 Business model assessment

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

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)
- The expected frequency, value and timing of sales are also important aspects of the Group's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

2.1.2.1.2 The SPPI test

As a second step of its classification process the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

2.1.2.2 Financial assets or financial liabilities held for trading

The Group classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit making. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

2.1.2.3 Equity instruments at FVOCI

The Group subsequently measures all equity investments at fair value through profit or loss, unless the Group's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 *Financial Instruments: Presentation* and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI ("Other Comprehensive Income"). Equity instruments at FVOCI are not subject to an impairment assessment.

2.1.2.4 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. 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 Group'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.

2.1.3 Reclassification of financial assets and liabilities

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

2.1.4 Modification of financial assets

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

2.1.5 Derecognition of financial assets and liabilities

2.1.5.1 Derecognition of financial assets due to substantial modification of terms and conditions

The Group derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes. When assessing whether or not to derecognise a loan to a customer, amongst others, the Group considers the following factors: (i) Change in counterparty (ii) If the modification is such that the instrument would no longer meet the SPPI criterion (iii) If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Group records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2.1.5.2 Derecognition of financial assets other than due to substantial modification

A financial asset is derecognised when the rights to receive cash flows from the financial asset have expired. The Group also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

A transfer only qualifies for derecognition if either, the Group has transferred substantially all the risks and rewards of the asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Control is considered to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

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

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

In case when transfer of a part of financial asset qualifies for derecognition, any difference between the proceeds received on such sale and the carrying value of the transferred asset is derecognised as a gain or loss on decrease of such financial asset previously under amortised cost category.

2.1.5.3 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.

2.1.6 Impairment of financial assets

2.1.6.1 Overview of the ECL principles

The Group records allowance for expected credit losses for all loans, other debt financial assets not held at FVTPL, together with loan commitments, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under Ind AS 109.

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

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 Group 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 Group categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1:

When loans are first recognised, the Group 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 Group 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 Group records an allowance for the LTECLs.

Staging rules set have been applied to the product categories to bucket them into either Stage 1, Stage 2 or Stage 3.

Stages	Days past dues	ECL
Stage 1	Upto 30 days	12 month ECL
Stage 2	31 to 90 days	Lifetime ECL
Stage 3	90 days +	Lifetime ECL

In addition to days past due, the Group also considers other qualitative factors in determining significant increase in credit risks since origination.

2.1.6.2 The calculation of ECLs

The Group calculates ECLs 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 key elements of the ECL are summarised below:

PD:

The *Probability of Default* is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD:

The *Exposure at Default* is an estimate of the exposure at a future default date (in case of Stage 1 and Stage 2), 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. In case of Stage 3 loans EAD represents exposure when the default occurred.

LGD:

The *Loss Given Default* is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

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 Group 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 Group records an allowance for the LTECLs PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

Significant increase in credit risk

The Group monitors all financial assets 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 Group will measure the loss allowance based on lifetime rather than 12mECLs.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group 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 Group 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 Group's historical experience and expert credit assessment including forward-looking information.

Stage 3:

For loans considered credit-impaired, the Group 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%.

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;
- a breach of contract such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- 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 Group assesses whether debt instruments that are financial assets measured at amortised cost are credit-impaired at each reporting date.

A loan is considered credit-impaired when a concession is granted to the borrower due to a deterioration in the borrower's financial condition, unless there is evidence that as a result of granting the concession the risk of not receiving the contractual cash flows has reduced significantly and there are no other indicators of impairment. For financial assets where concessions are contemplated but not granted the asset is deemed credit impaired when there is observable evidence of credit-impairment including meeting the definition of default. The definition of default includes unlikeliness to pay indicators and a back- stop if amounts are overdue for 90 days or more.

Loan commitment:

When estimating LTECLs for undrawn loan commitments, the Group estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan. For an undrawn loan commitment, ECLs are calculated and presented under provisions.

Forward looking information

In its ECL models, the Group relies on a broad range of forward looking information as economic inputs. 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 made as temporary adjustments.

Estimates and associated assumptions applied in preparing the financial statements, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Group has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans.

2.1.6.3 Write-off

Loans and debt securities are written off when the Group has no reasonable expectations of recovering the financial asset (either in its entirety or a portion of it). This is the case when the Group determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. A write-off constitutes a derecognition event. The Group may apply enforcement activities to financial assets written off. Recoveries resulting from the Group's enforcement activities will result in impairment gains.

2.1.7 Financial Guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by an entity are initially measured at their fair values and, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109;
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2.2 Recognition of Interest Income

2.2.1 The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost, debt instrument measured at FVOCI and debt instruments designated at FVTPL. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows of the financial instrument through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability.

2.2.2 Interest Income

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

When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Group 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 Group reverts to calculating interest income on a gross basis.

2.2.3 Fee and Other charges

Fee and other charges include fees other than those that are an integral part of EIR. The fees included in this part of the Group's statement of profit or loss include among other things fees charged for servicing a loan including cheque bounce charges, field visit charges, pre-closure charges etc.

2.2.4 Dividend Income

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

2.3 Leases

The Group's Right-of-Use (“ROU”) assets consist of leases for buildings. The Group 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 Group assesses whether: (i) the contract involves the use of an identified asset (ii) the Group has substantially all of the economic benefits from the use of the asset through the period of the lease and (iii) the Group has the right to direct the use of the asset.

At the date of commencement of the lease, the Group recognises a right-of-use 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 Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group enters into operating leases as a lessee for renting of branch premises.

Certain lease arrangements include 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Right-of-Use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term. Right-of-use assets are evaluated for recoverability whenever events or changes in the circumstances indicate that their carrying amounts may not be recoverable.

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 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 Group changes its assessment if the whether it will exercise an extension or a termination option.

ROU asset are recognised and presented separately in the Balance sheet under Non-Financial Assets while lease liability is presented under Financial Liabilities in the Balance Sheet. Lease payments made by the Group are classified as financing cash flows. Also refer Note 41 to the Financial Statements.

2.4 Employee benefits

Post-employment benefits and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement of actuarial gains and losses is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment.

Interest is calculated by applying the discount rate at the beginning of the period to the defined benefit liability. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- interest expense; and
- remeasurement

The Group presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expense'. Curtailment gains and losses are accounted for as past service costs.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that 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.

Liabilities recognised in respect of leave encashment and other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. The Group records the leave encashment liability based on actuarial valuation computed using projected unit credit method.

2.5 Share-based payment

Employee stock compensation cost for stock options is recognised as per the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India and IND AS 102. The Group measures compensation cost relating to the employee stock options (equity settled) using the fair value method. The compensation cost, if any, is amortised uniformly over the vesting period of the options. The Group initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred at the time of grant. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 39.

2.6 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, by the reporting date in the countries where the Group operates and generates taxable income.

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. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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:

- In respect of taxable temporary differences associated with investments in subsidiaries, where 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, 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 taxable entity and the same taxation authority.

2.7 Property, plant and equipment and Other intangible assets

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost less its estimated residual value. Depreciation on the following categories of tangible fixed assets (other than Freehold Land) has been provided on the straight-line method, the useful lives of which have been assessed as under, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Particulars	Estimated Life	Life as per Schedule II
Office Equipment	3 years	5 years
Servers (under office equipment)	3 years	6 years
Furniture and Fixtures	3 years	10 years
Vehicles	3 years	8 years

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Other assets have been depreciated on straight line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Freehold Land is not depreciated. Intangible assets are amortized over their estimated useful life on straight line method as follows:

Intangibles – Computer Software - 3 years or License Period whichever is lower.

Improvements to Leasehold Premises are amortized over the primary lease period or 3 years, whichever is lower.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible Assets

The Group's other intangible assets mainly include the value of computer software.

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

Intangible assets acquired separately are measured on initial recognition at cost. Subsequently, they are carried at cost less accumulated amortisation and impairment losses if any, and are amortised over their estimated useful life on the straight-line basis over a 3-year period or the license period whichever is lower.

The carrying amount of the assets is reviewed at each Balance sheet date to ascertain impairment based on internal or external factors. Impairment is recognised, if the carrying value exceeds the higher of the net selling price of the assets and its value in use.

2.8 Impairment of tangible and intangible assets other than goodwill

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment, if any, indication of impairment exists. An intangible asset that is not yet available for use is tested for impairment each financial year even if there is no indication that the asset is impaired.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognized for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognized.

2.9 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

2.10 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before 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.

2.10.1 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.11 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.12 Segment Reporting

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the 'management approach' as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group's performance based on an analysis of various performance indicators by business segments and geographic segments.

As per the requirements of Ind AS 108 "Operating Segments", based on evaluation of financial information for allocation of resources and assessing performance, the Group has identified a single segment, viz. "providing long term housing finance, loans against property and refinance loans". Accordingly, there are no separate reportable segments as per Ind AS 108.

2.13 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 Group.

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 Group 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.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

- **Level 2 financial instruments –** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Group will classify the instruments as Level 3.
- **Level 3 financial instruments –** Those that include one or more unobservable input that is significant to the measurement as whole.

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

The Group evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

3A. Significant accounting judgements, estimates and assumptions

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

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

3A 1. De-recognition of Financial instruments

The Group enters into securitisation transactions where financial assets are transferred to a structured entity for a consideration. The financial assets transferred qualify for derecognition only when substantial risk and rewards are transferred.

This assessment includes judgements reflecting all relevant evidence including the past performance of the assets transferred and credit risk that the Group has been exposed to. Based on this assessment, the Group believes that the credit enhancement provided pursuant to the transfer of financial assets under securitisation are higher than the loss incurred on the similar portfolios of the Group hence it has been concluded that securitisation transactions entered by the Group does not qualify for de-recognition since substantial risk and rewards of the ownership has not been transferred. The transactions are treated as financing arrangements and the sale consideration received is treated as borrowings.

3A 2. Fair value of financial instruments

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

3A 3. 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 Group'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 estimates include:

- The Group'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 temporary adjustments as qualitative adjustment or overlays based on broad range of forward looking information as economic inputs.

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

3A 4. Provisions and other contingent liabilities

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

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

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 4 Cash & Cash Equivalent

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	107.08	193.65
Cheques on hand	-	9.11
Balances with banks - In current accounts	36,293.62	10,482.56
Balances with banks - In deposit accounts - Original maturity less than 3 months	12,002.71	-
Total	**48,403.41**	**10,685.32**

Note: 5 Bank Balances other than above

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
In deposit accounts - Original maturity more than 3 months	11,336.94	41.54
Balances held as margin money against securitisation	527.30	365.41
Total	**11,864.24**	**406.95**

Note: 6 Loans

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Term loans (Secured) - At Amortised Cost - Within India		
Term Loans	3,12,539.02	2,20,580.51
Less: Impairment loss allowance	(830.16)	(555.89)
Total	**3,11,708.86**	**2,20,024.62**

Notes:

(i) Term Loans are secured by deposit of original title deeds of immovable properties and /or registered mortgage of title deeds.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 6.1

6.1.1 An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to term loans is, as follows:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Gross Carrying amount opening balance	2,16,727.34	2,789.40	862.89	200.88	220,580.51	1,35,440.34	1,678.09	676.72	84.69	1,37,879.84
New assets originated / Increase in existing assets (Net)	1,22,482.11	451.51	12.81	-	1,22,946.43	1,05,821.17	-	1.16	-	1,05,822.33
Exposure de-recognised / matured / repaid	(27,611.08)	(2,974.88)	(278.94)	(123.02)	(30,987.92)	(22,513.93)	(498.03)	(99.87)	(9.83)	(23,121.66)
Transfer to Stage 1	137.93	(130.62)	(7.31)	-	-	372.79	(320.24)	(52.55)	-	-
Transfer to Stage 2	(83,698.18)	83,735.04	(36.86)	-	-	(2,055.14)	2,115.57	(60.43)	-	-
Transfer to Stage 3	(3,330.57)	(1,287.38)	4,319.07	298.88	-	(337.89)	(185.99)	397.86	126.02	-
Gross carrying amount closing balance	**2,24,707.55**	**82,583.07**	**4,871.66**	**376.74**	**312,539.02**	**2,16,727.34**	**2,789.40**	**862.89**	**200.88**	**2,20,580.51**

6.1.2 Reconciliation of ECL balance is given below:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
ECL allowance - opening balance	297.61	9.72	118.34	130.22	555.89	214.07	4.88	130.26	72.36	421.57
New assets originated / Increase in existing assets (Net)	74.67	0.45	0.36	-	75.48	142.81	-	-	-	142.81
Exposure de-recognised / matured / repaid	(116.66)	(3.85)	(54.73)	(51.31)	(226.55)	(57.53)	(0.65)	(36.83)	(22.75)	(117.76)
Transfer to Stage 1	1.44	(0.46)	(0.98)	-	-	13.83	(0.94)	(12.89)	-	-
Transfer to Stage 2	(103.57)	108.53	(4.96)	-	-	(3.47)	14.59	(11.12)	-	-
Transfer to Stage 3	(5.92)	(4.51)	(25.52)	35.95	-	(0.50)	(0.56)	(22.44)	23.50	-
Impact on account of exposures transferred during the year between stages	(2.67)	(16.74)	190.63	254.12	425.34	(11.60)	(7.60)	71.36	57.11	109.27
ECL allowance - closing balance	**144.90**	**93.14**	**223.14**	**368.98**	**830.16**	**297.61**	**9.72**	**118.34**	**130.22**	**555.89**

Note: 6.2 - Internal rating grade (Loans measured at Amortised cost)

The internal rating grade is assigned based on the ageing (Days Past Due - DPD) of the loans viz., Low risk (DPD of 0-30 days); Medium risk (DPD of 31-89 days); High risk (DPD of 90+ days)

Grade	March 31, 2020					March 31, 2019				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Low Risk	2,24,689.31	72,975.67	248.04	-	2,97,913.02	2,15,117.34	-	8.37	-	2,15,125.71
Medium Risk	18.24	9,607.40	715.60	-	10,341.24	1,610.00	2,789.40	26.81	-	4,426.21
High Risk	-	-	3,908.02	376.74	4,284.76	-	-	827.71	200.88	1,028.59
Total	**2,24,707.55**	**82,583.07**	**4,871.66**	**376.74**	**3,12,539.02**	**2,16,727.34**	**2,789.40**	**862.89**	**200.88**	**2,20,580.51**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 7 Other Financial assets

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Considered Good, Unsecured - At Amortised Cost		
Security deposits	238.55	222.49
Loans and advances to employees	2.40	0.59
Other Receivables (Refer note below)	26.73	87.02
Total	**267.68**	**310.10**

(i) Includes an amount of ₹10.62 lakhs (March 31, 2019 - ₹21.47 lakhs) receivable upon remittance of the dues towards securitised assets.

Note: 8 Current tax assets (Net)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Advance income tax and Tax Deducted at Source (Net of provisions: March 31, 2019 - ₹9,127.22 lakhs)	-	83.25
Total	**-**	**83.25**

Note: 9 Deferred tax assets (Net)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Deferred tax assets / (liabilities) (Refer Note 26.1)		
Tax effect of items constituting deferred tax assets:		
Provision for compensated absences, gratuity and other employee benefits	60.66	52.02
Impairment Loss Allowance	241.10	162.37
On difference between written down value of Property, plant and equipment as per books and as per Section 32 of Income Tax Act, 1961	114.44	98.32
Deferred Processing Fee Income	1,240.81	881.54
Others	11.01	0.78
Tax effect of items constituting deferred tax assets	**1,668.02**	**1,195.03**
Tax effect of items constituting deferred tax (liabilities):		
On Special Reserve created under section 36(1)(viii) of the Income Tax Act, 1961 (Refer Note 26.2)	-	(2,078.46)
On Provision for doubtful advances allowed under section 36(1)(viia)	(120.25)	(51.35)
Prepaid Finance charges	(272.98)	(242.82)
Others	(2.53)	(0.53)
Tax effect of items constituting deferred tax (liabilities)	**(395.76)**	**(2,373.16)**
Deferred tax assets /(liabilities) (net)	**1,272.26**	**(1,178.13)**
Reconciliation of Deferred Tax:		
Net Deferred Tax Asset / (Liability) as at the beginning of the year	(1,178.13)	(745.84)
Add / Less: Deferred tax asset/ (liability) credited to / (expense) recognized in Profit and Loss and Other comprehensive income	2,446.53	(433.72)
Add / Less: Deferred tax asset/ (liability) credited to / (expense) recognized in Profit and Loss and Other comprehensive income	3.86	1.43
Net Deferred Tax Asset/(Liability) as at the end of the year	**1,272.26**	**(1,178.13)**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended March 31, 2020

Note: 10

10A. Property, Plant and Equipment

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
a) Freehold Land	64.57	64.57
b) Leasehold improvements	72.29	90.38
c) Furniture and fixtures	21.13	18.74
d) Vehicles	0.18	19.21
e) Office Equipments	168.64	127.02
Total	**326.81**	**319.92**

₹ in lakhs

Particulars	Freehold Land	Leasehold Improvements	Furniture and Fixtures	Vehicles	Office Equipments	Total
Gross Carrying Value						
Balance at April 01, 2018	64.57	141.46	30.25	60.45	189.87	486.60
Additions	-	57.87	32.90	-	101.84	192.61
Disposals	-	-	-	-	-	-
Balance at March 31, 2019	**64.57**	**199.33**	**63.15**	**60.45**	**291.71**	**679.21**
Additions	-	37.75	33.03	-	149.05	219.83
Disposals	-	-	-	-	-	-
Balance at March 31, 2020	**64.57**	**237.08**	**96.18**	**60.45**	**440.76**	**899.04**
Accumulated depreciation						
Balance at April 01, 2018	-	58.91	19.11	20.62	71.26	169.90
Depreciation expense	-	50.04	25.30	20.62	93.43	189.39
Elimination on disposals of assets	-	-	-	-	-	-
Balance at March 31, 2019	**-**	**108.95**	**44.41**	**41.24**	**164.69**	**359.29**
Depreciation expenses	-	55.84	30.64	19.03	107.43	212.94
Elimination on disposals of assets	-	-	-	-	-	-
Balance at March 31, 2020	**-**	**164.79**	**75.05**	**60.27**	**272.12**	**572.23**
Net book value						
As at March 31, 2019	64.57	90.38	18.74	19.21	127.02	319.92
As at March 31, 2020	64.57	72.29	21.13	0.18	168.64	326.81

Notes:

(i) Freehold Land with a carrying value of ₹64.57 lakhs has been hypothecated to secure Non-convertible debentures issued by the Holding Company.

10B. Other Intangibe Assets

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amounts of:		
a) Computer software	36.57	81.32
Total	**36.57**	**81.32**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

10B. Other Intangibe Assets (Contd..)

₹ in lakhs

Particulars	Computer Software	Total
Gross Carrying Value		
Balance at April 01, 2018	184.63	184.63
Additions	67.20	67.20
Disposals	-	-
Balance at March 31, 2019	**251.83**	**251.83**
Additions	44.12	44.12
Disposals	-	-
Balance at March 31, 2020	**295.95**	**295.95**
Accumulated depreciation		
Balance at April 01, 2018	67.08	67.08
Amortisation expense	103.43	103.43
Elimination on disposals of assets	-	-
Balance at March 31, 2019	**170.51**	**170.51**
Amortisation expense	88.87	88.87
Elimination on disposals of assets	-	-
Balance at March 31, 2020	**259.38**	**259.38**
Net book value		
As at March 31, 2019	81.32	81.32
As at March 31, 2020	36.57	36.57

Depreciation and Amortisation expense

₹ in lakhs

Particulars	Note	As at March 31, 2020	As at March 31, 2019
Depreciation on Property, plant and equipment	10A	212.94	189.39
Amortisation on Other intangible assets	10B	88.87	103.43
Depreciation expense on right-of-use assets	42	278.76	-
Total		**580.57**	**292.82**

Note: 11 Other non-financial assets

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Considered Good, Unsecured		
Capital Advances	8.20	22.96
Prepaid Expenses	50.42	37.47
Other Advances	86.28	73.34
Total	**144.90**	**133.77**

Note: 12 Debt Securities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Secured Redeemable Non-Convertible Debentures - At Amortised cost (Within India)	64,454.96	70,138.48
Total	**64,454.96**	**70,138.48**

Note: 12 Debt Securities (Contd..)

(a) Details of Secured Redeemable Non-Convertible Debentures - Redeemable at par:

₹ in lakhs

No. of Debentures	Effective Interest Rate	Due date of redemption	Face Value	Balance Outstanding	
				As at March 31, 2020	As at March 31, 2019
			₹	₹ in lakhs	₹ in lakhs
3,320,000	10.25%	May 15, 2023	100	3,418.39	3,409.06
3,320,000	9.62%	May 15, 2023	100	3,408.03	3,398.03
3,330,000	10.09%	May 15, 2023	100	3,422.63	3,412.14
5,500	10.11%	December 26, 2024	100,000	5,463.15	7,948.79
2,500	10.14%	January 24, 2025	100,000	2,474.34	7,948.06
2,000	10.19%	February 26, 2025	100,000	1,983.09	3,973.64
5,000	10.06%	June 20, 2025	100,000	4,977.04	4,972.63
12,500	10.06%	July 20, 2025	100,000	12,440.76	12,429.74
12,500	10.06%	August 20, 2025	100,000	12,441.69	12,430.67
10,100,000	10.55%	November 03, 2025	100	10,422.16	10,215.72
5,000	12.04%	March 5, 2023	81,250	4,003.68	-
Total				**64,454.96**	**70,138.48**

Notes:

(i) Redeemable Non-Convertible Debentures are secured by hypothecation of specified Receivables under Financing Activities amounting to ₹70,156.75 lakhs as at March 31, 2020 (March 31, 2019 - ₹79,764.42 lakhs) and specified immovable property amounting to ₹64.57 lakhs as at March 31, 2020 (March 31, 2019 - ₹64.57 lakhs).

(ii) Debentures issued by the subsidiary aggregating to ₹4,003.68 lakhs as at March 31, 2020 (March 31, 2019 - ₹ Nil) has been guaranteed by Aptus Value Housing Finance India Limited, the holding company.

(iii) The Group has not defaulted in the repayment of borrowings and interest.

Note: 13 Borrowings (Other than Debt Securities)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Secured - At Amortised cost (Within India)		
Term loans (Within India)		
- Banks	98,746.63	66,759.80
- National Housing Bank	28,237.19	14,546.14
- Companies	-	946.67
Securitisation Loans	9,081.14	6,634.63
Working Capital Loans - from Banks	978.25	943.25
Total	1,37,043.21	89,830.49

(a) Details of Term loans and Securitisation payables are as follows:

₹ in lakhs

Effective Interest Rate	Tenure	Balance Outstanding	
		As at March 31, 2020	As at March 31, 2019
10%-11%	2- 5 years	10,681.16	3,831.10
11%-11.50%		-	946.67
9%-10%	5- 7 years	10,589.87	15,974.86
10%-11%		34,216.41	19,292.78
11%-12%		12,721.19	9,112.23

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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Note: 13 Borrowings (Other than Debt Securities) (Contd..)

(a) Details of Term loans and Securitisation payables are as follows: (Contd..)

₹ in lakhs

Effective Interest Rate	Tenure	Balance Outstanding	
		As at March 31, 2020	As at March 31, 2019
7%-7.50%	7-10 years	10,000.00	-
7.50%-8%		3,543.30	4,358.50
8%-9%		3,342.00	5,532.70
9%-10%		29,559.19	22,718.50
10%-11%		11,318.66	2,940.00
8%-9%	> 10 years	8,076.87	1,862.50
9%-10%		183.52	-
10%-11%		-	313.44
11%-11.25%		1,832.79	2,003.96
Total		**1,36,064.96**	**88,887.24**

Notes:

(i) Term loans from Banks are secured by hypothecation of specified Receivables under Financing Activities amounting to ₹1,58,438.61 lakhs as at March 31, 2020 (March 31, 2019 - ₹1,01,612.68 lakhs).

(ii) Term Loans from National Housing Bank aggregating to ₹11,274.82 lakhs (March 31, 2019 - ₹14,546.14 lakhs) have been guaranteed by the promoter Mr. M Anandan.

(iii) Loans availed by the subsidiary aggregating to ₹10,681.16 lakhs as at March 31, 2020 (March 31, 2019 - ₹4,777.77 lakhs) has been guaranteed by Aptus Value Housing Finance India Limited, the holding company.

(iv) Working Capital loans have been availed at Interest rate of 10-12% p.a and are secured by hypothecation of specified receivables amounting to ₹1,170.22 lakhs as at March 31, 2020 (March 31, 2019 - ₹1,134.84 lakhs).

(v) The Group has not defaulted in the repayment of Borrowings.

Note: 14 Other financial liabilities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
At Amortised Cost		
Advances from customers	25.01	7.79
Remittances Payable - Securitised Assets	41.68	75.05
Employee benefits payable	399.23	258.15
Total	**465.92**	**340.99**

Note: 15 Current tax liabilities (Net)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for Income Tax (Net of Advance Tax: March 31, 2020 - ₹13,746.40 lakhs) (Refer Note 26.1)	583.46	97.50
Total	**583.46**	**97.50**

Note: 16 Provisions

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits (Refer Note 30)		
Provision for gratuity	126.64	94.96
Provision for compensated absences	114.37	83.68
Provisions for Undrawn commitments	11.42	1.67
Total	**252.43**	**180.31**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 16.1 Loan commitment

16.1.1 An analysis of changes in the gross carrying amount is as follows:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Opening balance of outstanding exposure	4,987.52	-	-	-	4,987.52	2,678.77	-	-	-	2,678.77
New exposure	4,916.88	-	-	-	4,916.88	4,985.02	-	-	-	4,985.02
Exposure derecognised or matured/lapsed (excluding write off)	(4,853.87)	-	-	-	(4,853.87)	(2,676.27)	-	-	-	(2,676.27)
Transfers to Stage 1	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 2	(1,555.84)	1,555.84	-	-	-	-	-	-	-	-
Transfers to Stage 3	(1.00)	-	1.00	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**3,493.69**	**1,555.84**	**1.00**	**-**	**5,050.53**	**4,987.52**	**-**	**-**	**-**	**4,987.52**

* The Gross carrying amount disclosed in the table above excludes Loans sanctioned pending any disbursements to new borrowers amounting to ₹11,060.76 lakhs (March 31, 2019 - ₹3,202.28 lakhs) which is included in Note 27.3.

16.1.2 Reconciliation of ECL balance is given below:

₹ in lakhs

Particulars	FY 2019-20					FY 2018-19				
	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total	Stage 1 Collective	Stage 2 Collective	Stage 3 Collective	Stage 3 Individual	Total
Opening balance of outstanding exposure	1.67	-	-	-	1.67	-	-	-	-	
New exposure	11.42	-	-	-	11.42	1.67	-	-	-	1.67
Exposure derecognised or matured/lapsed (excluding write off)	(1.67)	-	-	-	(1.67)	-	-	-	-	-
Transfers to Stage 1	-	-	-	-	-	-	-	-	-	-
Transfers to Stage 2	(10.03)	10.03	-	-	-	-	-	-	-	-
Transfers to Stage 3	(0.05)	-	0.05	-	-	-	-	-	-	-
Amounts written off	-	-	-	-	-	-	-	-	-	-
Gross carrying amount closing balance	**1.34**	**10.03**	**0.05**	**-**	**11.42**	**1.67**	**-**	**-**	**-**	**1.67**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 17 Other non-financial liabilities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Statutory remittances	178.02	154.66
Total	**178.02**	**154.66**

Note: 18 Equity share capital

₹ in lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
(i) Authorised				
Equity shares of ₹10 each	10,60,00,000	10,600.00	8,26,00,000	8,260.00
(ii) Issued, Subscribed				
Equity shares of ₹10 each - Fully paid-up	9,43,63,258	9,436.33	7,87,82,637	7,878.26
Equity shares of ₹10 each - Partly paid-up (₹ 1 each)	15,00,000	15.00	-	-
Total	**9,58,63,258**	**9,451.33**	**7,87,82,637**	**7,878.26**

Notes:

(a) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the year:

Particulars	Opening Balance	Fresh issue	ESOP	Closing Balance
Equity shares				
Year ended March 31, 2020				
- Number of shares	7,87,82,637	1,67,08,121	3,72,500	9,58,63,258
- Amount (₹ in lakhs)	7,878.26	1,535.82	37.25	9,451.33
Year ended March 31, 2019				
- Number of shares	7,85,70,137	-	2,12,500	7,87,82,637
- Amount (₹ in lakhs)	7,857.01	-	21.25	7,878.26

(b) During the year 2019-20, the Holding Company has allotted 1,52,08,121 fully paid-up equity shares of ₹10 each at a premium of ₹516.03 per share and 15,00,000 partly paid-up equity shares of ₹10 each (Paid-up to the extent of ₹1 per share) on preferential basis. The said allotment has been approved by the Board of Directors at its meeting held on August 08, 2019 and by the shareholders in the Extraordinary General Meeting held on August 19, 2019 respectively.

(c) During the year 2019-20, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 335,000 fully paid up equity shares of ₹10 each at a premium of ₹65 each and 37,500 fully paid up equity shares of ₹10 each at a premium of ₹120 each to the employees of the Company vide circular resolution dated October 14, 2019.

(d) During the year 2018-19, pursuant to Aptus Employees Stock Option Scheme (ESOP) 2015, the Board of Directors allotted 2,12,500 fully paid up equity shares of ₹10 each at a premium of ₹65 each to the employees of the Company vide circular resolution dated April 11, 2018.

(e) Terms/right attached to Equity Shares:

The Holding Company has only one class of equity shares having a par value of ₹10 each. Each holder is entitled to one vote per equity share. Dividends proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting except in case of interim dividend.

In the event of liquidation of the holding company, the holders of equity shares will be entitled to receive remaining assets of the holding company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Notes: (Contd..)

(f) Details of shares held by each shareholder holding more than 5% shares:

₹ in lakhs

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of Shares held	% holding in that class of shares	Number of Shares held	% holding in that class of shares
Equity shares				
M Anandan	1,92,32,833	20.06%	1,77,32,833	22.51%
Padma Anandan	50,00,000	5.22%	50,00,000	6.35%
WestBridge Crossover Fund LLC	3,43,45,951	35.83%	34,345,951	43.60%
JIH II LLC	82,72,010	8.63%	-	0.00%
Aravali Investment Holdings	39,52,499	4.12%	39,52,499	5.02%
Granite Hill India Opportunities Fund, Mauritius	19,99,571	2.09%	39,99,571	5.08%

(g) Shares reserved for issue under options:

Refer Note 39 for details of shares reserved for issue under options.

Note: 19 Other Equity

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Securities premium reserve	1,15,856.61	37,449.71
Employee Stock Options Reserve	173.81	201.78
Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Statutory Reserve - I)	10,763.64	7,137.57
Statutory Reserve under Section 45-IC of Reserve Bank of India Act, 1934 (Statutory Reserve - II)	795.94	198.68
Impairment Reserve	90.26	-
Retained Earnings	33,788.67	17,000.99
Other Comprehensive Income	(19.22)	(7.73)
Total	**1,61,449.71**	**61,981.00**

19.1 Movement in Other Equity

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Securities premium reserve (Refer Note 19.2.1)		
Opening balance	37,449.71	37,311.58
Add : Premium on shares issued during the year	78,741.22	138.13
Add : Premium on ESOP exercised during the year	47.18	-
Less : Share Issue Expenses	381.50	-
Closing Balance	**1,15,856.61**	**37,449.71**
(b) Employee Stock Options Reserve (Refer Note 19.2.2 & Note 39)		
Opening Balance	201.78	161.68
Additions during the year	19.21	40.10
Options exercised during the year	(47.18)	-
Closing Balance	**173.81**	**201.78**
(c) Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Refer Note 19.2.3)		
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	72.35	72.35
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory Reserve u/s 29C of the NHB Act, 1987	7,065.22	4,275.52

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

19.1 Movement in Other Equity (Contd..)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Addition/Appropriation/withdrawal during the year		
Add: a) Amount transferred u/s 29C of NHB Act, 1987	986.03	-
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve u/s 29C of the NHB Act, 1987	2,640.04	2,789.70
Less: a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of provision u/s 29 C of NHB Act 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	1,058.38	72.35
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purpose of Statutory reserve u/s 29C of the NHB Act, 1987	9,705.26	7,065.22
	10,763.64	**7,137.57**
(d) Statutory Reserve under Section 45-IC of Reserve Bank of India Act, 1934 (Refer Note 19.2.4)		
Opening balance	198.68	17.75
Add: Amount transferred from surplus in the statement of Profit and Loss	597.26	180.93
Closing Balance	**795.94**	**198.68**
(e) Impairment Reserve (Refer Note 19.2.5)		
Opening balance	-	-
Add: Amount transferred from surplus in the statement of Profit and Loss	90.26	-
Closing Balance	**90.26**	**-**
(f) Retained Earnings		
Opening balance	17,000.99	8,801.49
Add: Profit for the year	21,101.27	11,170.13
Less: Transfer to Special reserve u/s 36(1)(viii) of Income Tax Act, 1961 (Refer Note 19.2.3)	(2,640.04)	(2,789.70)
Less: Transfer to Special reserve u/s 29C of the NHB Act, 1987 (Refer Note 19.2.3)	(986.03)	-
Less: Transfer to Statutory Reserve u/s 45-IC of Reserve Bank of India Act, 1934 (Refer Note 19.2.4)	(597.26)	(180.93)
Less: Transfer to Impairment reserve (Refer 19.2.5)	(90.26)	-
Closing Balance	**33,788.67**	**17,000.99**
(g) Other Comprehensive Income		
Opening balance	(7.73)	(4.24)
Remeasurement gain / (loss) on defined benefit plan	(15.35)	(4.92)
Tax impact on above item	3.86	1.43
Closing Balance	**(19.22)**	**(7.73)**
Total	**1,61,449.71**	**61,981.00**

19.2 Nature and purpose of reserves:

19.2.1 Securities premium reserve

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

Securities premium reserve is utilised to the extent of ₹381.50 lakhs on account of expenses incurred for the issue of Equity shares during the current year, in line with Section 52 of the Companies Act 2013.

19.2.2 Employee Stock Options Reserve

Under IND AS 102, fair value of the options granted is required to be accounted as expense over the life of the vesting period as employee compensation costs, reflecting the period of receipt of service. Stock options granted but not vested as on the transition date were valued for expired period, calculated from the grant date till date of transition, and were credited to Share Based Payment reserve.

19.2.3 Statutory Reserve under Section 29C of National Housing Bank (NHB) Act, 1987 (Statutory Reserve - I)

As per Section 29C(1) of the National Housing Bank Act, 1987, the Holding Company is required to transfer atleast 20% of its net profit after tax every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Holding Company under Section 36(1)(viii) of the Income Tax Act, 1961, is considered to be an eligible transfer. During the current year, the company has transferred ₹2,640.04 lakhs (March 31, 2019 - ₹2,789.70 lakhs) in terms of section 36(1)(viii) to the Special Reserve.

The Holding Company has transferred an amount of ₹986.03 lakhs during the year (March 31, 2019 - ₹ Nil) to Statutory Reserve u/s 29C of the National Housing Bank Act, 1987. Total amount clearly earmarked for the purposes of Statutory Reserve u/s 29C is ₹8,551.97 lakhs (March 31, 2019 - ₹4,925.89 lakhs) out of which ₹1,058.38 lakhs (March 31, 2019 - ₹72.35 lakhs) is distinctly identifiable above and the balance of ₹7,493.59 lakhs (March 31, 2019 - ₹4,853.54 lakhs) is included in the Special Reserve created u/s 36(1)(viii) of the Income Tax Act, 1961.

The Holding Company does not intend to make withdrawals from the Special reserve created under Section 36(1)(viii) of the Income Tax Act, 1961.

19.2.4 Statutory Reserve under Section 45-IC of Reserve Bank of India Act, 1934 (Statutory Reserve - II)

Statutory reserve represents the reserve created as per Section 45-IC of the Reserve Bank of India Act, 1934, pursuant to which a Non-Banking Financial Company shall create a reserve fund and transfer therein a sum not less than twenty per cent of its net profit every year as disclosed in the Statement of Profit and Loss account, before any dividend is declared.

19.2.5 Impairment Reserve

In terms of the requirement as per RBI notification no. RBI/2019-20/170 DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated 13 March 2020 on Implementation of Indian Accounting Standards, Non-Banking Financial Companies (NBFCs) are required to create an impairment reserve for any shortfall in impairment allowances under Ind AS 109 and Income Recognition, Asset Classification and Provisioning (IRACP) norms (including provision on standard assets). Accordingly the Subsidiary Company has transferred the shortfall amount to Impairment Reserve.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 20 Revenue from operations

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income (on Financials Instruments measured at Amortised Cost)		
- On Term Loans	46,759.63	30,973.96
Revenue from contracts with customers		
- Fees and Other charges	1,196.23	871.70
Total	**47,955.86**	**31,845.66**

Note: 21 Other income

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income from Deposits with Banks	1,704.07	133.41
Income from Mutual funds	313.51	424.69
Charges for Marketing	2,321.35	1,315.80
Other Non Operating Income	18.03	10.63
Total	**4,356.96**	**1,884.53**

Revenue from contracts with customers

₹ in lakhs

Particulars	March 31, 2020	March 31, 2019
Fees and Other charges *	1,196.23	871.70
Charges for Marketing	2,321.35	1,315.80
Total Revenue from contracts with customers	**3,517.58**	**2,187.50**
* comprises of charges collected from the customers in the nature of Preclosure charges, Cheque dishonour charges and other charges as applicable.		
Timing of Revenue recognition		
Over a period of time	2,321.35	1,315.80
At a point in Time	1,196.23	871.70
Geographical markets		
In India	3,517.58	2,187.50
Outside India	-	-
Contract Balances		
Contract liabilities	-	-
Contract assets	17.74	64.79

Note: 22 Finance costs

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense on Financial liabilities (measured at Amorised cost)		
- Debt Securities	7,612.89	5,313.55
- Borrowings (Other than Debt Securities)	10,732.90	6,251.80
- Others	109.12	-
Total	**18,454.91**	**11,565.35**

Note: 23 Employee benefits expense

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, Bonus and Commission	5,705.82	4,341.56
Employee Stock options expense (Refer Note 39)	19.21	40.10
Contributions to provident and other funds	306.24	162.42
Gratuity expense (Refer Note 30)	23.90	19.15
Staff welfare expenses	425.31	248.58
Total	**6,480.48**	**4,811.81**

Note: 24 Other expenses

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rent expense	72.77	303.71
Repairs and maintenance		
- Computers	22.60	12.44
- Others	3.68	5.92
Insurance	7.22	9.85
Information Technology expenses	53.10	40.19
Rates and taxes	241.40	197.32
Communication Expenses	119.53	111.22
Travelling and conveyance	305.05	234.98
Office expenses	327.92	286.52
Printing and stationery	71.93	63.69
Commission to Directors	28.50	24.00
Sitting fees to non-whole time directors	9.65	9.30
Rating Fee	91.89	62.92
Electricity Charges	33.93	27.51
Bank charges	23.07	10.38
Business promotion	15.13	19.77
Legal and professional	143.03	91.44
Remuneration to auditors (Refer Note below)	36.58	32.88
Corporate Social Responsibility Expenditure (Refer Note 35)	69.72	11.76
Miscellaneous expenses	107.16	68.65
Total	**1,783.86**	**1,624.45**
Notes:		
(i) To Auditors of Holding Company		
Statutory Audit	22.00	19.00
Tax Audit	1.00	1.00
Limited Review	6.00	2.50
Certificates	3.50	6.05
Out of pocket expenses	0.22	0.55
Sub-Total	**32.72**	**29.10**
(ii) To Auditors of Subsidiary Company		
Statutory Audit	3.00	3.00
Tax Audit	0.75	0.75
Out of pocket expenses	0.11	0.03
Sub-Total	**3.86**	**3.78**

Note: 25 Impairment of Financial Instruments

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expected Credit Loss Expense	284.01	135.99
Total	**284.01**	**135.99**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 26 Reconciliation of Effective tax rate

The income tax expense for the year can be reconciled to the accounting profit/ (loss) as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit before tax	24,728.99	15,299.77
Income tax Expense Calculated at 25.168% (2019: 29.12%)	6,223.79	4,455.29
Effect of change in tax rate (Refer Note 26.1)	(159.89)	(127.67)
Effect of income that is exempt from taxation	(40.92)	(123.67)
Effect of inadmissible expenses	45.25	29.41
Effect of admissible deductions	(707.90)	(32.52)
Effect of reversal of opening balance of deferred tax liability on Special Reserve created u/s 36(1)(viii) of Income Tax, Act (Refer Note 26.2)	(1,796.38)	-
Others	4.91	(59.97)
Income tax expense recognised in Profit and Loss	3,568.86	4,140.87

The income tax rate used for the above reconciliations is 25.168% (2019: 29.12%), these are the corporate tax rate payable by corporate entities in India on taxable profits under the Income Tax Act, 1961.

26.1 The Group has elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Group has recognised provision for income tax for the year ended March 31, 2020 basis the rate provided in the said section and re-measured its opening balance of deferred tax liabilities ("DTL") (net) as at April 01, 2019 and has reversed DTL of ₹159.89 lakhs to the statement of profit and loss.

26.2 During the year, the Holding Company has reversed deferred tax liabilities of ₹2,078.46 lakhs (₹1,796.38 lakhs after considering impact of change in tax rate as mentioned above) created in earlier years, on Special Reserve created under section 36(1)(viii) of the Income Tax Act, on the basis of a resolution of the Board of Directors of the Holding Company that there is no intention to make withdrawals from such Special Reserve.

Note: 27

27.1 i) Matters wherein management has concluded the Group's liability to be probable have accordingly been provided for in the books. Also refer note 16.

ii) Matters wherein management has concluded the Group's liability to be possible have accordingly been disclosed under Note 27.2 Contingent liabilities below.

iii) Matters wherein management is confident of succeeding in these litigations and have concluded the Group's liability to be remote. This is based on the relevant facts of judicial precedents and as advised by legal counsel which involves various legal proceedings and claims, in different stages of process.

27.2 Contingent Liabilities

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
(a) Corporate undertakings for securitisation of receivables for which the outflow would arise in the event of a shortfall, if any, in the cashflows of the pool of the securitised receivables. (Refer note (i) below)	23.90	18.69

Note:

(i) In respect of these undertakings, management does not believe, based on currently available information, that the maximum outflow that could arise, will have a material adverse effect on the Company's financial condition.

27.3 Commitments

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Commitments		
(a) Loans sanctioned to Borrowers pending disbursement	16,111.29	8,189.80
Total	**16,111.29**	**8,189.80**

Note: 28 Micro, Small and Medium Enterprises

Based on the extent of information available with the Management, there are no transactions with Micro and Small Enterprises. This has been relied upon by the Auditors.

Note: 29 Impact due to COVID-19 pandemic (also refer Note 2B)

Pursuant to the Reserve Bank of India circulars dated March 27, 2020 and May 23, 2020 ("RBI circular") allowing lending institutions to offer moratorium to borrowers on payment of instalments the Group has extended moratorium to its borrowers in accordance with its Board approved policy. Estimates and associated assumptions applied in preparing the financial statements, especially for the expected credit loss on advances, are based on historical experience and other emerging/forward looking factors including those arising on account of the COVID-19 pandemic. The Group has used early indicators of moratorium and delayed payment metrics observed along with an estimation of potential stress on probability of defaults and exposure at default due to COVID-19 situation in developing the estimates and assumptions to assess the expected credit loss on loans and has recognised an expected credit loss of ₹841.58 lakhs, including a management overlay of ₹150.00 lakhs.

Note: 30 Employee benefit plans

30.1 Defined contribution plans

The Group makes Provident Fund contributions for qualifying employees to the Regional Provident Fund Commissioner. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognized ₹306.24 lakhs (March 31, 2019 - ₹162.42 lakhs) for provident fund contributions in the Statement of Profit and Loss. The contributions payable to the scheme by the Group are at rates specified in the rules of the scheme.

30.2 Defined benefit plans

The Holding Company provides for gratuity, a defined benefit plan (the "gratuity plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The gratuity plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee's last drawn salary and years of employment with the Holding Company. The Holding Company does not have a funded gratuity scheme for its employees.

The Holding Company is exposed to various risks in providing the above gratuity benefit such as: interest rate risk, longevity risk and salary risk.

Interest risk: A decrease in the bond interest rate will increase the plan liability.

Longevity risk: The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Gratuity provision has been made based on the actuarial valuation done as at the year end using the Projected Unit Credit method. The details of actuarial valuation as provided by the Independent Actuary is as follows:

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Note: 30.2 (Cond..)

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Change in defined benefit obligations during the year		
Present value of obligation as at beginning of the year	94.96	77.23
Current service cost	17.82	14.10
Past service cost - vested benefits	-	-
Interest cost	6.08	5.05
Benefits paid	(7.57)	(6.34)
Actuarial (gains) / losses	15.35	4.92
Present value of obligation at end of the year	**126.64**	**94.96**
Change in Fair value of assets during the year		
Plan Assets at the beginning of the year	-	-
Expected Return on Plan Assets	-	-
Actual Company Contributions	-	-
Actuarial (gains) / losses	-	-
Plan Assets at the end of the year	**-**	**-**
Liability recognized in the Balance Sheet		
Present value of obligation	126.64	94.96
Fair value of Plan Assets	-	-
Net Liability recognized in the Balance Sheet	**126.64**	**94.96**

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Expenses Recognised in the Statement of Profit and Loss:		
Current service cost	17.82	14.10
Net Interest on Net Defined Benefit Obligations	6.08	5.05
Past service cost	-	-
Expenses recognized in the statement of profit and loss	23.90	19.15
Amount Recognized for the current period in the Statement of Other Comprehensive Income [OCI]		
Actuarial (gain)/loss on Plan Obligations	15.35	4.92
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	-	-
Effect of Balance Sheet asset limit	-	-
Amount recognized in OCI for the current period	15.35	4.92
Actual return on Plan Assets	**-**	**-**

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.28%	6.67%
Future Salary Increase	5.00%	5.00%
Attrition rate	8% to 46%	10% to 45%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate Table	Indian Assured Lives Mortality (2012-14) Ultimate Table

Note: 30.2 (Cond..)

Notes:

1. The estimate of the future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. Discount rate is based on the prevailing market yields of Indian Government Bonds as at the Balance Sheet date for the estimated term of the obligation.
3. Experience adjustments.

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Projected Benefit Obligation	126.64	94.96	77.23	51.56	34.92
Fair Value of Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(126.64)	(94.96)	(77.23)	(51.56)	(34.92)
Experience Adjustments on Plan Liabilities	(9.78)	(4.77)	(8.33)	(1.81)	(6.68)

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined obligation are discount rate and expected salary increase. The sensitivity analyses below 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 following table summarizes the impact on defined benefit obligation arising due to increase / decrease in key actuarial assumptions by 50 basis points:

As at March 31, 2020

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	2.45	(2.51)
Impact of increase	(2.36)	2.59

As at March 31, 2019

Defined Benefit Obligation	Discount rate	Salary increase rate
Impact of decrease	1.67	(1.72)
Impact of increase	(1.61)	1.78

The sensitivity analysis presented above may not be representative of the actual change in the defined 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 defined benefit obligation has been calculated using the projected unit credit method at the end of-the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

30.3 Compensated absences

The key assumptions used in the actuarial valuation as provided by independent actuary are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount Rate	5.28%	6.67%
Future Salary Increase	5.00%	5.00%

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Note: 31 Segment Reporting

The Group operates under the principal business segment viz. "providing long term housing finance, loans against property and refinance loans". Further, the Group is operating in a single geographical segment. The Chief Operating Decision Maker (CODM) views and monitors the operating results of its single business segment for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profits or losses and is measured consistently with operating profits or losses in the financial statements. Accordingly, disclosures relating to primary and secondary business segments under the Indian Accounting Standard on 'Segment Reporting' (Ind AS 108) are not applicable to the Group.

Note: 32 Related party transactions

32.1 Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. M Anandan, Chairman & Managing Director
	Mr. P Balaji, ED & Chief Financial Officer
	Ms. Jyoti Suresh Munot, Company Secretary (from February 01, 2019)
	Ms. C Payal, Company Secretary (till January 31, 2019)
Relatives of Key Management Personnel	Mr. Suman Bollina, Director
Individuals having Significant Influence	Mr. M Anandan, Chairman & Managing Director
Entities having Significant Influence	WestBridge Crossover Fund LLC
Entities in which Key Management Personnel Exercise Significant Influence	None

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

32.2 Details of related party transactions for the year

₹ in lakhs

Transactions during the year	Names of related parties	Year ended March 31, 2020	Year ended March 31, 2019
Remuneration	Mr. M Anandan		
	- Salary	350.40	243.75
	- Commission	127.50	100.00
	- Others	2.72	2.51
Remuneration	Mr. P Balaji		
	- Salary	88.68	76.29
	- Employee Stock options expense	-	4.43
Remuneration	Ms. C Payal		
	- Salary	-	1.36
Remuneration	Ms. Jyoti Suresh Munot		
	- Salary	1.63	0.27
Director Commission	Mr. Suman Bollina	4.50	4.00
Rent	Mr. M Anandan	7.28	6.93
Proceeds from Issue of partly paid-up shares	Mr. M Anandan	15.00	-

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32.2 Details of related party transactions for the year (Contd..)

₹ in lakhs

Balances as at year end	Names of related parties	As at March 31, 2020	As at March 31, 2019
Personal guarantee given for Borrowings taken by the Holding Company as at year end	Mr. M Anandan	11,274.82	14,546.14

Notes:

* Remuneration paid to KMP excludes expense recognised for retiral benefits.

Note: 33 Financial Instruments

33.1 Capital management

The Group actively manages its capital to meet regulatory norms and current and future business needs, considering the risks in its businesses, expectations of rating agencies, shareholders and investors, and the available options of raising capital. Its capital management framework is administered by the risk committee of Group.

The Holding Company is subject to the capital adequacy requirements of the National Housing Bank (NHB). As per the Housing Finance Companies (NHB) Directions, 2010, the Holding Company is required to maintain a minimum ratio of total capital to risk adjusted assets as determined by a specified formula, at least half of which must be Tier 1 capital, which is generally shareholders' equity.

The Holding Company has complied with all regulatory requirements related to regulatory capital and capital adequacy ratios as prescribed by NHB.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities.

Following is Holding Company's capital as provided internally to key management personnel.

	31-03-2020	31-03-2019
Capital Adequacy	82.50%	43.64%
Tier I Capital	82.25%	43.21%
Tier II Capital	0.25%	0.43%

33.2 Categories of Financial Instruments

₹ in lakhs

Particulars	As at March 31, 2020 Measured at			As at March 31, 2019 Measured at		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
Financial assets						
Cash and Cash equivalents	-	-	48,403.41	-	-	10,685.32
Bank Balance other than above	-	-	11,864.24	-	-	406.95
Loans	-	-	3,11,708.86	-	-	2,20,024.62
Other Financial assets	-	-	267.68	-	-	310.10
Total Financial Assets	**-**	**-**	**3,72,244.19**	**-**	**-**	**2,31,426.99**
Financial liabilities						
Trade Payables	-	-	126.98	-	-	265.43
Debt Securities	-	-	64,454.96	-	-	70,138.48
Borrowings (Other than Debt Securities)	-	-	137,043.21	-	-	89,830.49
Lease Liabilities	-	-	666.36	-	-	-
Other Financial Liabilities	-	-	465.92	-	-	340.99
Total Financial liabilities	**-**	**-**	**2,02,757.43**	**-**	**-**	**1,60,575.39**

33.3 Market risk management

Market Risk is the risk of loss in on-balance sheet and off-balance sheet positions arising from movements in market place, in particular, changes in interest rates, exchange rates and equity. In line with the regulatory requirements, the Group has in place a Board approved Market Risk Management and ALM policy in place. The Policy provides the framework for assessing market risk, in particular, tracking of events happening in market place, changes in policies / guidelines of government and regulators, exchange rate movement, equity market movements, money market movements etc.

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33.4 Interest rate risk management

Interest rate risk is managed through ALM policy framed by the Group. The ALM policy is administered through the ALCO (Asset Liability Management Committee) which monitors the following on a monthly basis:

- Borrowing cost of the Group as on a particular date
- Interest rate scenario existing in the market
- Gap in cash flows at the prevalent interest rates
- Effect of Interest rate changes on the Gap in the cash flows
- Fixing appropriate interest rate to be charged to the customer based on the above factors

Interest rate sensitivity analysis

The sensitivity analysis below has been determined for borrowings where interest rates are variable, assuming the amount outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

33.5 Credit risk

Credit risk in the Group arises due to default by customers on their contractual obligations which results to financial losses. Credit Risk is a major risk in the Group and the Group's asset base comprises loans for affordable housing and loans against property. Credit Risk in the Group stems from outright default due to inability or unwillingness of a customer to meet commitments in relation to lending, settlement and other financial transactions. The essence of credit risk assessment in the Group pivots around the early assessment of stress, either in a portfolio or an account, and taking appropriate measures.

33.5.1. Credit risk management

Credit risk in the Group is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk. There is a clear segregation of duties between transaction originators in the business function and approvers in the credit risk function. Board approved credit policies and procedures mitigate the Group's prime risk which is the default risk. There is a Credit Risk Management Committee in the Group for the review of the policies, process and products on an ongoing basis, with approval secured from the Board as and when required. There is a robust Credit Risk Management set-up in the Group at various levels.

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

33.5.2. Significant increase in credit risk

The Group monitors all financial assets that are subject to impairment requirements to assess whether there has been a significant increase in credit risk since initial recognition. If there has been a significant increase in credit risk, the Group measures the loss allowance based on lifetime rather than Stage 1 (12-month) Expected Credit Loss (ECL). Pending the adoption of scoring models to assess the change in credit status at an account level and at portfolio level, the Group has adopted SICR (Significant Increase in Credit risk) criteria based on Days Past Due (DPD).The following table lists the staging criteria used in the Group: Staging Criterion.

Stage-1:0 – 30 days past due

Stage-2:31 – 89 days past due

Stage-3:90+ days past due

Stage 2 follows the rebuttable presumption of Ind AS 109, that credit risk has increased significantly since initial recognition no later than when contractual payments are more than 30 days past due.

The Group also considers other qualitative factors and repayment history and considers guidance issued by the Institute of Chartered accountants of India (ICAI) for staging of advances to which moratorium benefit has been extended under the COVID regulatory package issued by RBI and as approved by the Board.

33.5.3. Measurement of ECL

The key inputs used for measuring ECL are:

Probability of default (PD): The PD is an estimate of the likelihood of default over a given time horizon (12 Month). It is estimated as at a point in time. To compute Expected Credit Loss (ECL) the portfolio is segregated into 3 stages viz. Stage 1, Stage 2 and Stage 3 on the basis of Days Past Dues. The Group uses 12 month PD for the stage 1 borrowers and lifetime PD for stage 2 and 3 to compute the ECL.

Loss given default (LGD): LGD is an estimation of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from eligible collateral.

Exposure at default (EAD): 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 expected drawdowns on committed facilities.

Probability of Default

To arrive at Probability of Default, 'Vintage Analysis' was done considering monthly defaults of borrower since origination.

The analysis considered Monthly Default Rates starting from inception until the end of observation period i.e. March 2020 to calculate default rates for each vintage month. Cumulative PD was calculated from the marginal PDs for each vintage month. Simple Average and Weighted Average PD was computed for each Month on Book (MOB) period starting from MOB 0 until MOB "n" (end of observation period). The Group has used Simple average to eliminate the bias that can be possible due to weighted average effect.

Loss Given Default

LGD was calculated using First time NPA (FTN) date and recovery data for each of these FTN dates. FTN date was taken from inception until March 2020. For each pool, recovery data was mapped to the subsequent months, (until March 2019) from the respective default month i.e. recovery data was retrieved and plotted against the flow of month i.e. Months on Book MOB 0, MOB 1, MOB 2, MOB 3 till MOB (n) against each default month. Considering time value of money, recoveries in each month was discounted to arrive at the value as of FTN date. Average Interest Rates charged for each disbursement year was used as the Effective Interest Rates (EIR) for the loans.

Marginal Recovery rates was computed for each month as Discounted Recovery amount for a given month divided by the total outstanding amount for the given FTN date. Cumulative recovery rates were computed for each FTN date and LGD for corresponding FTN date was computed by using the formula (1- Recovery Rate). Weighted average LGD was computed for the entire observation period, weights being the total outstanding amount for each FTN date.

Exposure at Default

EAD is the total outstanding balance at the reporting date including principal and accrued interests at the reporting date. EAD calculation for all portfolios is as under:

Stage 1 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Stage 2 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Stage 3 Assets:

- [(The total outstanding balance drawn) + (Undrawn Portion*CCF undrawn)].

Credit Conversion Factor (CCF) for undrawn portion has been taken at 100% based on historical experience and other information available with the Group.

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The Group measures ECL as the product of PD , LGD and EAD estimates for its Ind AS 109 specified financial obligations.

Credit Risk Concentrations

An analysis of the Group's credit risk concentrations is provided in the following tables which represent gross carrying amounts of each class.

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Loans (at amortised cost) - Gross amount		
Concentration by products		
Housing Loans	1,63,579.26	1,20,306.60
Loans against property (including Loans subordinated as Credit Enhancements for assets de-recognised)	1,48,959.76	1,00,273.91
Total Advances	**3,12,539.02**	**2,20,580.51**

33.5.4 The tables below analyse the movement of the loss allowance during the year per class of assets.

₹ in lakhs

Loss allowance on Loans at amortised cost	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL
Loss allowance as at March 31, 2020	144.88	93.15	592.13
Loss allowance as at March 31, 2019	297.59	9.73	248.57
Movement	(152.71)	83.42	343.56

The table below provides an analysis of the gross carrying amount of Loans by past due status.

₹ in lakhs

Particulars	As at March 31, 2020		As at March 31, 2019	
	Gross carrying	Loss allowance	Gross carrying	Loss allowance
Receivables under Financing Activities - Gross amount				
0-30 days	2,97,913.02	237.97	2,15,125.71	296.08
31-89 days	10,341.24	39.70	4,426.21	16.03
90+ days	4,284.76	552.49	1,028.59	243.78
Total	**3,12,539.02**	**830.16**	**2,20,580.51**	**555.89**

Collateral held as security and other credit enhancements

The Group holds collateral or other credit enhancements to mitigate credit risk associated with financial assets. The main types of collateral and the types of assets these are associated with are listed in the table below.

Particulars	Type of Collateral held
Housing Loans	Mortgage of the immovable property
Loan Against Properties	Mortgage of the immovable property

Offsetting financial assets and financial liabilities

The Group has not recognised any financial asset or liability on a net basis.

33.6 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the its reputation.

Exposure to liquidity risk

The Group manages and measures liquidity risk as per its ALM policy and the ALCO (Asset Liability Management Committee) is responsible for managing the liquidity risk. The Group not only measures its current liquidity position on an ongoing basis but also forecasts how liquidity position may emerge under different assumptions. The liquidity position is tracked through maturity or cash flow mismatches across buckets spanning all maturities.

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33.6.1 Following are the contractual maturities of financial liability/financial assets at the reporting date. Loans, debt securities and borrowings include estimated interest receipts /payments.

₹ in lakhs

As on March 31, 2020	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	48,441.97	-	-	-	-	-	-	-	-	-	48,441.97
Bank Balance other than cash and cash equivalents	10,678.68	-	-	-	251.01	151.85	752.34	-	336.30	-	12,170.18
Loans	5,358.00	4,610.91	5,924.18	17,781.36	35,534.78	1,40,934.50	1,35,632.16	1,18,786.29	1,22,964.48	77,177.73	6,64,704.39
Other Financial assets	29.13	-	-	-	-	237.05	-	-	-	1.50	267.68
Total (A)	**64,507.78**	**4,610.91**	**5,924.18**	**17,781.36**	**35,785.79**	**1,41,323.40**	**1,36,384.50**	**1,18,786.29**	**1,23,300.78**	**77,179.23**	**7,25,584.22**
Financial liabilities											
Trade payables	126.98	-	-	-	-	-	-	-	-	-	126.98
Debt Securities	365.07	1,692.11	362.22	1,417.07	3,804.66	14,875.12	30,656.09	42,115.54	-	-	95,287.88
Borrowings (Other than Debt Securities)	2,702.06	2,132.95	5,422.79	9,511.42	19,116.50	72,329.16	46,182.45	17,717.40	6,188.64	118.58	1,81,421.95
Lease Liabilities	28.71	28.71	28.71	86.13	172.26	374.84	62.95	14.41	5.50	-	802.22
Other financial liabilities	529.31	-	-	-	-	-	-	-	-	-	529.31
Total (B)	**3,752.13**	**3,853.77**	**5,813.72**	**11,014.62**	**23,093.42**	**87,579.12**	**76,901.49**	**59,847.35**	**6,194.14**	**118.58**	**2,78,168.34**
Net Financial Assets / Liabilities (A-B)	**60,755.65**	**757.14**	**110.46**	**6,766.74**	**12,692.37**	**53,744.28**	**59,483.01**	**58,938.94**	**1,17,106.64**	**77,060.65**	**4,47,415.88**

₹ in lakhs

As on March 31, 2019	1 day to 30/31 days (One Month)	Over one month to 2 months	Over 2 months up to 3 months	Over 3 months up to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 years to 10 years	Over 10 years	Total
Financial assets											
Cash and cash equivalents	10,685.32	-	-	-	-	-	-	-	-	-	10,685.32
Bank Balance other than cash and cash equivalents	1.49	-	-	-	144.40	274.31	-	-	-	-	420.20
Loans	4,518.76	4,086.84	4,086.10	12,256.22	24,520.21	97,510.96	94,054.69	82,620.24	89,131.80	63,993.49	4,76,779.31
Other Financial assets	87.61	-	-	-	-	220.99	-	-	-	1.50	310.10
Total (A)	**15,293.18**	**4,086.84**	**4,086.10**	**12,256.22**	**24,664.61**	**98,006.26**	**94,054.69**	**82,620.24**	**89,131.80**	**63,994.99**	**4,88,194.93**
Financial liabilities											
Trade payables	265.44	-	-	-	-	-	-	-	-	-	265.44
Debt Securities	410.96	1,237.60	410.96	1,260.27	3,521.28	14,030.32	23,524.16	67,764.81	-	-	112,160.36
Borrowings (Other than Debt Securities)	1,897.04	974.33	2,695.69	6,534.35	12,798.50	46,099.22	32,064.31	10,947.64	2,741.73	485.39	117,238.20
Other financial liabilities	340.99	-	-	-	-	-	-	-	-	-	340.99
Total (B)	**2,914.43**	**2,211.93**	**3,106.65**	**7,794.62**	**16,319.78**	**60,129.54**	**55,588.47**	**78,712.45**	**2,741.73**	**485.39**	**2,30,004.99**
Net Financial Assets / Liabilities (A-B)	**12,378.75**	**1,874.91**	**979.45**	**4,461.60**	**8,344.83**	**37,876.72**	**38,466.22**	**3,907.79**	**86,390.07**	**63,509.60**	**2,58,189.94**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

33.7 Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and system or from external events. Operational risk is associated with human error, system failures and inadequate procedures and controls. It is the risk of loss arising from the potential that inadequate information system; technology failures, breaches in internal controls, fraud, unforeseen catastrophes, or other operational problems may result in unexpected losses or reputation problems. Operational risk exists in all products and business activities.

The Group recognizes that operational risk event types that have the potential to result in substantial losses includes Internal fraud, External fraud, employment practices and workplace safety, clients, products and business practices, business disruption and system failures, damage to physical assets, and finally execution, delivery and process management.

The Group 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.

33.8 Fair Value Measurements

Fair Value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair value disclosure are required in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standard.

(a) Fair Value of financial instruments recognised and measured at fair value - ₹ Nil

(b) Fair value of financial instruments not measured at fair value

Valuation methodologies of financial instruments not measured at fair value

Below are the methodologies and assumptions used to determine fair values for the above financial instruments which are not recorded and measured at fair value in the Group's financial statements. These fair values were calculated for disclosure purposes only. The below methodologies and assumptions relate only to the instruments in the above tables and, as such, may differ from the techniques and assumptions.

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 cash equivalents, bank balances other than cash and cash equivalents, other financial assets, trade payables and other financial liabilities without a specific maturity. Such amounts have been classified as Level 3 on the basis that no adjustments have been made to the balances in the balance sheet except for cash and cash equivalents and bank balances other than cash and cash equivalents which have been classified as Level 1.

Loans

The fair values of loans and receivables are estimated by discounted cash flow models that incorporate assumptions for credit risks, probability of default and loss given default estimates. Where such information is not available, the Group uses historical experience and other information used in its collective impairment models.

Fair values of lending portfolios are calculated using a portfolio-based approach. The Group then calculates and extrapolates the fair value to the entire portfolio, using discounted cash flow models that incorporate interest rate estimates considering all significant characteristics of the loans. The credit risk is applied as a top-side adjustment based on the collective impairment model incorporating probability of defaults and loss given defaults.

Debt securities & Borrowings other than debt securities

The Group estimates the fair value from market-observable data such as secondary prices for its traded debt and the fair value of floating rate borrowings is deemed to be equivalent to the carrying value.

Set out below is a comparison, by class, of the carrying amounts and fair values of the Group's financial instruments 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.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

₹ in lakhs

Particulars	As at March 31, 2020					As at March 31, 2019				
	Carrying Value	Fair Value hierarchy				Carrying Value	Fair Value hierarchy			
		Level 1	Level 2	Level 3	Total		Level 1	Level 2	Level 3	Total
Financial assets										
Cash and cash equivalents	48,403.41	48,403.41	-	-	48,403.41	10,685.32	10,685.32	-	-	10,685.32
Bank Balance other than cash and cash equivalents	11,864.24	11,864.24	-	-	11,864.24	406.95	406.95	-	-	406.95
Loans	3,11,708.86	-	-	3,16,598.44	3,16,598.44	2,20,024.62	-	-	2,24,543.89	2,24,543.89
Other Financial assets	267.68	-	-	267.68	267.68	310.10	-	-	310.10	310.10
Total Financial Assets	**3,72,244.19**	**60,267.65**	**-**	**3,16,866.12**	**3,77,133.77**	**2,31,426.99**	**11,092.27**	**-**	**2,24,853.99**	**2,35,946.26**
Financial liabilities										
Trade Payables	126.98	-	-	126.98	126.98	265.43	-	-	265.43	265.43
Debt Securities	64,454.96	60,451.28	-	4,003.68	64,454.96	70,138.48	70,138.48	-	-	70,138.48
Borrowings (Other than Debt Securities)	1,37,043.21	1,21,865.32	-	15,177.89	1,37,043.21	89,830.49	89,830.49	-	-	89,830.49
Lease Liabilities	666.36	-	-	666.36	666.36	-	-	-	-	-
Other financial liabilities	465.92	-	-	465.92	465.92	340.99	-	-	340.99	340.99
Total Financial Liabilities	**2,02,757.43**	**1,82,316.60**	**-**	**20,440.83**	**202,757.43**	**1,60,575.39**	**1,59,968.97**	**-**	**606.42**	**1,60,575.39**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 34 Earnings per share

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit After Tax	21,101.27	11,170.13
Weighted Average Number of Equity Shares (Face Value ₹10 Each) - Basic	8,76,83,769	7,87,76,815
Earnings Per Share - Basic (₹)	**24.07**	**14.18**
Weighted Average Number of Equity Shares (Face Value ₹10 Each) - Diluted	8,82,05,019	7,89,63,528
Earnings Per Share - Diluted (₹)	**23.92**	**14.15**

Note: 35 Corporate Social Responsibility expenditure

As per Section 135 of Companies Act 2013, the Group is required to spend ₹210.36 lakhs towards CSR activities for the year.

The Group in consultation with the Health Department of Chennai Corporation has identified Homeless Shelters for children, women and men, Special Shelters and Shelters for mentally challenged. In this regard, the Group has spent ₹8.25 lakhs towards improvement of these shelters. Further, the Group has identified two schools with a student strength of around 400-500 each and spent an amount of ₹31.45 lakhs to upgrade the facilities and infrastructure of the school.

The Group has also made a contribution of ₹30 lakhs to the PM CARES fund during the year.

In total, the Group has spent an amount of ₹69.70 lakhs during the current year.

Note: 36 Additional Information as required by paragraph 2 of the General Instruction for preparation of Consolidated Financial Statements to Division III-Schedule III to the Companies Act, 2013

As at March 31, 2020:

Name of the entity	Net Assets		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in lakhs)	As a % of Consolidated Total Comprehensive Income	Amount (₹ in lakhs)
Parent Company				
Aptus Value Housing Finance India Limited	97.69%	1,66,947.62	85.84%	18,103.47
Indian Subsidiary				
Aptus Finance India Private Limited	2.31%	3,953.42	14.16%	2,986.31
Total		**1,70,901.04**		**21,089.78**

As at March 31, 2019:

Name of the entity	Net Assets		Share in Total Comprehensive Income	
	As a % of Consolidated Net Assets	Amount (₹ in lakhs)	As a % of Consolidated Total Comprehensive Income	Amount (₹ in lakhs)
Parent Company				
Aptus Value Housing Finance India Limited	98.62%	68,892.15	91.90%	10,262.01
Indian Subsidiary				
Aptus Finance India Private Limited	1.38%	967.12	8.10%	904.63
Total		**69,859.27**		**11,166.64**

Note: 37 Maturity analysis of assets and liabilities

₹ in lakhs

Particulars	March 31, 2020			March 31, 2019		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
ASSETS						
Financial Assets						
Cash and cash equivalents	48,403.41	-	48,403.41	10,685.32	-	10,685.32
Bank Balance other than (a) above	10,929.28	934.96	11,864.24	41.54	365.41	406.95
Loans	17,968.93	2,93,739.93	3,11,708.86	12,080.17	2,07,944.45	2,20,024.62
Other Financial assets	29.13	238.55	267.68	87.61	222.49	310.10
Non-financial Assets						
Current tax assets (Net)	-	-	-	-	83.25	83.25
Deferred tax assets (Net)	-	1,272.26	1,272.26	-	115.25	115.25
Property, plant and equipment	-	326.81	326.81	-	319.92	319.92
Other Intangible assets	-	36.57	36.57	-	81.32	81.32
Right of use assets	-	647.65	647.65	-	-	-
Other non-financial assets	144.90	-	144.90	133.77	-	133.77
TOTAL ASSETS	**77,475.65**	**297,196.73**	**374,672.38**	**23,028.41**	**209,132.09**	**232,160.50**
LIABILITIES						
Financial Liabilities						
Trade Payables	126.98	-	126.98	265.43	-	265.43
Debt Securities	1,250.00	63,204.96	64,454.96	-	70,138.48	70,138.48
Borrowings (Other than Debt Securities)	25,263.67	1,11,779.54	1,37,043.21	16,323.32	73,507.17	89,830.49
Lease Liabilities	277.83	388.53	666.36	-	-	-
Other financial liabilities	465.92	-	465.92	340.99	-	340.99
Non-Financial Liabilities						
Current tax liabilities (Net)	583.46	-	583.46	97.50	-	97.50
Provisions	-	252.43	252.43	-	180.31	180.31
Deferred tax liabilities (Net)	-	-	-	-	1,293.38	1,293.38
Other non-financial liabilities	178.02	-	178.02	154.66	-	154.66
EQUITY						
Equity Share capital	-	9,451.33	9,451.33	-	7,878.26	7,878.26
Other Equity	-	1,61,449.71	1,61,449.71	-	61,981.00	61,981.00
TOTAL LIABILITIES AND EQUITY	**28,145.88**	**3,46,526.50**	**3,74,672.38**	**17,181.90**	**214,978.60**	**2,32,160.50**

Note: 38 Change in liabilities arising from financing activities

₹ in lakhs

	01-Apr-19	Cash flows	Other *	31-Mar-20
Debt securities	70,138.48	(5,937.50)	253.98	64,454.96
Borrowings other than debt securities	89,830.49	47,231.17	(18.45)	137,043.21
Total liabilities from financing activities	**1,59,968.97**	**41,293.67**	**235.53**	**2,01,498.17**

	01-Apr-18	Cash flows	Other *	31-Mar-19
Debt securities	30,210.23	40,100.00	(171.75)	70,138.48
Borrowings other than debt securities	53,945.30	36,317.04	(431.85)	89,830.49
Total liabilities from financing activities	**84,155.53**	**76,417.04**	**(603.60)**	**1,59,968.97**

* Other column includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

Note: 39 Share-based payments

Employee share option plan

39.1 Details of the employee share option plan

a) In the Annual General Meeting held on August 07, 2015, the shareholders approved the issue of up to 1,800,000 options under the Scheme titled "Aptus Employees Stock Option Scheme 2015" (hereinafter referred to as Aptus ESOS, 2015).

Both the Schemes allow the issue of options to employees of the Holding Company. Each option comprises one underlying equity share.

As per the Scheme, the Nomination and Remuneration Committee ("The Committee") grants the options to the employees deemed eligible and also governs the operation of the scheme.

The difference between the fair price of the the options granted on the date of grant of option and the exercise price of the option representing Stock compensation expense is expensed over the vesting period.

b) Employee stock options details as on the balance sheet date and Movement in share options during the year are as follows:

₹ in lakhs

Particulars	Grant 7 under Aptus ESOS 2015	Grant 8 under Aptus ESOS 2015	Total
Date of Grant	August 07, 2015	May 17, 2017	
Exercise price per option	75.00	130.00	
Intrinsic Value per option	56.26	111.02	
Options outstanding as at April 01, 2018	11,25,000	1,50,000	12,75,000
Add: Options granted during the year	-	1,50,000	1,50,000
Less: Options forfeited/lapsed during the year	2,500	-	2,500
Less: Options exercised during the year	2,12,500	-	2,12,500
Options outstanding as at March 31, 2019	9,10,000	1,50,000	10,60,000
Add: Options granted during the year	-	-	-
Less: Options forfeited/lapsed during the year	-	-	-
Less: Options exercised during the year	3,35,000	37,500	3,72,500
Options outstanding as at March 31, 2020	5,75,000	1,12,500	6,87,500

39.2 Fair value of share options granted in the year

During the financial year 2017-18, 150,000 shares were granted under the Aptus ESOS 2015 scheme. The fair value of options used to compute Proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an external firm of Chartered Accountants. The key assumptions used in the model for calculating fair value are as below:

Assumptions	Date of Grant	
	August 07, 2015	May 17, 2017
Risk Free Interest Rate	8.04% to 8.26%	7.21% to 7.73%
Expected Life	2.65 to 5.65	3 to 6
Expected Annual Volatility of Shares	43.15%	35.99%
Expected Dividend Yield	0%	0%
Price of Underlying share at the time of the Option Grant	56.26	111.02
Fair Value of the Option (₹)		
1st Stage	13.61	29.67
2nd Stage	17.21	36.87
3rd Stage	20.60	43.37
4th Stage	23.64	49.29

39.3 Expense arising from share based payment transaction recognized in profit or loss statement as employee benefit expense are as follows:

₹ in lakhs

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Employee benefit expense	19.21	40.10

Note: 40 Collateral and other credit enhancements

Although collateral can be an important mitigation of credit risk, it is the Group's practice to lend on the basis of the customer's ability to meet the obligations out of cash flow resources other than placing primary reliance on collateral and other credit risk enhancements.

The Group obtains first and exclusive charge on all collateral that it obtains for the loans given. The loans are secured by collateral at the time of origination. The value of the property at the time of origination will be arrived by obtaining two valuation reports from in-house valuers.

Immovable Property is the collateral for Housing and non-housing loans. Security Interest in favour of the Group is created by Mortgage through deposit of title deed which is registered wherever required by law.

The Group does not obtain any other form of credit enhancement other than the above. All the Group's term loans are secured by way of tangible Collateral.

Any surplus remaining after settlement of outstanding debt by way of sale of collateral is returned to the customer / borrower.

Note: 41 New and amended standards and interpretations - Ind AS 116 (Refer Note 2.3 for Accounting policy on Leases)

Ind AS 116 supersedes Ind AS 17 Leases, including Appendix A of Ind AS 17 Operating Leases-Incentives, Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease and Appendix C of Ind AS 17, Determining whether an Arrangement contains a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 remains unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 did not have an impact for leases where the Group is the lessor.

The Group adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of April 01, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is or contains a lease at April 01, 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C to Ind AS 17 at the date of initial application.

The Group has lease contracts for various items of Land and Building. Before the adoption of Ind AS 116, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of Ind AS 116, the Group applied a single recognition and measurement approach for all leases except for short-term leases. Refer to Note 2.3 - Leases for the accounting policy beginning April 01, 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under Ind AS 17). The requirements of Ind AS 116 were applied to these leases from April 01, 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application. Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at April 01, 2019:

- Right-of-use assets of ₹901.45 lakhs were recognised.
- Corresponding lease liabilities of ₹901.45 lakhs were recognised.

Note: 42 Additional disclosures for Leases

The Group has lease contracts for Land and Building used for the branches. Leases of such assets generally have lease terms between 3 and 9 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

The Group also has certain leases for Land and Building with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities included under financial liabilities and the movements during the period:

Movement of Lease Liability

₹ in lakhs

Particulars	As at March 31, 2020
Opening Balance	-
Add: Additions during the year	901.45
Add / Less: Accretion of Interest	90.14
Less: Payments during the year	(325.23)
Closing Balance	666.36
Current	277.82
Non Current	388.54

Maturity Analysis of Lease Liability

₹ in lakhs

Year Ended	Less than 1 Year	1 - 5 Years	More than 5 Years
March 31, 2020	277.82	371.83	16.70

The effective interest rate for lease liabilities is 10%.

₹ in lakhs

Particulars	As at March 31, 2020
Depreciation expense on right-of-use assets	278.76
Interest expense on lease liabilities	90.14
Expense relating to short-term leases (included in other expenses)	41.64
Expense relating to variable leases (included in other expenses)	31.13
Income from right-of-use assets (included in other expenses)	-
Total	**441.67**

The Group had total cash outflows for leases of ₹325.23 lakhs in 2019-20. The Group also had non-cash additions to right-of-use assets and lease liabilities of ₹901.45 lakhs in 2019-20. There are no future cash outflows relating to leases that have not yet commenced.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Note: 43 Transferred financial assets that are not derecognised

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

The Group has Securitised certain loans, however the Group has not transferred substantially all risks and rewards, hence these assets have not been de-recognised.

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Carrying amount of transferred assets measured at amortised cost	10,878.97	7,398.06
Carrying amount of associated liabilities measured at amortised cost	9,081.14	6,634.63
Fair value of assets	10,964.42	7,492.87
Fair value of associated liabilities	9,081.14	6,634.63
Net position at Fair Value	1,883.28	858.24

Note: 44 Events after reporting date

There have been no events after the reporting date that require disclosure in these consolidated financial statements.

Note: 45 Comparatives

The figures of the previous year have been audited by a firm of chartered accountants other than S.R. Batliboi & Associates LLP. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year classification / presentation.

Note: 46 Approval of financial statements

The financial statements were approved for issue by the Board of Directors on May 30, 2020.

As per our report of even date

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

per **Aniruddh Sankaran**
Partner
Membership No: 211107

Place : Chennai
Date : May 30, 2020

For and on behalf of **Board of Directors** of
Aptus Value Housing Finance India Ltd.

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

Place : Chennai
Date : May 30, 2020

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries

Part "A": Subsidiaries

₹ in lakhs

Sr. No.	Particulars	Details
1	Name of the subsidiary	Aptus Finance India Private Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4	Share capital	10,080.00
5	Reserves & surplus	8,921.42
6	Total assets	43,374.73
7	Total Liabilities	24,373.31
8	Investments	-
9	Turnover	7,145.99
10	Profit before taxation	4,009.99
11	Provision for taxation	1,023.68
12	Profit after taxation	2,986.31
13	Proposed Dividend	Nil
14	% of shareholding	100%

For and on behalf of **Board of Directors**

M Anandan
Chairman & Managing Director
(DIN: 00033633)

K M Mohandass
Director
(DIN: 00707839)

Place : Chennai
Date : May 30, 2020

P Balaji
Executive Director &
Chief Financial Officer

Jyoti Munot
Company Secretary

NOTES

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