

BOARD'S COMPOSITION AT A GLANCE



Mr. Vinod Rai
Chairman & Independent Director

Mr. Vinod Rai is the Chairman of the Company. He has vast experience in the field of finance. Mr. Rai was the former Comptroller and Auditor General of India. He has worked in various capacities with the Central and a few State Governments. His previous position was as Secretary in the Ministry of Finance - GoI, where he was responsible for managing the Financial Services sector, including banks and insurance companies. He had been a Director on several Boards including the State Bank of India, ICICI Bank, IDBI Bank, Life Insurance Corporation of India and IDFC Bank. Mr. Rai was instrumental in setting up the India Infrastructure Finance Company Limited. Mr. Rai has also been the Principal Secretary (Finance) in the State Government of Kerala, apart from holding senior positions in the Ministries of Commerce and Defence, GoI. Mr. Vinod Rai has a Masters Degree in Economics from Delhi School of Economics, University of Delhi.

He also has a Masters Degree in Public Administration from Harvard University, USA.



Mr. Sanjay Chaturvedi
Promoter Director & CEO

Mr. Sanjay Chaturvedi is a promoter Director of the Company. Under his leadership, the Company commenced its transformational journey, reaching out to customers across the length and breadth of the country. Mr. Chaturvedi has over 25 years of proven expertise in general management, sales & distribution, new category development, brand management and backend operations including collections across large, blue chip financial services organisations. He is Master's in Business Administration from Lucknow University.



Ms. Rupa Basu
Promoter & Whole Time Director

Ms. Rupa Basu is a promoter & Whole Time Director of the Company. She has spent over two decades in the financial services industry and her expertise spans diverse functions including credit risk management across Retail Mortgages, Personal Loans and Credit Cards. Her earlier stints include Citibank India and India Mortgage Guarantee Corporation Pvt. Ltd.

Ms. Basu is a chartered accountant by qualification.



Mr. Rakesh Rewari
Independent Director

Mr. Rakesh Rewari is an independent Director of the Company. He has 38 years of experience in commercial and development banking with leading financial institutions and banks in India covering a wide range of activities relating to MSME financing, venture financing, technology financing, entrepreneurship, micro credit, incubation funds, etc. He has worked with IFCI Ltd., IDBI and SIDBI where he was the first CEO of SIDBI Venture Capital Ltd (2000-2004) and was also the Deputy M.D. and a Member of Board of Directors of SIDBI from Oct 2006 to August 2011. Mr. Rewari has a Bachelors Degree in Mechanical Engineering from IIT, Delhi followed by a MBA from Faculty of Management Studies, Delhi University.



Ms. Ranjana Agarwal
Independent Director

Ms. Ranjana Agarwal is an independent Director of the Company. She had a long and illustrious career audit, tax, business valuations business related services including back office accounting, management consultancy, risk assurance and due diligence services. Ms. Agarwal served as a Senior Partner of Deoitte Haskins & Sells and CC Chokshi firm until 2000. She is on the board of few listed companies including ICRA Limited and also chairs their audit committee. She joined the Board of the Company as an Independent Director on January 20, 2015.

Ms. Agarwal is a Fellow Member of the Institute of Chartered Accountants of India (FCA).



Mr. Rahul Chandra
Nominee Director

Mr. Rahul Chandra is a nominee Director of the Company since April 18, 2012. He has 17 years of venture capital investing and corporate development experience in technology product and services companies in India and the US. He serves on the Boards of Seclore, UnitedLex, Netambit, Mindworks and manages investments in Cucumber Town, EzeTap, Spandana and Equitas. Between 2000 and 2006, Rahul was based in Silicon Valley as part of the investment team at Walden International, a global venture capital firm with more than \$2B under management. Between 2004 and 2005 he also led the M&A efforts at e4e Inc., a Santa Clara, CA based BPO company with more than 4,000 employees across the globe. Mr. Rahul started Venture Capital investing in 1996 in India as the first hire at Walden's India office. In this role he managed investments for Walden's India dedicated Fund between 1996 and 2000. Mr. Chandra has an MBA from University of California, Berkeley and graduated from Birla Institute of Technology & Science, Pilani in 1993.



Mr. Sandeep Marian Farias
Nominee Director

Mr. Sandeep Farias is a Nominee Director of the Company wef April 18, 2012. Mr. Farias has close to 20 years of experience in diverse areas such as emerging markets investing, microfinance and other financial services, governance, organizational design and corporate law. He currently sits on the board of Madura, Vistaar, Shubham, Indifi, SecureNow and Kamatan. Mr. Sandeep started his career in 1996. Over eight years, he worked at two leading corporate law firms (Amarchand and Nishith Desai Associates), worked with clients such as Google, Amazon, Singapore Telecom and Temasek and founded NDA's corporate and development sector practice.

Mr. Farias completed an integrated law and arts degree from the National Law School of India University.



Mr. Rahul Garg
Nominee Director

Mr. Rahul Garg is a Nominee Director of the Company wef January 24, 2018. Mr. Garg is having experience of over 10 years in multiple roles such as investment banking (raising equity/convertible bonds for Indian Corporates), structures finance solutions, corporate banking, treasury sales and mid-market lending. He previously worked with ICICI Bank Limited and Small Industrial Development Bank of India. He Currently leads PE investments for Premji Invest in BFSI, consumer and Retail Sectors in India.

Mr. Garg has a Master's Degree in Business Administration.



Mr. Vishal Tulsyan
Nominee Director

Mr. Vishal Tulsyan is a Nominee Director of the Company wef November 13, 2018. Mr. Tulsyan has more than 15 years of experience in financial services. At Rabobank, he was a director responsible for the origination and execution of structured finance, project finance, acquisition finance transactions, private equity and M&A products.

Mr. Tulsyan is a member of the Institute of Chartered Accountants of India (all-India rank holder) and was a top-ranking student of the prestigious St. Xaviers College, Kolkata.

DIRECTORS' REPORT

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

The Board of Directors of your Company take pleasure in presenting the report on the operational and business performance, along with the audited financial statement for the financial year ended March 31, 2019.

1. FINANCIAL RESULTS:

A brief summary of the audited financials of the Company for the year ended March 31, 2019 is as follows:

(Figures in Rs. Crores)

Particulars	Year ended 31 st March 2019	Year ended 31 st March 2018
Revenue from Operations	212.33	169.96
Other Income	9.21	6.01
Total Income	221.54	175.97
Profit before Depreciation	26.98	6.69
Less: Depreciation	1.86	1.83
Profit after depreciation	25.12	4.86
Provision for Tax including Deferred Tax	7.72	0.34
MAT credit entitlement	-	-
Total Tax Expense	7.72	0.34
Profit after Tax	17.40	4.51

2. STATE OF COMPANY'S AFFAIRS:

The Company is happy to inform you that it has reported excellent profits for the year gone by despite headwinds in the form of liquidity strain in the financial system and availability of funds at higher cost. For the FY 2018-19, PAT is Rs. 17.41 crores, after providing Rs. 7.72 crores for tax (as compared to PAT of Rs. 4.51 crores after providing Rs. 0.34 crores for tax for the previous year).

Reserves and Surplus as at March 31, 2019 stood at Rs. 428.70 crores (as against Rs. 409.25 crores as at March 31, 2018).

3. DIVIDEND:

Your Directors do not recommend any dividend for the year ended March 31, 2019.

4. MATERIAL CHANGES AND COMMITMENTS:

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

5. TRANSFER TO RESERVES:

During the year under review, your Company has transferred an amount of Rs. 3.48 crores to special reserve in accordance with the regulations as prescribed by National Housing Bank (NHB) in this regard.

6. NON-CONVERTIBLE DEBENTURES:

The Company's consolidated outstanding borrowings from Non- Convertible Debentures ("NCDs") stood at Rs. 114.17 crores. of which NCDs amounting to Rs. 94.17 crores are listed on Debt Segment of Bombay Stock Exchange as on March 31, 2019. During the year under review, your Company received upgrade revision in credit rating assigned to Long Term Loan Obligations of the Company including NCDs issued by the Company (as described below):-

(a) Rating on NCDs amounting to Rs. 95 crores were upgraded from "ICRA BBB+/Positive" to "ICRA A-/Stable".

(b) Likewise, rating on remaining NCDs amounting to Rs. 19.17 crores were upgraded from "CRISIL BBB+/Positive" to "CRISIL A-/Stable".

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

7. OPTIONALLY CONVERTIBLE DEBENTURES

During the year under review, the company raised funds amounting to Rs. 80,70,720/- (Rupees Eighty Lakh Seventy Thousand Seven Hundred Twenty Only) through the issue of 1,34,512 Unsecured Optionally Convertible 8% Debentures (OCDs) issued at Rs. 1,166.41/- (Rupees One Thousand One Hundred Sixty-Six and Forty-One Paise) each, partly paid up at Rs. 60/- (Rupees Sixty) each in multiple tranches on private placement basis pursuant to special resolutions passed by shareholders in their extra-ordinary general meeting held on 4th April 2018 and 21st December 2018.

8. DEPOSITS:

Your Company did not accept any deposit(s) pursuant to Section 73 of the Companies Act, 2013 ("the Act") and Companies (Acceptance of Deposits) Rules, 2013 during the period under review, nor there are any outstanding balances of Deposits as on March 31, 2019.

9. SHARE CAPITAL:

Authorized Share Capital

During the financial year under review, there has been no change in the authorized share capital of the company. The Authorized Share Capital of the Company as at March 31, 2019 stands at Rs. 7,50,00,000/- (Rupees Seven Crores Fifty Lakhs only) divided into -

- (i) 25,00,000 (Twenty-Five Lakhs only) Equity Shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 2,50,00,000 (Rupees Two Crores Fifty Lakh only); and
- (ii) 50,00,000 (Fifty Lakhs only) Compulsory Convertible Preference Shares of Rs. 10/- (Rupees Ten only) each aggregating to Rs. 5,00,00,000/- (Rupees Five Crores only).

Issued and Paid up Share Capital

Equity Shares

The issued and paid up equity share capital of the company as at March 31, 2019 was Rs. 94,36,900/- (Rupees Ninety-Four Lakh Thirty-Six Thousand Nine Hundred only) divided into 943,690 (Nine Lakh Forty-Three Thousand Six Hundred Ninety Only) equity shares of Rs. 10/- each. No equity shares were issued by the company, during the financial year 2018-19.

Compulsorily Convertible Preference Shares

The issued and paid up preference share capital of the company as at March 31, 2019 was Rs. 450,03,690/- (Rupees Four Crores Fifty Lakhs Three Thousand Six Hundred and Ninety only) divided into 45,00,369 (Forty-Five Lakh Three Hundred Sixty-Nine Only) preference shares of Rs. 10/- each. No preference shares were issued by the company, during the financial year 2018-19.

10. REFINANCE FROM NATIONAL HOUSING BANK (NHB)

During the financial year under review, an amount of Rs. 150 crores have been sanctioned to the Company under the NHB's refinancing schemes for HFCs.

11. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

Your Company had appointed Mr. Shashank Jain as Chief Financial Officer (CFO) since November 16, 2015 and Ms. Neeta Kamra as Company Secretary (CS) since September 03, 2012.

Re-appointment of Retiring Directors

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

Appointment & Cessation

(i) **Appointment of Mr. Vishal Tulsyan & Cessation of Mr. Vishal Kumar Gupta as Nominee Directors w.e.f. 13th November, 2018**

Mr. Vishal Tulsyan was appointed as Nominee Director on the Board of the Company in substitution of Mr. Vishal Kumar Gupta w.e.f. 13th November 2018 to represent the interest of Series C Investors comprising of Motilal Oswal Group entities. Preceding the appointment of Mr. Vishal Tulsyan, Mr. Gupta was the Nominee Director of Series C Investors, who resigned on 13th November 2018.

(ii) **Appointment of Ms. Rupa Basu, wife of Late Mr. Ajay Oak, Promoter- Director, as Director on the Board w.e.f. 13th November, 2018**

During the year, the Board of Directors, as recommended by Recruitment, Compensation and Nomination Committee and approved by members in their Extra-Ordinary General Meeting held at 21st December, 2018, appointed Ms. Rupa Basu to hold the office as a Whole Time Director of the Company for a period of five years starting from November 13, 2018 till November 12, 2023.

Annual Declaration from Independent Directors:

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

12. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (a) in the preparation of the annual accounts, the applicable accounting standards were followed along with proper explanation relating to material departures, if any;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (c) the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the

Company and for preventing and detecting fraud and other irregularities;

- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- (f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

13. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, a separate Section titled 'Management Discussion and Analysis' forms part of this Annual Report.

14. AUDITORS:

Statutory Auditors

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. B S R & Associates LLP, Chartered Accountants (FRN 116231 W/W-100024), as the Statutory Auditor of the Company to conduct Statutory Audit for Financial year 2018-19. Further, in pursuance of NHB regulations, your company has in place the policy regarding rotation of partner of firm of Statutory Auditors conducting audit of the Company to ensure that same partner does not conduct audit of the Company consecutively for more than a period of three (3) years. The Report of Statutory Auditor on accounts and financial statements for Financial Year 2018-19, is annexed to this Report.

Secretarial Auditors

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 your Company has appointed M/s Naveen Narang & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company to conduct Secretarial Audit of the Company for Financial Year 2018-19. The Report of Secretarial Auditor for Financial Year 2018-19 is annexed to this Report.

Internal Auditors

Your Directors have appointed M/s S.S. Kothari Mehta & Co., Chartered Accountants, as Internal Auditors of the Company to conduct Internal Audit of the Company for Financial Year 2018-19.

Auditor's qualification/reservation /adverse remark

Neither of the aforesaid auditors have expressed any adverse qualification/ reservation/ remark in their Report for financial year 2018-19 which requires any explanation or comments from the

Board. The Notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments and explanations.

15. LOAN / GUARANTEE / INVESTMENTS:

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

16. CONTRACTS / ARRANGEMENT WITH RELATED PARTIES:

In line with the requirements of the Act and NHB, your Company has formulated a policy of Related Party Transactions, which describes the related party transactions requiring requisite approvals and requirements of appropriate reporting and disclosure of transaction between the company its related parties. The said policy has also been uploaded on the Company's website www.shubham.co.

All Related Party Transactions that are entered into by the Company are placed before the Audit Committee for review and approval, before approval by Board, as per requirements of Section 188 of the Act. However, there was no related party transaction entered by the Company with any related party during the financial year under review as per the provisions of sub-section (1) of Section 188 of the Companies Act, 2013. Though, there were certain transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arms' length basis reviewed and ratified by Audit Committee from time to time are disclosed in the Form AOC – 2 annexed to this report.

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

17. PARTICULARS OF EMPLOYEES:

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

Only 2 employees of the Company were in receipt of remuneration in excess of Rs. 1.02 crores per annum during the year under review.

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

the said statement may write to the Company Secretary at the Corporate Office of the Company upto the date of Annual General Meeting.

18. EMPLOYEE STOCK OPTIONS (ESOPs):

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

Particulars	Employee Stock Options
Options Granted during the year	17,250
Options Vested during the year	14,120
Options Exercised during the year	0
Total number of shares arising out of exercise of options	0
Options lapsed during the year	3,850
Exercise Price	Rs. 10/-
Variation of Terms of Options	No
Money realized by exercise of options	Nil
Total number of option in force	55,154
Employees wise Details of Options Granted during the year to:-	
(i) Key Managerial Person:	Nil
(ii) Any other employee receiving grant in any one year of option amounting to five percent or more of options granted during that year:	17,250
(iii) Employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Nil

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

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

a. Conservation of Energy

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

b. Technology Absorption

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

c. Foreign Exchange Earnings and Outgo

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

(a)	Foreign Exchange Earnings	:	Rs. Nil
(b)	Foreign Exchange Outgo	:	Rs. 1,60,515/-

20. COST RECORDS AND COST AUDIT

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

21. CORPORATE SOCIAL RESPONSIBILITY (CSR):

Your Company has in place Corporate Social Responsibility policy (CSR Policy), as per the provisions of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, which, inter-alia, lays down the guidelines and mechanism for undertaking socially useful projects for welfare and sustainable development of the community at large. As per the requirement of Section 135 of the Companies Act, 2013, the Company constituted a CSR Committee to monitor CSR activities of the Company. The CSR Policy of the Company may be accessed on the Company's website www.shubham.co.

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

22. VIGIL MECHANISM:

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

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

As per the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has in place a Policy on Prevention, Prohibition & Redressal of Sexual Harassment of Women at Workplace and has a robust mechanism to redress the complaints reported thereunder. An Anti-Sexual Harassment Committee has been constituted, which comprises of internal members and an external member who has experience in the subject field. Detailed composition of committee and number of meetings during the year have been given in Corporate Governance Report forming part of this Annual Report.

24. MARKETING AND BRANDING

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

25. EVALUATION

Pursuant to changes in the provisions of Companies Act, 2013, The Recruitment, Compensation and Nomination Committee (RCNC) in its meeting held on 06.02.2019 specified the manner in which effective evaluation of performance of Board as a whole, Committees thereof and that of Individual Directors including Independent Directors, Non-Independent Directors and Chairman of Board shall be carried out, based on the evaluation criteria(s)/performance benchmarks already determined by Committee in its earlier meeting.

Meeting of Independent Directors held on 06.02.2019, without the attendance of non-independent Directors and members of management, evaluated

- (a) the Board's performance on various parameters, viz., composition, frequency of meetings, agenda items, contents of agenda papers, follow up of ATR and working towards the interest of the Company.
- (b) the Non-Independent Directors' performance on various parameters, viz., director's experience in industry, understanding of Company's business, professional experience in affordable housing segment, multi-board experience, ability to read financial statements, understanding of laws, regular in attending meetings, participate in discussion in meetings and work in the interest of the Company
- (c) the Chairman's performance on various parameters, viz., effective leadership in Board, encourage participation of all members in Board deliberations, ensures Board members are well informed on the issues deliberated, encourage Corporate Governance and regulatory compliance environment and enhances company's image

Further, Board in its meeting held on 06.02.2019 evaluated;

- (a) the Independent Directors' performance individually on various parameters, viz., Director's experience in industry, understanding of Company's business, professional experience in affordable housing segment, multi-board experience, ability to read financial statements, understanding of laws, regular in attending meetings, participate in discussion in meetings and work in the interest of the Company.
- (b) each Committees' performance on various parameters, viz., composition, frequency of meetings, agenda items, contents of agenda papers, follow up of ATR and work in the interest of the Company.

Feedback(s) on the performance evaluation, containing significant highlights, learning and action points were shared with the respective parties to enable them to work on their improvements.

26. NATIONAL HOUSING BANK GUIDELINES

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions as prescribed by National Housing Bank (NHB) and has been in compliance with the various Circulars, Notifications and Guidelines issued by NHB from time to time. The Circulars, Notifications and Guidelines issued by NHB are also placed before the Board of Directors at regular intervals to update the Board members on the status of compliance with the same.

27. RISK MANAGEMENT

Your Company is committed to manage its risk in a proactive manner and has adopted a structured and disciplined approach to risk management by developing and implementing risk management framework. With a view to manage its risk effectively your Company has in place a Comprehensive Risk Management Policy which covers a formalized Risk Management Structure, along with other aspects of Risk Management, i.e., Credit Risk Management, Operational Risk Management, Market Risk Management and Enterprise Risk Management. The Risk Management Committee of the Board, on periodic basis, oversees the risk management systems, processes and minimization procedures of the Company.

Pursuant to section 134(3)(n) of the Companies Act, 2013 and NHB Circular on Corporate Governance, the Company has in place a risk management framework approved by the Board of Directors.

The Company's risk management frameworks provides the mechanism for risk assessment and mitigation. Company has Risk Management Committee in place. The details of the Committee and its term of reference are set out in the Corporate Governance Report forming part of the Board's Report.

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

28. CODE AND POLICIES & COMPLIANCES

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

Policy on Know Your Customer & Anti Money Laundering Measures

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

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

Fair Practice Code

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

Policy on Fit and Proper Criteria for the Directors

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

Internal Guidelines on Corporate Governance

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

Related Party Transaction Policy

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

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

29. NOMINATION AND REMUNERATION POLICY:

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

30. CUSTOMER COMPLAINTS:

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

Sr. No.	Particulars	Current Year ended March 31, 2019	Previous Year ended March 31, 2018
1	No. of complaints pending at the beginning of the year.	N.A.	0
2	No. of Complaints received during the year.	35	17
3	No. of Complaints redressed during the year	34	17
4	No. of complaints pending at the end of the year.	1	0

31. ANNUAL RETURN:

The Annual Return of the Company for the financial year ended 31.03.2019 is placed on website of the Company, www.shubham.co.

32. REPORTING OF FRAUDS BY AUDITORS:

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

33. CORPORATE GOVERNANCE

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

34. GENERAL:

- Your Company has established connectivity with both the depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). In view of the numerous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of shares with either of the Depositories as aforesaid.
- Your Company does not have any Subsidiary, Joint Venture or Associate Companies as on March 31, 2019.
- There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.
- The Government of India has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. Accordingly, your Company is registered with CERSAI and has been submitting data in respect of its loans.
- Your Company has taken "Green Initiative" and accordingly has been sending Annual Report/Notice of AGM in electronic mode to those Shareholders whose email ids are registered with the Company and /or the Depository Participants.
- As mandated in RBI Circular, your Company has obtained Legal Entity Identifier Registration Number which is valid till September 2019 and shall be renewed accordingly.

35. APPRECIATION:

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

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

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

Sd/-

Sanjay Chaturvedi

Director

DIN: 01636432

D-305, Ground Floor,

Sarvodaya Enclave,

New Delhi

Sd/-

Rupa Basu

Director

DIN: 08068918

S-10 A, Windsor Court,

DLF, Phase IV,

Gurugram- 122009

Place: Gurugram

Date: 23.05.2019

**ANNEXURE TO THE DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

1. ECONOMY AND INDUSTRY OVERVIEW

The Indian economy in FY 2018-19, at a macro-economic level, stayed fairly robust and stable and is one of the faster growing economies in the world due mainly to continuation of various financial sector reforms and effective implementation of the social schemes. Indian economy (GDP) is expected to have grown at 7.2 per cent in 2018-19 (RBI estimates 7.4%) compared to 6.7 per cent in the previous fiscal, mainly due to improvement in the performance of agriculture and manufacturing sectors. Similarly, the construction sector is expected to have grown at 8.9 per cent from 5.7 per cent previous fiscal. Financial, real estate & professional services' growth has also been estimated higher at 6.8 per cent in FY 2018-19 as against 6.6 per cent in 2017-18. The thrust on housing sector development is, therefore considered as one of the dynamic and vital parameters for the revival and further boosting of the growth of the economy.

The per capita net national income during 2018-19 is estimated at Rs 1,25,397/- as compared to Rs 1,12,835 during 2017-18, registering a growth rate of 8.6 %. As a result, there was a significant upturn in commodity prices. However, Consumer spending remained slightly subdued during the year impacted by low growth in the public expenditure and crunch in employment etc. Cash Liquidity crunch, rising NPAs of FIs coupled with less than expected growth in profits of FIs/companies, are considered to be the major issues requiring highest attention. The long-term outlook for growth of Indian economy, however has been considered as positive and stable by most of the international agencies like IMF which is truly reflected in improvement in rank in Ease of doing business Index, rise in FDI etc.

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

INITIATIVES BY THE GOVERNMENT

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

On the housing finance front, the government continued to offer support under the Pradhan Mantri Awas Yojana (PMAY), with an objective to accelerate demand and improve the credit offtake in housing particularly in affordable housing segment. The slew of budgetary announcements aimed at Affordable Housing sector and particularly the infrastructure status for developers operating in the Affordable Housing space, reduction in rate of GST for housing, are likely to improve the supply of additional affordable housing stock whereas the relaxation and expansion of carpet area, redefining the income definitions, increase in coverage areas under PMAY, lowering of GST rates from 12% to 8% under Credit Linked Subsidy Scheme (CLSS) is likely to push the demand for such houses particularly with EWS/LIG/MIG segments. Further, setting up of dedicated fund for affordable housing with NHB by providing from PS lending and service bonds

authorized by GoI is considered to be a significant enabler in creation of demand and supply of affordable housing for the targeted segment households.

Under the Pradhan Mantri Awas Yojana, a total of Rs. 25,000 crores was allocated in FY 2018-19 as against Rs 23,000 crore in 2017-18 to complete 10 million houses by 2019 for the houseless and those living in kutcha houses. Further, the National Housing Bank (NHB), for the year 2018-19, has increased its refinance limit to about Rs.30,000 crores from Rs.20,000 crore in the previous year. Government of India's Credit Linked Subsidy Scheme (CLSS) for Economically Weaker Section (EWS) / Lower Income Group (LIG) segments was extended in the second phase to cover Middle Income Group (MIG) segment households with annual income of upto Rs. 18 lacs p.a. Such a directed initiative / step would act as a catalyst for the Real Estate sector and is likely to improve the supply of housing and also accelerate demand for housing in the country.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

India's financial services sector has grown from strength to strength, built on prudential lending practices, robust regulatory environment and sound technology base, and has ably met the aspirations of the vast population and enabled economic activities. Besides, commercial banks, Non-Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs) continue to extend the customized services to different customer segments and make a major impact on the lending side both in consumer/retail lending and commercial/business lending. This movement is taking place on the back of market forces enabling inclusive growth, meeting sectorial thrust, leveraging policy initiatives and the ability to attract cost effective financial resources.

During the FY 2018-19, the housing finance market has grown significantly and stood at about Rs. 5 lakh crore registering a growth of about 18% with average ticket size of about Rs.25 lakhs and NPA in the range of 1.1%. The housing finance market, thus has continued to report robust growth over the years and is expected to grow at 17-18% in 2019-20. However, the tight liquidity conditions and expected slight slowdown of the economy may impact the overall disbursements and quality of the assets during FY 2019-20.

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

The fact that there is shortage of housing in India is not in contention. Clearly, despite a considerable increase in the housing stock, it is the supply of affordable housing that is the biggest challenge in India's urbanization. The types of housing are broadly classified into Economically Weaker Section (EWS), Low Income Group (LIG), Middle Income Group (MIG) and High-Income Group (HIG). As land and housing are state subjects the classification of income group also varies from state to state. None the less, the EWS and LIG category together accounts for 68% of the housing shortfall in urban India. In view of the affordable housing gap in terms of annual income of EWS/LIG and the cost of the house, there appears to be increased dependence by EWS/LIG households on either capital or interest subvention from the budgetary allocations of the Government/s, as a means of bridging the ever-increasing affordable housing gap. During the FY

2018-19, continuation of the Government's initiatives, has resulted in bridging the affordable housing gap as a result, the credit outflow to this segment (EWS/LIG) witnessed significant increases. Under CLSS scheme, home loan EMIs could reduce by up to 45% for the economically weaker section and the low-income group. Similarly, the share of new pure players in the overall affordable housing sector, has also continued to witness increases over the years to more than 20% as on 31st March 2019. The "Housing for All by 2022" Scheme provided a much-needed impetus on the real estate and housing finance industry by creating an enabling and supportive environment for expanding credit flow and increasing home ownership. It is expected that with continuation of such measures, the housing shortage in India for EWS/LIG segment will witness significant decline in coming few years. The recent initiatives by GoI (Budget 2019-20) in terms of tax rebate for income upto Rs. 5 lakh, extension of benefits under 80 IBA till 2020, reinvestment of capital gains in two houses having capital gains upto Rs. 2 crore, increase in period for taxing notional rent on unsold inventory, increase in TDS for rental income from Rs.1.8 lakh to Rs.2.4 lakh, increase in standard deduction of salaried employees etc., are expected to further improve the scope of expansion of the housing finance market in achieving the mission "affordable housing for all".

Other Key growth drivers for the Housing Finance Industry

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

Housing demand tracks population growth

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

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

3. OPPORTUNITIES AND THREATS

The major opportunities in the HFC sector comprise the following:

- Growing urbanisation and rising incomes, along with rising aspirations for a better quality of life has catalysed demand for housing;
- Enhanced penetration into Tier-II and Tier-III cities, product-process innovation and regulatory framework giving thrust to supply side;
- Over 470 mn people will reside in Indian cities in 2020, up from 420 mn in 2015
- By 2020, India may be the world's youngest nation, with a median age of 29 years, compared with a median age of 37 years in China during the period;

- HFCs can provide credit to low-income customers which has emerged as a key component of the Indian economy
- Social mega trends like nuclearization of families, double-income families because of growing economic empowerment of women and focus on property buying as an additional investment proposition;
- Sustained economic growth and contained property prices has increased affordability index positively.
- A large proportion of India's working population comprises aspirational youth with a penchant for own house backed by adequate purchasing power.
- Government initiatives to drive affordable housing with a well-articulated Vision under 'Housing for All', is a major growth driver for the industry.
- The introduction of MCLR (marginal cost of funds-based lending rate) by banks along with the systematic softening of interest rates could lower borrowing costs for HFCs effective April 2016 onwards.

Key Challenges for HFCs

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

- Availability of long-term bulk finance at competitive rates;
- Low absorption of debt market and interest rate risk associated with long-term lending;
- Investment in technology and maintaining a cost-effective delivery model in customer acquisition – particularly in the Lower Middle Income (LMI) segment;
- Setting up of single-window clearance mechanism for affordable housing projects facilitating completion of affordable housing projects in a time bound manner.;
- From a demand-for-home-loan point of view, promoting the supply of affordable home construction through appropriate public private partnerships is the need of the hour;
- The legal process for enforcement of mortgaged securities, land records and registration of documents continue to pose hurdles in the rapid growth of mortgage finance industry

Threats for HFCs

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

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

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

Further, over the past few years, housing finance companies in affordable housing segment, proactively catered to the needs of the under-banked in the rural and suburban areas and in the process, developed a keen understanding of the needs and aspiration of these segments thereby improving their scope of business opportunities. This has been leading to intensification of competition necessitating relaxation in certain lending norms and taking higher risk. This may lead to asset quality related challenges with HFCs.

4. SEGMENT-WISE OR PRODUCT WISE PERFORMANCE

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

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

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

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

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

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

FUNDING SOURCES

Your Company strives to maintain diverse source of funding to reduce its borrowing costs, maintain adequate interest margins and achieve its liquidity goals. Your Company has successfully diversified its liability portfolio with an array of different institutional units for lines of credit, including banks. During the financial year 2018-19, the Company has also raised significant amount of funds through borrowing from banks/NHB etc., which reinforces the Company's financial and operational strengths and abilities.

The Company's consistent focus is to reduce the cost of funds. Over the preceding three years, your Company has substantially reduced the borrowing cost from banks and financial institutions. During financial year 2018-19, your Company made further progress in reducing the cost of funds by diversifying its sources of funds, through increasing the market borrowings by leveraging on upgradation in ratings.

5. OUTLOOK

India is powering ahead as the world's fastest growing major economy and is urbanizing at a rapid pace. Urban clusters are driving this growth and purchasing power is increasing beyond the metros, particularly in Tier II/III cities, thereby resulted in demand for affordable housing. The correction in prices of housing units, coupled with Govt's initiatives, reforms and concessions, has enthused the builders /customers for increased supply and demand for affordable houses. HFCs, particularly in affordable and informal housing segment have improved their scope of lending to the targeted segments. Thus, affordable housing is getting a lot of focus in today's market and small and affordable housing is finding favour with most households as well as major realty players.

In view of the huge shortage in urban housing units in the country, the Union government has been providing continued support to make the sector attractive and giving it due recognition. The agenda of 'Housing for all' is a key component of the government's strategy for making Indian cities inclusive and productive. This recent drive of Government of India, i.e., 'Housing for All by 2022', is expected to create an enabling and supportive environment for expanding credit flow and increasing home ownership thereby widening the opportunity landscape for housing financing companies particularly in Tier II and III cities.

Following are the Initiatives taken by Government in affordable housing sector in Union Budget 2018-19 and 2019-20: -

- Increase in budgetary allocations for Ministry of Housing and urban affairs to Rs. 48,000 crore in 2019-20 from Rs. 41,765 Crores in 2018-19.

- PMAY-Urban gets Rs. 6853 crore in 2019-20 as compared to Rs. 6,500 Crores during 2018-19.
- Scope of the Credit Linked Subsidy Scheme (CLSS) for EWS/LIG has been expanded to include Middle-Income Group (MIG) w.e.f 01.01.2017 covering two income categories between Rs. 6 lakh and Rs 12 lakh (MIG-I) and between Rs. 12 lakh and Rs. 18 lakh (MIG-II) household income. For MIG-I, an interest subsidy of 4% for loan amounts up to Rs 9 lakh and for MIG-II, an interest subsidy of 3% for loan amounts up to Rs. 12 lakh is available to eligible persons/households. Carpet area of 90 square metre to “up to 120 square metre” in respect of MIG I and, in respect of MIG II from 110 square metre to “up to 150 square metre”.
- Central Government has also increased the coverage under PMAY (Urban) to include areas falling within notified Planning/Development area under the jurisdiction of an Industrial Development Authority/Special Area Development Authority / Urban Development Authority or any such Authority under State legislation which is entrusted with the functions of urban planning and regulations.
- The GST council had recently announced a lowering of GST rate from 12% to 8% (after deducting one third of the amount charged for the house towards cost of land) for the houses constructed or acquired under the CLSS vertical of PMAY-Urban covering EWS, LIG, MIG I and MIG II and has been in effect from January 25, 2018.
- A dedicated affordable housing fund under the National Housing Bank will be put in place to facilitate the Pradhan Mantri Awas Yojana mission.
- Enhancement in income tax limit to Rs. 5 lakh and increase in standard deduction of salaried employees.
- Extension of benefits under 80 IBA till 2020,
- Reinvestment of capital gains in two houses having capital gains upto Rs. 2 crore.
- Increase in period for taxing notional rent on unsold inventory.
- Increase in TDS for rental income from Rs.1.8 lakh to Rs.2.4 lakh.

Thus, the recent initiatives, reforms and concessions of Government of India is expected to widen the opportunity scope and coverage of geographical improvement in lending for housing in affordable segment, which is the core business of your Company.

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

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

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

6. RISK AND CONCERNS

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

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

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

As required by the Companies Act, 2013, your Company has implemented an Internal Financial (IFC) Framework. Section 134(5)(e) requires the Directors to make an assertion in the Directors' Responsibility Statement that your company has laid down internal financial controls, which are in existence, adequately designed and operate effectively. Under Section 177(4) (vii), the Audit Committee reviews the adequacy and effectiveness of implementation of internal financial controls. The purpose of the IFC is to ensure that policies and procedures adopted by your Company for ensuring the orderly and efficient conduct of its business are implemented, including policies for safeguarding its assets, prevention and detection of frauds and errors, accuracy and completeness of accounting records, and timely preparation of reliable financial information. The IFC implementation required all processes of your Company to be documented alongside the controls within the process. All processes were satisfactorily tested for both design and effectiveness during the period under review.

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

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

8. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCES

Financial Performance during FY 2018-19

The financial performance during the period under review is as:

- i. The Company earned an income of Rs. 212.33 crores from its operations (Rs. 169.96 crores during the previous year).
- ii. The Company made a profit before tax (PBT) of Rs. 25.12 crores (Rs. 4.86 crores during the previous year).
- iii. After providing Rs. 7.72 crores for tax, net profit (PAT) with the company is Rs. 17.41 crores during the year under review (Rs. 4.51 crores (PAT) in the previous year after providing Rs. 0.34 crores for tax).
- iv. Reserves and Surplus as at March 31, 2019 for your Company is Rs. 428.70 crores (Rs. 409.25 crores in the previous financial year). Your Company has transferred Rs. 3.48 crores to Special Reserve u/s 29C of National Housing Bank Act.
- v. Your Company has availed of Rs. 150 Crores from NHB as refinance (out of the refinance limit of Rs. 150 Crores sanctioned by the NHB during the financial year 2018-19).

Business Update/Operational Performance

Shubham continues to be one of the fastest growing housing finance companies servicing the low and median income customers in the informal segment. During FY 2019 the assets under management grew by about 21 % over FY2018. The number of active loans grew by over 16.94%. The business has witnessed a disbursement momentum of more than Rs. 50 crores per month and closed the year with all time high monthly disbursement of Rs. 71.91 crores.

Portfolio Quality

As a HFC, Company is exposed to credit and liquidity risks along with risks associated with the real estate sector. It has been our endeavour to put in place people, processes and controls to address all the relevant risks to the portfolio. In line with this, the key strategic initiative taken during the

year was to centralise the credit underwriting function and perform risk containment checks on all loan applications.

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

Company ended the year with a NNPA of 1.38%. The Company continues to follow a provisioning policy which is more conservative than the norms prescribed by NHB.

Asset Liability Management

Company had total borrowing of Rs. 914.07 crores as of March 31, 2019. The Company borrowing is classified in terms of term loans from Banks, NHB, borrowings from NBFC's and HFC's as well as money market instruments. The borrowing is well diversified and during the year the Company has been able to reduce its average cost of borrowing by 51bps. The Company follows a prudent asset liability monitoring norm, in line with the guidelines laid down by NHB. CAR continues to be at comfortable 52.09% for the year ended March 31, 2019.

Technology

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

Customer Service

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

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

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

The Company has developed its own online portal called 'Shubham E Learning', which is an e-learning tool to enable employees to self-learn and upgrade their skills. Special e-learning modules



launched during the year were in the areas of business development, credit risk management, affordable housing and legal and regulatory compliances. Based on the assessments, the e-learning modules have been well received by the staff.

As on 31st March, 2019 the total number of employees in Company are over One thousand.

10. Cautionary Statement

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

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

**Sd/-
Sanjay Chaturvedi
Director
DIN: 01636432
Add: D-305, Ground Floor,
Sarvodaya Enclave,
New Delhi—110017**

**Sd/-
Rupa Basu
Director
DIN: 08068918
Add: S 10A, Windsor Court,
DLF Phase IV,
Gurugram- 122009, Haryana**

**Place: Gurugram
Date: 23.05.2019**

**ANNEXURE TO THE DIRECTORS' REPORT
CORPORATE GOVERNANCE REPORT**

1. COMPANY'S CORPORATE GOVERNANCE PHILOSOPHY:

The Company derived its philosophy of Corporate Governance from strong set of values maintained by promoters, which aimed at assisting the management of the Company in the efficient conduct of its business and in meeting its obligation to stake holders, and is guided by a strong emphasis on transparency, accountability and integrity.

Company has strived to introduce a high level of professionalism in carrying out the business with a strong belief that the organization exists to serve the customer(s) in a manner that can yield the best possible return to its shareholder(s). The Board of Directors of the Company has always maintained the true spirit of being "Trustees" in directing the management team and also persisted in demanding a similar approach from the management team. The board has also inspired the management team to practice professional ethics in all its dealings. Shubham Housing has developed systems that allow sufficient freedom to the board and the management to take decisions which promote growth while remaining within the framework of effective accountability.

In line with NHB regulations, your company have in place a Guidelines on Corporate Governance which is in line with best practice, as well as meets all legal and regulatory requirements. All Directors and employees are bound by standards set out in guidelines and policies made by the Company on Corporate Governance.

2. BOARD OF DIRECTORS

Composition and size of the Board

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

The Composition of Board is as follow: -

EXECUTIVE DIRECTORS
<ol style="list-style-type: none"> 1. Mr. Sanjay Chaturvedi was appointed since February 23, 2010 as CEO 2. Ms. Rupa Basu was appointed since November 13, 2018 as Whole Time Director
NON-EXECUTIVE DIRECTORS (NOMINEE DIRECTORS)
<ol style="list-style-type: none"> 1. Mr. Sandeep Marian Farias was appointed since April 18, 2012 2. Mr. Rahul Chandra was appointed since April 18, 2012 3. Mr. Rahul Garg was appointed since January 24, 2018 4. Mr. Vishal Tulsyan was appointed since November 13, 2018
NON- EXECUTIVE AND INDEPENDENT DIRECTORS
<ol style="list-style-type: none"> 1. Ms. Ranjana Agarwal was appointed since January 20, 2015 2. Mr. Rakesh Rewari was appointed since November 06, 2015 3. Mr. Vinod Rai was appointed since November 06, 2015

* Mr. Vishal Kumar Gupta resigned from the Board with effect from 13th November 2018.

Board meetings and attendance

Seven (7) Board meetings were held during the year ended March 31, 2019 and the gap between two consecutive Board meetings did not exceed 120 days. The broad annual calendar of Board meetings is agreed upon at the beginning of the year.

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

The dates on which meetings of Board during the financial year ended March 31, 2019 were held are as follows:

Sr. No.	Date of Meeting	Total No. of Directors as on the date of Meeting	No. of Directors present
1	06 th April 2018	8	3
2	30 th May 2018	8	8
3	06 th August 2018	8	6
4	10 th September 2018	8	3
5	13 th November 2018	8	8
6	27 th December 2018	9	3
7	06 th February 2019	9	8

Board Meeting wise attendance of each director during the financial year ended March 31, 2019 is given as follows:-

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

- ¹ Ms. Rupa Basu was appointed as Whole Time Director with effect from 13th November 2018
² Mr. Vishal Kumar Gupta ceased to be Nominee Director with effect from 13th November 2018.
³ Mr. Vishal Tulsyan was appointed as Nominee Director with effect from 13th November 2018.
* Leave of absence was granted to Directors who could not attended the respective meetings.

During the year under review, as per the requirement of Schedule IV of the Companies Act, 2013 a separate meeting of the independent directors of the Company was held on February 06th, 2019 without the attendance of non-independent directors and members of the management. All the 3 independent directors were present at the meeting, wherein they inter alia reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company, taking into account the views of the executive directors and the non-executive directors; and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

Details of Directors being re-appointed

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

Mr. Rahul Garg and Mr. Vishal Tulsyan shall retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

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

Mr. Rahul Garg-

Mr. Rahul Garg is the nominee director of Premji Invest. At Premji Invest, he is a part of the Investments team looking at PE and Mezzanine Investments with key sectors of interest include BFSI space including transaction processing and payment solutions space, Agri and Food processing, Retail, Domestic Consumption themes and Conventional Power.

Previously he worked at ICICI Bank in various profiles including AGM corporate banking group, Head-Origination, equity linked products, Team Leader - structured trade and treasury products, RMAG and others.

Rahul is an MBA Finance from MDI Gurgaon and B.E., Mechanical Engineering from Delhi College of Engineering.

Mr. Vishal Tulsyan-

Vishal Tulsyan joined MOFSL in 2006 and is the founder Managing Director & CEO, Motilal Oswal Private Equity (MOPE). Over the last 8 years', he has built MOPE into a successful Private Equity Company in one of the most volatile economic environment.

He has played a key role in driving MOPE's success through organization-building skills, robust network and a keen understanding of strategic and financial business issues. Under his leadership MOPE is currently managing Rs. 2500 crores across Private Equity & Real Estate, and is one of the few Indian Funds who has shown successful exits.

Vishal has more than 15 years of experience in financial services. At Rabobank, he was a director responsible for the origination and execution of structured finance, project finance, acquisition finance transactions, and private equity and M&A products.

Vishal is a member of the Institute of Chartered Accountants of India (all-India rank holder) and was a top ranking student of the prestigious St. Xaviers College, Kolkata.

3. COMMITTEES OF THE BOARD

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

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

VIII. Recruitment Compensation and Nomination Committee

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

I. Audit Committee

Terms of Reference

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

- (i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (iv) Approval of the Changes made in the Accounting Policy.
- (v) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - ✓ Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of the provisions of Section 134 of the Companies Act, 2013.
 - ✓ Major accounting entries involving estimates based on the exercise of judgment by management
 - ✓ Significant adjustments made in the financial statements arising out of audit findings.
 - ✓ Compliance with listing and other legal requirements relating to financial statements.
 - ✓ Disclosure of any related party transactions.
 - ✓ Qualifications in the draft audit report.
- (vi) Reviewing, with the management, the quarterly /half yearly, as applicable, from time to time, financial statements before submission to the board for approval.
- (vii) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (viii) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- (ix) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (x) Discussion with internal auditors any significant findings and follow up there on.

- (xi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (xii) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xiii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non -payment of declared dividends) and creditors.
- (xiv) To review the functioning of the Whistle Blower mechanism, in case the same is exists.
- (xv) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- (xvi) Further, the Audit Committee shall mandatorily review the following information
 - ✓ Management discussion and analysis of financial condition and results of operations;
 - ✓ Statement of significant related party transactions (as defined by the audit committee), submitted by management;
 - ✓ Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - ✓ Internal audit reports relating to internal control weaknesses;
 - ✓ The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
 - ✓ Transactions of Inter-corporate loans and investments, if any.
 - ✓ Valuation of undertakings or assets of the company, wherever it is necessary
- (xvii) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

All the members of Audit Committee are financially literate. During the period under review, the Audit Committee met 4 times on 30.05.2018, 06.08.2018, 12.11.2018 and 06.02.2019. Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2019 are given below:

Name of the Members	Designation	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Rakesh Rewari	Chairman	Non-Executive & Independent	4	3
Ms. Ranjana Agarwal	Member	Non-Executive & Independent	4	4
Mr. Rahul Garg	Member	Nominee Director	4	3
Mr. Vishal Kumar Gupta ¹	Member	Nominee Director	3	3

Mr. Vishal Tulsyan ²	Member	Nominee Director	1	0
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¹ Mr. Vishal Kumar Gupta ceased to be the member of the committee with effect from 13th November 2018 due to resignation.

² Mr. Vishal Tulsyan was appointed as member of the committee with effect from 13th November 2018 and ceased to be the member of the committee with effect from 06th February 2019.

II. Assets Liability Management Committee (ALM Committee)

Terms of Reference

The terms of reference for the ALM Committee include:

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

Details of the composition of the ALM Committee and attendance of Members are as follows

During the period under review, this Committee met 4 times on 28.05.2018, 06.08.2018, 13.11.2018 and 06.02.2019. Constitution of the Assets Liability Management Committee and attendance details during the financial year ended March 31, 2019 are given below:

Name of the Members	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjay Chaturvedi	4	4
Mr. Rakesh Rewari	4	4
Mr. Rahul Chandra	4	2

III. Anti-Sexual Harassment Committee

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

Terms of Reference

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

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

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

Name of the Member	Designation	No. of Meetings held during the tenure	No. of Meetings attended during the tenure
Ms. Neeta Kamra ¹	Legal & Compliance Head (Chairperson)	0	0
Mr. Sanjay Chaturvedi ²	Chief Executive Officer & Executive Director (Member)	0	0
Ms. Manjari Jhingran ³	Head- Credit and Services (Member)	0	0
Mr. Anil Rathore	HR Head (Member)	1	1
Ms. Latika Thukral ⁴	NGO Member & Social Worker (Member)	0	0
Ms. Rupa Basu ⁵	Executive Director	1	1
Mr. Ajay Sehgal ⁶	Head- Risk Containment Unit	1	1
Ms. Pragya Bhushan ⁷	NGO Member and Social Worker	1	1

¹ Ms. Neeta Kamra ceased to be the member and Chairperson of the committee with effect from 06th February 2019.

² Mr. Sanjay Chaturvedi ceased to be the member of the committee with effect from 06th February 2019.

³ Ms. Manjari Jhingran ceased to be the member of the committee with effect from 06th February 2019.

⁴ Ms. Latika Thukral ceased to be the member of the committee with effect from 06th February 2019.

⁵ Ms. Rupa Basu was appointed as member and Chairperson of the committee with effect from 06th February 2019.

⁶ Mr. Ajay Sehgal was appointed as member of the committee with effect from 06th February 2019.

⁷ Ms. Pragya Bhushan was appointed as member of the committee with effect from 06th February 2019.

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

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

IV. Banking & Borrowing Committee

Terms of Reference

The terms of reference for the Banking & Borrowing Committee include:

- ✓ To provided operational assistance to the Company at the time of taking loans or

borrowings of any nature from bank/institution within the overall limits set by the board of directors and to do other banking operation activities.

Details of the composition of the Banking and Borrowing Committee and attendance of Members are as follows

During the period under review, the Banking & Borrowing Committee met 10 times on 13.06.2018, 12.07.2018, 06.08.2018, 14.09.2018, 27.09.2018, 13.11.2018, 30.01.2019, 28.02.2019, 12.03.2019 and 28.03.2019. Constitution of the Banking & Borrowing Committee and attendance details during the financial year ended March 31, 2019 are given below:

Name of the Members	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Sanjay Chaturvedi	Executive Director	10	10
Ms. Rupa Basu	Executive Director	5	5
Mr. Rahul Chandra	Nominee Director	10	7
Mr. Shashank Jain	Member	10	10

V. Corporate Social Responsibility Committee (CSR Committee)

Terms of Reference

The terms of reference for the CSR Committee include:

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

Details of the composition of the CSR Committee and attendance of Members are as follows

During the period under review, the CSR Committee met 2 times on 19.04.2018 and 06.02.2019. Constitution of the CSR Committee and attendance details during the financial year ended March 31, 2019 are given below:

Name of the Member	Designation	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended during the tenure
Mr. Sanjay Chaturvedi	Member	Executive Director	2	1
Mr. Ranjana Agarwal	Member	Non- Executive and Independent Director	2	2

Mr. Sandeep Marian Farias	Member	Nominee Director	2	2
Ms. Rupa Basu ¹	Member	Executive Director	1	1

¹ Ms. Rupa Basu was appointed as a member of the committee with effect from 13th November 2019.

VI. IT Committee

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

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

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

Terms of Reference

The terms of reference for the IT Committee includes:

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

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

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

VII. Risk Management Committee

Terms of Reference

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

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

Details of the composition of the Risk Management Committee and attendance of Members are as follows-

During the period under review, the Risk Management Committee met 2 times on 06.08.2018 and 14.03.2019. Constitution of the Risk Management Committee and attendance details during the financial year ended March 31, 2019 are given below:

Name of the Members	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Mr. Vinod Rai	Non-Executive & Independent	2	2
Mr. Sanjay Chaturvedi	Executive Director	2	2
Ms. Rupa Basu	Executive Director	2	2
Mr. Sandeep Marian Farias	Nominee Director	2	1
Mr. Rahul Garg	Nominee Director	2	1

VIII. Recruitment, Compensation and Nomination Committee (RCNC)

Terms of Reference

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

- ✓ To review and approve goals and objectives relevant to the compensation of the Chief Executive Officer/Chief Operations Officer, to evaluate the performance of the Chief Executive Officer/Chief Operations Officer in light of these goals and objectives and other factors it deems appropriate and based on this review and evaluation, recommend to the Board the compensation of the Chief Executive Officer/Chief Operation Officer;
- ✓ To consider, authorize and oversee the Company's incentive compensation plans and equity-based plans and recommend changes in such plans to the Board as needed. The Committee shall exercise all the authority of the Board with respect to the administration of such plans, including the granting of awards under the Company's incentive compensation plans and equity-based plans.

- ✓ To review and approve compensation, benefits and terms of employment of the Company's executive officers and such other senior executives identified by the Committee after consultation with the Company's Chief Executive Officer/Chief Operation Officer and other members of management.
- ✓ To devise a policy on Board diversity, composition, size.
- ✓ To review the Company's recruitment, retention, compensation, termination and severance policies for directors, key managerial personnel and senior management and to evaluate their performance and recommend their re-appointment and removal to the Board;
- ✓ To identify persons who are qualified to become directors, key managerial personnel and senior management personnel and recommend to the Board their appointment and removal and to formulate criteria for determining qualifications, positive attributes and independence of a director.
- ✓ To review and assist with the development of executive succession plans and to consult with the Chief Executive Officer/Chief Operation Officer regarding the selection of senior executives.
- ✓ To review the compensation of non-executive directors for service on the Board and its committees and recommend changes in compensation to the Board.
- ✓ To review the Company's compensation policies and practices to determine whether they create risk-taking incentives that are reasonably likely to have a material adverse impact on the Company.
- ✓ To periodically review and assess the adequacy of this policy and recommend any proposed changes to the Board for approval; and
- ✓ To specify manner of evaluation of performance of Board of Directors, its Committees and that of Individual Directors and review its implementation and compliance.
- ✓ To perform such other duties and responsibilities as are consistent with the purpose of the Committee and as the Board or the Committee shall deem appropriate

Details of the composition of the RCNC and attendance of Members are as follows

During the period under review, this Committee met 4 times on 19.04.2018, 28.05.2018, 13.11.2018 and 06.02.2019. Constitution of the Committee and attendance details during the financial year ended March 31, 2019 are given below:

Name of the Members	Designation	Category of Directorship	No. of Meetings held during the tenure	No. of Meetings attended
Ms. Ranjana Agarwal	Chairperson	Non-Executive & Independent Director	4	4
Mr. Vinod Rai	Member	Non-Executive & Independent Director	4	2
Mr. Sandeep Marian Farias	Member	Nominee Director	4	4
Mr. Sanjay Chaturvedi	Member	Executive Director	4	4

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

1. Policy on Directors' Appointment

- (i) RCNC shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director recommend his / her appointment, as per Company's Policy.
- (ii) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. RCNC has authority to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the position. In addition, he should satisfy "fit and proper criteria" formulated by Company in line with NHB guidelines, for being appointed and continuance in the Board.
- (iii) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution.

2. Policy on Remuneration to Directors

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

- (i) The Remuneration/ Commission etc. to be paid to Managing Director / Whole-time Directors, etc. shall be governed as per provisions of the Companies Act, 2013.
- (ii) The Committee shall make such recommendations to the Board of Directors, as it may consider appropriate with regard to remuneration to Managing Director / Whole-time Directors.
- (iii) ESOP and other share based payments shall be given as per applicable provisions of Companies Act.

B. Remuneration to Non- Executive / Independent Directors:

- (i) The Non-Executive / Independent Directors may receive sitting fees and such other remuneration as permissible under the provisions of Companies Act, 2013. The amount of sitting fees shall be such as may be recommended by the Committee and approved by the Board of Directors.
- (ii) All the remuneration of the Non-Executive / Independent Directors (excluding remuneration for attending meetings as prescribed under Section 197 (5) of the Companies Act, 2013) shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force. The amount of such remuneration shall be such as may be recommended by the Committee and approved by the Board of Directors or shareholders, as the case may be.
- (iii) An Independent Director shall not be eligible to get ESOP and also shall not be eligible to participate in any share based payment schemes of the Company.

- (iv) Any remuneration paid to Non-Executive / Independent Directors for services rendered which are of professional in nature, shall not be considered as part of the remuneration for the purposes of Para (ii) above if the following conditions are satisfied:
 - The Services are rendered by such Director in his capacity as the professional; and
 - in the opinion of the Committee, the director possesses the requisite qualification for the practice of that profession.
- (v) ESOP and other share based payments shall be granted to Directors (other than Independent Directors) as per ESOP scheme.

4. SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

During the year, as per the requirement of Schedule IV of the Companies Act, 2013, a separate meeting of the independent directors of the Company was held on February 6, 2019 without the attendance of non-independent directors and members of the management. All 3 independent directors were present at the meeting, wherein they had inter alia reviewed the performance of non-independent directors and the Board as a whole; reviewed the performance of the Chairman of the Company, taking into account the views of the executive directors and the non-executive directors; and assessed the quality, quantity and timeliness of flow of information between the company management and the Board.

5. RELATED PARTY TRANSACTION POLICY

The policy on the related party transactions is annexed herewith.

6. CODE OF CONDUCT:

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

7. OTHER DISCLOSURES

- In line with NHB Guidelines and other applicable laws, the Company has framed internal guidelines on corporate governance with the approval of the Board of Directors and those corporate governance guidelines has been published on the company's web-site (www.shubham.co) for the information of various stakeholders.
- None of the directors of the Company is disqualified for being director under the provisions of Section 164 of Companies Act, 2013 as on 31st March 2019. Further, none of the directors proposed for re-appointment in the ensuing AGM is disqualified to be re-appointed under the applicable laws.
- The Company has maintained statutory books and registers required to be maintained under the provisions of Companies Act, labour laws, NHB guidelines and other applicable laws, if any.

- The Company is registered on the SCORES platform, in order to handle investor complaints electronically in the manner specified by the Securities Exchange and Board of India (SEBI).
- The Company has not received a single complaint of Investors during the year under review.
- In pursuance of Regulation 52 of SEBI (Listing Obligations and Disclosures Requirements) Regulations 2015, Board of the Company approved its half-yearly financial results with limited review report for the half year ended September 30, 2018 in Board Meeting dated 13th November 2018. Same were published in The Financial Express, a widely circulating English National Daily newspaper.
- The Company furnish periodical returns and reports to Debenture trustees as per applicable laws.
- The Company has appointed Registrar and Share Transfer Agent registered with SEBI for all activities in relation to both Physical and Electronic Transfer facility as required under Regulation 7(2) of SEBI (LODR) Regulations, 2015.
- Details of Compliance Officer, Registrar and Share Transfer Agent and Debenture Trustees appointed by the Company are as follows:
-

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



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

Sd/-

Sanjay Chaturvedi

Director

DIN: 01636432

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

Sd/-

Rupa Basu

Director

DIN: 08068918

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

Place: Gurugram

Date: 23.05.2019

Policy on Related Party Transactions

1. Prelude

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

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

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

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

2. Intent of the Policy

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

3. Applicability and Legal Framework

This Policy shall apply on transactions entered into by Company with Related Party/ies and shall be governed by the Act read with Rules made thereunder, as may be in force from time

to time and regulations, if any, of NHB and other statutory laws, if applicable in this regard. Any references to statutory provisions shall be construed as references to those provisions as amended or re-enacted or as their application is modified by other statutory provisions (whether before or after the date hereof) from time to time and shall include any provisions of which they are re-enactments (whether with or without modification).

4. Definitions

- (i) **“Act”** means Companies Act, 2013, originally framed or altered from time to time.
- (ii) **“Arm’s Length basis”** means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest. [Explanation (b) to Section 188(1) of the Act].
- (iii) **“Audit Committee”** means the Audit Committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act.
- (iv) **“Board of Directors”** or **“Board”** means the Board of Directors of SHDFC, as constituted from time to time.
- (v) **“Company”** or **“SHDFC”** means Shubham Housing Development Finance Company Limited.
- (vi) **“Control”** shall have the same meaning as defined in the Act.
- (vii) **“Key Managerial Personnel** in relation to a Company, shall be as defined in the Act.
- (viii) **“Omnibus Approval”** shall mean a blanket pre activity approval by the Audit Committee subject to compliance of the conditions as laid in this Policy
- (ix) **“Ordinary course of business”** would include usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and all such activities which the Company can undertake as per Memorandum and Articles of Association.
- (x) **“Related Party”**, for the purpose of this Policy, with reference to a Company, shall mean a Related Party as defined in Section 2(76) of the Act.
- (xi) **“Related Party Transaction”** means specified transaction mentioned in clause (a) to (g) of sub-section (1) of Section 188 of the Act.
- (xii) **“Relatives”** with reference to any person shall have the meaning as defined in Section 2(77) of the Act.
- (xiii) A **“transaction”** with a related party shall be construed to include single transaction or a group of transactions in a contract.

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

5. Policy on Related Party Transactions

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

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

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

5.1 Identification of potential related parties and transactions

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

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

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

Provided that every Key Managerial Personnel who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest to the Company. Provided further that in case of a proposed contract or arrangement, the disclosure shall be made on or before the meeting of Board at which the question of entering into the contract or arrangement is first

taken into consideration or if he was not, at the date of that meeting, concerned or interested in the proposed contract or arrangement, on or before first meeting of Board held after he becomes so concerned or interested. In case of other contract or arrangement, the required disclosure shall be made on or before the first meeting of the Board held after the Key Managerial Personnel becomes concerned or interested in the contract or arrangement.

5.2 Approval of Related Party Transactions

5.2.1 Prior approval of Audit Committee

All Related Party Transactions of the Company shall require prior approval of Audit Committee, whether at a meeting or by resolution by circulation. Any member of the Audit Committee who has a potential interest in any Related Party Transaction will not remain present at the meeting when such Related Party Transaction is considered

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

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

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

- a) The Audit Committee shall, after obtaining the approval of the Board of Directors, specify the criteria for granting the omnibus approval in line with the Policy on Related Party Transactions of the Company and such approval shall be applicable in respect of transactions which are repetitive in nature.
- b) The criteria for making the omnibus approval shall include the following:-
 - i. Maximum value of the transactions, in aggregate, which can be allowed under the omnibus route in a year.
 - ii. The maximum value per transaction which can be allowed.
 - iii. Extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval.
 - iv. Review, at such interval as the Audit Committee may deem fit, of related party transactions entered into by the Company pursuant to each of the omnibus approval made.
 - v. Transactions which cannot be subject to the omnibus approval by the Audit Committee.

The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely:-

- a. Repetitiveness of the transactions (in past or in future)
 - b. Justification for the need of omnibus approval.
- c) The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;
- d) Such omnibus approval shall specify (i) the name/s of the related party (ii) nature and duration of transaction (iii) maximum amount of transaction that can be entered into, (iv) the indicative base price/current contracted price and the formula for variation in the price, if any and (v) such other conditions as the Audit Committee may deem fit;

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

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

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

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

5.2.2. Prior approval of Board of Directors under the Act

Transactions with the related parties within the scope of Section 188 of the Act, other than transactions which are in the Ordinary Course of Business and at Arm's Length basis shall require prior approval of the Board of Directors.

Where any Director is interested in any contract or arrangement with a related party, such Director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

5.2.3 Shareholders' approval requirements:

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

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

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

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

6. Scope/Limitation

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

7. Disclosures

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

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

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

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

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

The Company is determined to undertake CSR activities strategically, systematically and more thoughtfully and encourage community development as against institutional building. The Company believes in delivering impactful solutions in collaboration with the community, Government, likeminded corporate entities and social purpose organisations.

Your Company's CSR policy aims at: -

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

Weblink: www.shubham.co

2. Composition of the CSR Committee:

Name of the Director	Category of Directorship	Designation
Ms. Rupa Basu ¹	Executive Director	Chairperson
Sanjay Chaturvedi	Executive Director	Member
Ms. Ranjana Agarwal	Independent Director	Member
Sandeep Marian Farias	Nominee Director	Member

¹ Ms. Rupa Basu was appointed as member of the committee with effect from 13th November 2018

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

The average net profit of the Company for the last three financial years calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, was Rs. 107,54,085/-.

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

Rs. 215,082/--.

5. Details of CSR spent during the financial year:

i. Total amount to be spent for the financial year:

Rs. 215,082/-

ii. Total amount spent for the financial year:

Rs. 230,000/-

iii. Amount unspent, if any:

Nil

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

S. No.	Particulars	Amount (in Rs.)
1	CSR Project or activity identified	<ul style="list-style-type: none"> To support the development of underprivileged children with extra needs To support the underprivileged cancer patients.
2	Sector in which the Project is covered	<ul style="list-style-type: none"> Education for differently abled children from underprivileged families. Healthcare support for underprivileged cancer patients.
3	Projects or Programs: (i) Local area or other	Programs were carried out in NCT of Delhi, where the registered office of the Company is situated

	(ii) Specify the State and district where projects or programs was undertaken	and in Mumbai through the various implementing agencies.
4	Amount outlay (budget) project or programs wise	1. Education, NCT of Delhi – Rs. 180,000/- 2. Healthcare, Mumbai- Rs. 50,000/-
5	Amount spent on the projects or programs (i) Direct Expenditure on projects or programs (ii) Overheads	Rs. 230,000/- 0.00
6	Cumulative expenditure up to 31st March 2019	Rs. 230,000/-
7	Amount spent: (i) Direct (ii) Through implementing agency	Implementing Agency*

* Implementing Agency is “Asha Hai” for Education support for differently able children from underprivileged families and “United Way of Mumbai, CPAA (Cancer Patients Aid Association)” for Healthcare support for underprivileged cancer patients

Details of the Asha Hai (www.ashahai.com), Delhi

Profile

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

Details of United Way of Mumbai, CPAA (Cancer Patients Aid Association)

United Way of Mumbai is an NGO which raises funds for charitable cause through Mumbai Marathon which is usually held in 3rd week of January every year.

The money raised is then transferred to different charitable trusts/NGOs registered on the platform of United Way of Mumbai working for different charitable causes. One such NGO registered with United Way of Mumbai is **CPAA (Cancer Patients Aid Association)**, one of the largest cancer NGO's of India, which was established in 1969 with the mission of Total Management of Cancer. CPAA meet the needs of *underprivileged cancer patients* who otherwise would not be able to benefit from the best treatments that medical science has to offer.



6. CSR Committee Responsibility Statement

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

For Shubham Housing Development Finance Company Limited

**Sd/-
(Rupa Basu)
Chairperson, CSR Committee**

**Sd/-
(Sanjay Chaturvedi)
Chief Executive Officer**

**Date: 23.05.2019
Place: Gurugram**

SHUBHAM CSR INITIATIVES



B S R & Associates LLP

Chartered Accountants

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DLF Cyber City, Phase - II
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INDEPENDENT AUDITOR'S REPORT

To the Members of Shubham Housing Development Finance Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Shubham Housing Development Finance Company Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India 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 opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Key audit matter	How the matter was addressed in our audit
<p>Provision for Standard and Non-performing assets Charge: INR 20,824,845 for year ended 31 March 2019 Provision: INR 115,665,352 at 31 March 2019</p> <p><i>Refer to the accounting policies in “Note 1B(e) to the financial statements “Provision for standard and non-performing assets”, “Note 1B(b) to the financial statements: Significant Accounting Policies- use of estimates” and “Note 2.4 to the financial statements: “Provisions ”</i></p>	
<p>Subjective estimate The provision for standard and non-performing assets of loans to customers is considered to be a matter of significance as it requires the application of judgement and use of subjective assumptions by management. The Company records provisions for standard and non - performing assets in accordance with the guidelines issued by National Housing Bank (NHB). Further, the Company also records specific provisions in respect of non-performing assets based on the management best estimate, which have been determined based on the overall quality of loan portfolio, assets growth, economic conditions and other risk factors.</p> <p>Management exercises judgement in determining the quantum of provision loss based on expected recoverability from non-performing assets, valuation of collateral etc. Considering, the determination of loan impairment provisions is inherently judgmental and relies on managements’ best estimate. Further, given the size of loan book relative to the balance sheet and the impact of impairment provision on the books, we have considered this as a key audit matter.</p>	<p>Our audit procedures included understanding and assessing the design and implementation of controls in respect of the Company’s loan impairment process such as the timely recognition of impairment provisions, the completeness and accuracy of historical data used in the loan impairment process and identification of non-performing assets and valuation of collateral against loan.</p> <p><i>Design and Operating effectiveness of Controls Testing:</i></p> <ul style="list-style-type: none"> • Understood management’s processes, systems and controls implemented in relation to impairment allowance process. • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • Tested management review controls over measurement of impairment allowances and disclosures in financial statements. <p><i>Substantive Procedures:</i></p> <ul style="list-style-type: none"> • We tested the historical data to evaluate reasonableness of the additional provisions recognized in respect of non-performing assets. • On test check basis, we tested the valuation reports obtained by the Company for evaluation of recoverability from non-performing assets. • We have involved specialist team to test system configuration for system calculations, generation of over-due reports etc.; and • We tested the management calculation of impairment allowance to check the accuracy of data captured in the accounting records.

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Key audit matter	How the matter was addressed in our audit
Information Technology	
<p>IT System and controls</p> <p>The Company’s key financial accounting and reporting processes are dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses Finnone as lending management system and Axapta for its overall financial reporting.</p> <p>Lending Management System and Financial accounting systems are fundamentally reliant on IT systems and control processes which are driven by significant transaction volumes caused by the size due to which IT systems and controls over financial reporting is considered as a key audit matter.</p>	<p>Our audit procedures to assess the IT system access management included the following:</p> <p>General IT controls / user access management</p> <ul style="list-style-type: none"> • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties. • Examined the framework of governance over the Company’s IT organization and the controls over program development and changes, access to programs and data and IT operations, including compensating controls where required. • Evaluated the design, implementation and operating effectiveness of the significant accounts-related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission.

Other Information

The Company’s management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company’s annual report, but does not include the financial statements and our auditors’ report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained 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.

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Management's Responsibility for the Financial Statements

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

In preparing the financial statements, management and Board of Directors are 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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

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conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and Statement of Cash Flows dealt with by this Report are in agreement with the books of account
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

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

- i. The Company has disclosed the impact of pending litigations as at 31 March 2019 on its financial position in its financial statements - Refer Note 32 to the financial statements;
- ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company does not have any derivative contracts for which any material there were any material losses- Refer Note 31 to the financial statements;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. The disclosures regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2019.

(C) With respect to the matter to be included in the Auditor's Report under Section 197(16), in our opinion and according to the information and explanation given to us, during the current year, the remuneration paid by the Company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

For B S R & Associates LLP
Chartered Accountants
Firm's Registration No. 101248W/ W-100022



Anant Marwah
Partner
Membership No. 510549

Place: Gurugram
Date: 23 May 2019

Annexure A to the Independent Auditor's Report of even date on the financial statements of Shubham Housing Development Finance Company Limited

- (i) a. According to the information and explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- b. The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As explained to us, no material discrepancies were noticed on such verification.
- c. According to the information and explanations given to us and on the basis of our examination of books of accounts, no immovable properties are owned by the Company. Hence, the provision of paragraph 3(i) (c) of the Order is not applicable.
- (ii) The Company is a housing finance company, engaged in the business of providing loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable.
- (iv) According to the information and explanations given to us and on the basis of examination of records of the Company, the Company has not undertaken any transactions in respect of loans, guarantees and securities covered under Section 185 of the Act. The Company has not made any investments as referred in Section 186(1) of the Act, other requirement to Section 186 of the Act do not apply to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits covered under section 73 to 76 of the Act.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of Section 148 of the Act for any of the business activities carried out by the Company.
- (vii) a. According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, cess and other statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the provisions of duty of customs are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and service tax, cess and other statutory dues were in arrears as at 31 March 2019 for a period of more than six months from the date they became payable.

- b. According to the information and explanations given to us, there are no dues in respect of income tax, goods and service tax which have not been deposited with appropriate authorities on account of dispute. As mentioned above, the Company did not have any dues on account of duty of customs during the year.

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- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to a financial institutions, banks and dues to debentures holders during the year. The Company did not have any outstanding dues to the Government during the year.
- (ix) In our opinion and according to the information and explanations given to us, term loans taken by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations give to us, managerial remuneration has been paid/ provided in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required, by the applicable Accounting Standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has issued Optionally Convertible Debentures through private placement during the year. As informed, the Company has complied with the requirements of Section 42 of the Companies Act, 2013. Further, we have been informed that the amount raised have been partly used for purpose for which funds have been raised and balance surplus funds have been placed in fixed deposits. Further, according to the information and explanation given to us, the Company has not made any preferential allotment of equity or preference shares during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, paragraph 3(xvi) of the Order is not applicable.

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



Anant Marwah
Partner
Membership No: 510549

Place: Gurugram
Date: 23 May 2019

Annexure B to the Independent Auditor's Report of even date on the financial statements of Shubham Housing Development Finance Company Limited

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 with reference to financial statements of the Shubham Housing Development Finance Company Limited as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

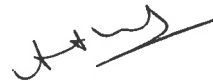
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements as at 31 March 2019, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/ W-100024



Anant Marwah

Partner

Membership No: 510549

Place: Gurugram
Date: 23 May 2019

B S R & Associates LLP

Chartered Accountants

Building No. 10, 8th Floor, Tower-B
DLF Cyber City, Phase - II
Gurugram - 122 002, India

Telephone: +91 124 719 1000
Fax: +91 124 235 8613

Additional Auditor's Report

To the Board of Directors of
Shubham Housing Development Finance Company Limited

1. In addition to the report made under Section 143 of the Companies Act, 2013 (the 'Act') on the financial statements of Shubham Housing Development Finance Company Limited ('the Company') for the year ended 31 March 2019 and as required by the Housing Finance Companies – Auditor's Report (NHB) Directions, 2016 vide Notification No. NHB.HFC.AR-DIR.1/MD&CEO/2016 dated 3 February 2017 and amended thereto (the 'Directions'), we make a separate report to the Board of Directors of the Company on the matters specified in paragraphs 3 and 4 of the said Directions to the extent applicable.

Management's Responsibility for the Financial Statements

2. The Company's management is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of the financial statements that give a true and fair view of the state of affairs, profit and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified in section 133 of the Act read with relevant rules issued thereunder.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
4. The Company's management is responsible for ensuring that the Company complies with the requirements of the Directions. This responsibility includes the design, implementation and maintenance of internal control relevant to the compliance with the Directions.

Auditor's Responsibility

5. Pursuant to the requirements of the Directions, it is our responsibility to examine the books and records of the Company and report on the matters specified in the Directions to the extent applicable to the Company.
6. For the purpose of this Report, we have planned and performed the following procedures:
 - i. Obtained the certificate of registration granted by NHB;
 - ii. Obtained the board of directors resolution on non- acceptance of public deposits, and other records of the Company; and
 - iii. Obtained the half yearly Schedule II return and Schedule III returns filed by the Company till date, for the period from April 2018 to March 2019 with NHB prepared and submitted by the management of the Company based on the extant provisions of NHB Directions 2010 including framework on Prudential Norms, and other related Circulars, issued in this regard by the NHB from time to time.

QWS

7. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (the 'ICAI'). The Guidance Note requires that we comply with the independence and other ethical requirements of the Code of Ethics issued by the ICAI.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control ('SQC') 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Conclusion

9. Based on our procedures performed mentioned in paragraph 6 above and based on our examination of the financial statements as at and for the year ended 31 March 2019, books of account and records of the Company as produced for our examination and according to the information, explanations and management representation given to us we report that:
 - i. The Company is engaged in housing finance business and it has obtained a certificate of registration No. 06.136.16 (issued in lieu of earlier certificate no. 01.0090.11 dated 24 January 2011) from the National Housing Bank (the 'NHB') vide certificate dated 23 June 2016, in pursuance of section 29A, of the NHB Act, 1987 (the 'NHB Act');
 - ii. In our opinion and to the best of our information and according to the explanations given to us, the Company is meeting the Net Owned Fund requirement as prescribed under Section 29A of the NHB Act;
 - iii. The Company has not accepted public deposits during the year ended 31 March 2019, hence clause (B) of paragraph 3 of the Directions is not applicable to the Company;
 - iv. The Company has complied with provisions of Section 29C of the NHB Act;
 - v. The Board of Directors has passed a resolution dated 30 May 2018 for non-acceptance of any public deposit;
 - vi. The Company has not accepted any public deposits during the year ended 31 March 2019;
 - vii. The total borrowings of the Company are within the limit prescribed under paragraph 3(2) of the Housing Finance Companies (NHB) Directions, 2010;
 - viii. The Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosure in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the Housing Finance Companies (NHB) Directions, 2010;
 - ix. The capital adequacy ratio as disclosed in the Schedule II return for the half year ended 31 March 2019 in terms of the Housing Finance Companies (NHB) Directions, 2010 was correctly determined in all material aspects, based on the unaudited results of the Company. The ratio has undergone a change on account of a subsequent adjustment during the course of the audit of the Company. Consequently, the revised capital adequacy ratio is 52.09% as compared to 51.88% as reported in the Schedule II return for the half year ended 31 March 2019. Further, such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed by the NHB in the Housing Finance Companies (NHB) Directions, 2010;

Ans

- x. The Company has furnished to the NHB within the stipulated period the half yearly Schedule II and Schedule III return for the year ended 31 March 2019 as specified in the Housing Finance Companies (NHB) Directions, 2010;
- xi. In case of opening of new branches /office and in case of closure of existing branches/offices, the Company has complied with the requirements contained in the Housing Finance Companies (NHB) Directions, 2010; and
- xii. The Company has complied with the provisions contained in paragraph 38 and 38A of the Housing Finance Companies (NHB) Directions, 2010.

Restrictions of use

This report is addressed to and provided to the Board of Directors solely in connection with the above mentioned purpose and for submission to the NHB, if required, and should not be used by any other person or for any other purpose. Accordingly, our report should not be quoted or referred to in any other document or made available to any other person or persons without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For B S R & Associates LLP

Chartered Accountants

Firm's Registration No.: 116231W/ W-100024



Anant Marwah

Partner

Membership No.: 510549

UDIN: 19510549AAAAAH4706

Place: Gurugram

Date: 23 May 2019

Shubham Housing Development Finance Company Limited
Balance Sheet as at 31 March 2019
 (All amounts are in Indian Rupees)

	Note	As at 31 March 2019	As at 31 March 2018
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	54,440,590	54,440,590
Reserves and surplus	2.2	<u>4,287,065,458</u>	<u>4,092,519,217</u>
		4,341,506,048	4,146,959,807
Non-current liabilities			
Long-term borrowings	2.3	7,092,746,728	6,038,824,586
Long-term provisions	2.4	<u>104,593,178</u>	<u>148,966,813</u>
		7,197,339,906	6,187,791,399
Current liabilities			
Short-term borrowings	2.5	198,626,172	-
Trade payable	2.6	85,899	32,575
Total outstanding due of micro and small enterprises		48,746,761	36,219,527
Total outstanding due of creditors other than micro and small enterprises		3,159,265,107	2,479,929,670
Other current liabilities	2.7	<u>30,192,582</u>	<u>37,557,792</u>
Short-term provisions	2.4	<u>3,436,916,521</u>	<u>2,553,739,564</u>
		3,436,916,521	2,553,739,564
TOTAL		<u>14,975,762,475</u>	<u>12,888,490,770</u>
ASSETS			
Non-current assets			
Fixed assets	2.8	24,881,939	21,505,503
Property, plant and equipment		18,609,943	23,440,028
Other intangible assets		3,498,885	3,838,300
Intangible assets under development	2.9	118,083,000	-
Non-current investments	2.10	33,966,650	47,731,089
Deferred tax asset (net)	2.11	11,771,209,180	9,769,754,643
Long-term loans and advances	2.12	<u>50,661,193</u>	<u>78,156,527</u>
Other non-current assets		12,020,910,790	9,944,426,090
Current assets			
Trade receivables	2.13	38,206,671	38,138,912
Cash and bank balances	2.14	1,475,082,515	1,553,452,202
Short-term loans and advances	2.15	927,533,919	946,735,389
Other current assets	2.16	<u>514,028,580</u>	<u>405,738,177</u>
		2,954,851,685	2,944,064,680
TOTAL		<u>14,975,762,475</u>	<u>12,888,490,770</u>

Significant accounting policies

1

Notes to the financial statements

2 to 34

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

As per our report of even date attached

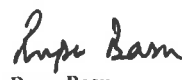
For **BSR & Associates LLP**
 Chartered Accountants
 Firm Registration Number: 116231W /W-100024



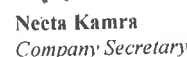
Anant Marwah
 Partner
 Membership Number: 510549

Place: Gurugram
 Date: 23 May 2019

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



Rupa Basu
 Director
 DIN No.: 08068918



Neeta Kamra
 Company Secretary

Place: Gurugram
 Date: 23 May 2019



Sanjay Chaturvedi
 Director
 DIN No.: 01636432



Shashank Jain
 Chief Financial Officer

Place: Gurugram
 Date: 23 May 2019

Shubham Housing Development Finance Company Limited
Statement of Profit and Loss for the year ended 31 March 2019
(All amounts are in Indian Rupees)

	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue			
Revenue from operations	2.17	2,123,374,964	1,699,623,392
Other income	2.18	92,075,066	60,048,002
Total revenue		2,215,450,030	1,759,671,394
Expenses			
Employee benefits	2.19	592,449,851	490,067,865
Finance costs	2.20	946,275,824	901,051,612
Depreciation and amortization expense	2.8	18,577,352	18,304,190
Other expenses	2.21	406,882,064	301,690,039
Total expenses		1,964,185,091	1,711,113,706
Profit before tax		251,264,939	48,557,688
Tax expense			
Current tax		58,959,247	31,289,302
Income tax charge/ (credit) - for earlier years		4,482,620	(356,628)
MAT adjustment (for earlier years)		-	(1,366,924)
Deferred tax		13,764,439	(26,149,598)
Profit after tax		174,058,633	45,141,536
Earning per share (face value of Rs. 10 each)			
Basic earnings per share	5	211.07	54.74
Diluted earnings per share		32.11	12.16

Significant accounting policies

1

Notes to the financial statements

2 to 34

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

As per our report of even date attached

For **BSR & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W /W-100024



Anant Marwah

Partner

Membership Number: 510549

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



Rupa Basu

Director

DIN No.: 08068918



Sanjay Chaturvedi

Director

DIN No.: 01636432



Neeta Kamra

Company Secretary



Shashank Jain

Chief Financial Officer

Place: Gurugram

Date: 23 May 2019

Place: Gurugram

Date: 23 May 2019

Place: Gurugram

Date: 23 May 2019

Shubham Housing Development Finance Company Limited
Cash Flow Statement for the year ended 31 March 2019
(All amounts are in Indian Rupees)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow used in Operating activities		
Profit before tax	251,264,939	48,557,688
Adjustments for:		
Depreciation and amortization expense	18,577,352	18,304,190
Housing Loans:		
Contingent provision against standard assets	1,811,227	5,248,265
Provision for non-performing assets	7,130,238	30,901,605
Non Housing Loans:		
Contingent provision against standard assets	2,131,571	2,406,675
Provision for non-performing assets	9,751,809	24,396,599
Interest on fixed deposits	(29,556,630)	(22,973,125)
Profit on redemption of mutual funds (net)	(32,494,801)	(29,862,113)
Provision for loss on stock of acquired property	18,025,650	3,673,497
Loss on sale of fixed assets	372,041	224,952
Loan assets written-off	40,442,714	18,477,202
Acquired properties written off	7,587,744	-
Loss on sale of loan assets	29,415,922	-
Loss on sale/settlement of acquired properties	7,177,358	2,457,717
Employee stock option compensation expense	20,487,608	11,159,265
Operating profit before working capital changes	352,124,742	112,972,417
Adjustments for :		
(Increase)/decrease in long term loans and advances	(2,076,309,865)	(2,485,043,123)
(Increase) /decrease in other non-current assets	27,495,334	4,858,298
(Increase)/decrease in short-term loans and advances	19,201,470	(377,091,814)
(Increase)/decrease in other current assets	(153,976,238)	(165,742,096)
(Increase)/decrease in trade receivables	(67,759)	(2,144,527)
Increase in trade payables	12,580,558	5,543,483
Increase in current liabilities	501,548,671	263,764,700
Increase/(decrease) in long-term and short-term provisions	(72,563,689)	(3,126,521)
Cash used in operations	(1,389,966,776)	(2,646,009,182)
Income taxes paid	(59,836,223)	(32,317,814)
Net cash used in operating activities (A)	(1,449,802,999)	(2,678,326,996)
Cash flow used in Investing activities		
Purchase of mutual funds	(5,138,556,693)	(5,717,089,653)
Purchase of Security receipts	(125,715,000)	-
Sale of mutual funds	5,171,051,494	5,746,951,766
Redemption of security receipts	7,632,000	-
Purchase of fixed assets and decrease/(increase) in capital work-in-progress (net of payable for capital goods)	(16,895,041)	(17,410,116)
Sale of fixed assets	288,524	103,308
(Increase)/decrease in fixed deposit with remaining within 12 months from reporting date (net)	1,108,856,693	(1,104,458,462)
Interest received on fixed deposits	42,451,714	11,091,658
Net cash generated from/ (used in) investing activities (B)	1,049,113,691	(1,080,811,499)
Cash flow from Financing activities		
Proceeds from borrowings	3,446,696,891	2,797,000,000
Repayment of borrowings	(2,015,520,577)	(2,007,578,991)
Proceeds from issue of preference shares (including securities premium of Rs. Nil (previous year amounting to Rs. 2,329,852,763))	-	2,350,000,054
Share issue expenses	-	(46,950,088)
Net cash generated from financing activities (C)	1,431,176,314	3,092,470,975
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	1,030,487,006	(666,667,521)
Cash and cash equivalents as at the beginning of the year	363,336,977	1,030,004,498
Cash and cash equivalents as at the end of the year	1,393,823,984	363,336,977



Shubham Housing Development Finance Company Limited
Cash Flow Statement for the year ended 31 March 2019
 (All amounts are in Indian Rupees)

Particular	For the year ended 31 March 2019	For the year ended 31 March 2018
Notes:		
Cash and bank balance include		
Cash in hand	22,888,859	13,791,435
Cheques in hand	5,041,773	765,600
Balances with bank	615,893,351	248,779,942
- on current accounts	750,000,000	100,000,000
- on deposit accounts (with original maturity of 3 months or less)	<u>1,393,823,983</u>	<u>363,336,977</u>
Cash and cash equivalents at the end of the year		
Other bank balance		
Fixed deposits (with remaining maturity within 12 months from the reporting date)	81,258,532	1,190,115,225
Other non-current assets		
Fixed deposits (with remaining maturity after 12 months from the reporting date)	-	20,000,000
Total	<u><u>1,475,082,515</u></u>	<u><u>1,573,452,202</u></u>


Notes:

- a) The cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard (AS)-3 on 'Cash Flow Statement', specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- b) Cash and cash equivalents consists of cash in hand and balances with scheduled banks, cheque in hand, fixed deposit with original maturity 3 months or less. (Refer note 2.14)
- c) Negative figures have been shown in brackets.


As per our report of even date attached

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

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


Anant Marwah
 Partner
 Membership Number: 510549


Rupa Basu
 Director
 DIN No.: 08068918


Sanjay Chaturvedi
 Director
 DIN No.: 01636432


Necta Kamra
 Company Secretary


Shashank Jain
 Chief Financial Officer

Place: Gurugram
 Date: 23 May 2019

Place: Gurugram
 Date: 23 May 2019

Place: Gurugram
 Date: 23 May 2019

Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
(All amounts are in Indian Rupees, unless otherwise stated)

1A. Background

Shubham Housing Development Finance Company Limited ("the company") was incorporated in India on 23 February 2010 as a private limited company under the Companies Act 1956 and converted into a public limited company on 24 May 2016. The Company is registered with the National Housing Bank (NHB) as a Housing Finance Company vide Certificate No. 06.136.16 dated 23 June 2016 (issued in lieu of earlier Certificate No. 01.0090.11 dated 24 January 2011). The Company is in the business of providing housing and non-housing loans. The Company's redeemable non-convertible debentures are listed on Bombay Stock Exchange. These debentures are privately placed.

1B. Significant accounting policies

a) Basis of preparation and presentation of financial statements

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

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

b) Use of estimates

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

c) Current/ Non-current classification

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

Assets

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

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

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

Liabilities

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

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



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
(All amounts are in Indian Rupees, unless otherwise stated)

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

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the above definition and nature of business, the Company has ascertained its operating cycle as 12 months for the purpose of current/ non-current classification of assets and liabilities.

d) Revenue recognition

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

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

Income from loan transactions

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

Processing fee and other charges

- i. Loan processing fees is recognized on upfront basis.
- ii. Other charges (penal interest, cheque bouncing charges etc.) are recognised on receipt basis.

Interest income on fixed deposits

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

Others

- i. Income on account of excess interest spread arising from securitisation and income from assignment transaction is recognised on accrual basis, net of any related losses.
- ii. Profit or loss on redemption of investments is determined based on the weighted average cost of the investment redeemed.
- iii. Income on Security Receipts (SRs) are recognized only after the full redemption of the entire principal amount of SRs.
- iv. Dividend income is recognised when the right to receive payment is established.

e) Provision for standard and non-performing assets

Provisions in respect of standard assets and non-performing assets are created based on the management's best estimates, which are determined having regard to overall loan portfolio quality, asset growth, economic conditions and other risk factors. Such provision for standard assets and non-performing assets meet the minimum requirements for prudential norms and guidelines issued by NHB.



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

In accordance with Para 29 of The Housing Finance Company (NHB) Directions, 2010, the Company has separately shown provision for loans under short-term/ long-term provisions (as applicable) without netting off from loans.

The Company follows the following policy for identification and provisioning in respect of standard assets and non-performing assets:

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

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

* Doubtful up to 1 year: additional provision of 15% (i.e. total 40% of outstanding asset in such asset class).

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

f) Stock of acquired properties

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

g) Expenditure

Interest expense

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



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Processing fees on borrowings

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

h) Securitised/Assigned assets

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

i) Sale of non-performing assets

The sale of non-performing assets is accounted for as per guidelines prescribed by Reserve Bank of India. On sale, the loan assets are derecognized. If the sale proceeds are lower than the net book value (NBV) (i.e., book value less provisions held), the shortfall is charged to the Statement of Profit and Loss in the year of sale. In case of sale other than in cash, if the sale proceeds are higher than the NBV, the excess provision is written back in the year the amounts are received, as required by the Reserve Bank of India.

j) Property, plant and equipment

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

k) Other intangible assets

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

l) Depreciation and amortisation

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

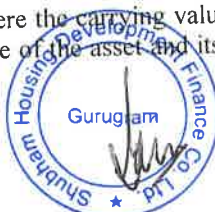
Accordingly, based on the internal technical evaluation conducted during the earlier years, the Company depreciated computers and data processing units over a period of 5 years. The management believes that the said useful lives best represent the period over which management expects to use these assets.

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

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

m) Impairment

Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of the future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be



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expensed is determined as the excess of the carrying amount over the higher of the assets net selling price and present value as determined above. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is recorded only to the extent that assets carrying cost does not exceed the carrying amount that would have been determined net of depreciation and amortisation, if no impairment loss has been recognised.

n) Earnings per share

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

o) Leases

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

p) Income taxes

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

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

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

q) Transactions in foreign exchange

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

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



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r) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long-term investments which is expected to be realised within 12 months after the reporting date is also presented under 'current assets' as "current portion of long-term investments" in consonance with the current/ non-current classification scheme of Schedule III of the Companies Act, 2013.

Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments i.e., equity shares, mutual funds, preference shares, convertible debentures etc. Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Investment in Security Receipts (SRs) is recognised at lower of: (i) Net Book Value (NBV) (i.e., book value less provisions held) of the SRs; or (ii) estimated Redemption value of SRs at the end of each reporting period, as prescribed by Reserve Bank of India. In cases where the SRs issued by the Asset Reconstruction Company ('ARC') are limited to the actual realisation of the underlying financial assets, the Net Asset Value, obtained from the ARC, is reckoned for valuation of such investments. The Security Receipts outstanding and not redeemed as at the end of the resolution period are treated as loss assets and are fully provided for.

s) Employee benefits

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

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Compensated absences

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



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The obligation is measured on the basis of independent actuarial valuation using the Projected Unit Credit Method.

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

Treatment of actuarial gains and losses

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

t) Share-based payments

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

The Employee Stock Option Scheme ('the Scheme') provides for the grant of options to acquire equity shares of the Company to its employees. The options granted to employees vest in a graded manner and these may be exercised by the employees within a specified period. The Company follows the fair value method to account for its stock-based employee compensation plan. Compensation cost is measured by the excess, if any, of the fair value of the underlying stock over the exercise price as determined under the scheme. The fair value is considered on the basis of recent valuation. Compensation cost, if any, is amortised over the vesting period.

u) Provisions

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

v) Contingent liabilities and contingent assets

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

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

w) Cash and cash equivalents

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



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2.1 Share capital

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs. 10 each	2,500,000	25,000,000	2,500,000	25,000,000
Preference shares of Rs. 10 each	<u>5,000,000</u>	<u>50,000,000</u>	<u>5,000,000</u>	<u>50,000,000</u>
	7,500,000	75,000,000	7,500,000	75,000,000
Issued, subscribed and fully paid up				
Equity shares of Rs. 10 each	943,690	9,436,900	943,690	9,436,900
Compulsorily convertible preference shares of Rs. 10 each-Series A	571,328	5,713,280	571,328	5,713,280
Compulsorily convertible preference shares of Rs. 10 each-Series B	529,424	5,294,240	529,424	5,294,240
Compulsorily convertible preference shares of Rs. 10 each-Series C	1,384,888	13,848,880	1,384,888	13,848,880
Compulsorily convertible preference shares of Rs. 10 each-Series D	2,014,729	20,147,290	2,014,729	20,147,290
	<u>5,444,059</u>	<u>54,440,590</u>	<u>5,444,059</u>	<u>54,440,590</u>

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Outstanding at the beginning and at the end of the year	943,690	9,436,900	943,690	9,436,900

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

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

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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Mr. Sanjay Chaturvedi	250,000	26.49	250,000	26.49
Ms. Rupa Basu	250,000	26.49	250,000	26.49
Shubham Employees Welfare Trust	119,047	12.62	119,047	12.62
Helion Venture Partners II LLC	93,763	9.94	93,763	9.94
Elevar Equity Mauritius	93,763	9.94	93,763	9.94
PI Opportunities Fund I	76,818	8.14	76,818	8.14



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

	As at 31 March 2019		As at 31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Series A				
Outstanding at the beginning and at the end of the period	571,328	5,713,280	571,328	5,713,280
Series B				
Outstanding at the beginning and at the end of the period	529,424	5,294,240	529,424	5,294,240
Series C				
Outstanding at the beginning and at the end of the period	1,384,888	13,848,880	1,384,888	13,848,880
Series D				
Outstanding at beginning of the period	2,014,729	20,147,290	-	-
Add:- Issued during the period	-	-	2,014,729	20,147,290
Outstanding at the end of the period	2,014,729	20,147,290	2,014,729	20,147,290

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

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

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

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

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

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

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

	As at 31 March 2019					As at 31 March 2018				% holding in the class
	Series-A	Series-B	Series-C	Series-D	% holding in the class	Series-A	Series-B	Series-C	Series-D	
Helion Venture Partners II LLC	285,664	104,701	252,066	85,733	16.18	285,664	104,701	252,066	85,733	16.18
Elevar Equity Mauritius	285,664	104,701	252,066	85,733	16.18	285,664	104,701	252,066	85,733	16.18
PI Opportunities Fund I	-	320,022	206,610	1,843,263	52.66	-	320,022	206,610	1,843,263	52.66
India Business Excellence Fund- IIA	-	-	434,933	-	9.66	-	-	434,933	-	9.66
Total	571,328	529,424	1,145,675	2,014,729		571,328	529,424	1,145,675	2,014,729	



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	As at 31 March 2019	As at 31 March 2018
2.2 Reserves and surplus		
(i) Securities premium account	3,969,026,948	1,686,124,273
Balance as at the beginning of the year	-	2,329,852,763
Add: Received during the year	-	46,950,088
Less: Adjustment on account of expenses towards issue of shares	-	-
Balance as at the year end	<u>3,969,026,948</u>	<u>3,969,026,948</u>
(ii) Special reserve {refer note (a) and (b) below}	23,706,103	14,677,796
Balance as at the beginning of the year	34,811,727	9,028,307
Add: Transferred during the year	58,517,830	23,706,103
Balance as at the year end	<u>23,706,103</u>	<u>23,706,103</u>
(iii) Employees Share Options Outstanding	27,068,944	15,909,679
Balance as at the beginning of the year	20,487,608	11,159,265
Add: Transferred from Statement of Profit and Loss	47,556,552	27,068,944
Balance as at the year end	<u>47,556,552</u>	<u>27,068,944</u>
(iii) Surplus in the Statement of Profit and Loss	72,717,222	36,603,993
Balance as at the beginning of the year	174,058,633	45,141,536
Add: Profit during the year	(34,811,727)	9,028,307
Less: Transfer to special reserve {refer note (a) and (b) below}	211,964,128	72,717,222
Balance as at the year end	<u>4,287,065,458</u>	<u>4,092,519,217</u>

Notes:

- (a) As per Section 29C(i) of the National Housing Bank, Act 1987 (NHB Act), the Company is required to transfer at least 20% of its net profit every year to a reserve before any dividend is declared. For this purpose, any Special reserve created by the Company under Section 36(1)(viii) of the Income-tax Act, 1961 is considered to be an eligible transfer. Accordingly, during the year ended 31 March 2019, the Company has appropriated Rs. 34,811,727 (previous year Rs. 9,028,307) towards the special reserve in terms of Section 29C of the National Housing Bank, Act 1987 (NHB Act).

	As at 31 March 2019	As at 31 March 2018
(b) Disclosure in term of Circular no. NHB (ND/DRS/Pol Circular 61/2013-14 dated 07 April 2014)		
Balance at the beginning of the year	4,034,104	4,034,104
Statutory reserve under Section 29C of the NHB Act, 1987	19,671,999	10,643,692
Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961, taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	<u>23,706,103</u>	<u>14,677,796</u>
Total		
Addition / appropriation/ withdrawal during the year	3,133,831	-
Add:		
-Amount transferred under Section 29C of the NHB Act, 1987	31,677,896	9,028,307
-Amount of special reserve under Section 36(1)(viii) of Income-tax Act 1961, taken into account for the purposes of statutory reserve under Section 29C of the NHB Act, 1987	<u>34,811,727</u>	<u>9,028,307</u>
Total		
Balance at the end of the year	7,167,935	4,034,104
Statutory reserve under section 29C of the NHB Act, 1987	51,349,895	19,671,999
Amount of special reserve under section 36(1)(viii) of Income-tax Act, 1961, taken into account for the purposes of Statutory reserve under Section 29C of the NHB Act, 1987	<u>58,517,830</u>	<u>23,706,103</u>
Total		



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2.3 Long-term borrowings

	Footnote	Non-current		Current maturities*		Total	
		As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Secured							
1) Term loans	2.3 (1)	2,313,880,765	2,754,284,124	913,114,775	915,449,585	3,226,995,540	3,669,733,709
- From banks	2.3 (2)	2,058,823,576	1,795,080,795	671,419,772	591,603,629	2,730,243,348	2,386,684,424
- From other parties							
2) Others loans	2.3 (3)	1,670,305,000	347,793,000	164,788,000	105,308,000	1,835,093,000	453,101,000
- From National housing bank (refinance)							
Secured							
1) Debentures	2.3 (4)	91,666,667	191,666,667	100,000,000	58,333,333	191,666,667	250,000,000
- Redeemable Non Convertible Debentures							
Unsecured							
1) Debentures	2.3 (5)	950,000,000	950,000,000	-	-	950,000,000	950,000,000
- Redeemable Non Convertible Debentures							
- Optional Convertible Debentures	2.3 (6)	8,070,720	-	-	-	8,070,720	-
		7,092,746,728	6,038,824,586	1,849,322,547	1,670,694,547	8,942,069,275	7,709,519,133

*Current portion of long-term borrowings have been disclosed under 'Other current liabilities'(refer note no.2.7).



Nature of security and terms of repayment for secured borrowings:

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

No.	Lender	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	Details of security /guarantee
1	Central Bank of India (Term loan I)	18,271,044	32,503,045	(1) Exclusive charge over the receivables arising out of Home Loan receivables with 1.10 times. (2) Personal Guarantee of Promoter Mr. Sanjay Chaturvedi to the full extent of the loan amount.
2	Central Bank of India (Term loan II)	89,232,725	132,089,862	(1) Exclusive charge over the receivables arising out of Home Loan receivables with 1.10 times. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi) to the full extent of the loan amount.
3	Yes Bank Limited (Term Loan I)	-	8,333,333	(1) Primary security: Hypothecation of book debts both present and future with a minimum cover of 1.25 times of the outstanding loan amount. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi) to the full extent of the loan amount. (3) Additional security : Agreement to assign mortgage on housing units to the extent of loan amount in favor of the Yes Bank Limited in case of default.
4	Yes Bank Limited (Term Loan III) (A)	93,333,333	200,000,000	(1) Exclusive charge on all the Book Debts of the borrower having minimum security cover of 1.11 times (2) Unconditional and irrevocable Personal Guarantee of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu) to the full extent of the loan amount.
5	Yes Bank Limited (Term Loan III) (B)	73,333,333	100,000,000	(1) Exclusive charge on all the Book Debts of the borrower having minimum security cover of 1.11 times (2) Unconditional and irrevocable Personal Guarantee of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu) to the full extent of the loan amount.
6	RBL Limited (Term Loan-I)	-	3,500,000	(1) Exclusive first charge on portfolio of receivables including underlying security interest as acceptable to bank from to time covering 1.10 times of the principal at any point of time during the currency of the facility. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
7	RBL Bank Limited (Term Loan-II)	-	12,000,000	(1) Exclusive first charge on portfolio of receivables including underlying security interest as acceptable to bank from to time covering 1.10 times of the principal at any point of time during the currency of the facility. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
8	RBL Bank Limited (Term Loan III)	25,000,000	75,000,000	(1) Exclusive first charge on portfolio of receivables including underlying security interest as acceptable to bank from to time covering 1.10 times of the principal at any point of time during the currency of the facility. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
9	Development Credit Bank Limited (Term Loan -III)	412,356,326	150,000,000	(1) Exclusive hypothecation of receivables charged to DCB bank to the extent of 110% of term loan outstandings.
10	Canara Bank	71,999,999	100,799,999	(1) Exclusive charge over receivables arising out of home loan with 1.11 times, (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
11	The South Indian Bank Limited	-	13,316,003	(1) Exclusive charge over underlying receivables both present and future of borrowers with 1.10 times coverage on standard asset portfolio. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
12	HDFC Bank I	8,000,000	24,000,000	(1) Hypothecation against book debts/Loans for which the loan is to be availed, security cover of 1.10 times on book debts /loans not overdue for more than 30 days. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
13	HDFC Bank II	-	8,333,333	(1) Hypothecation against book debts/Loans for which the loan is to be availed, security cover of 1.10 times on book debts /loans not overdue for more than 30 days, (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
14	HDFC Bank Ltd III	66,666,667	50,000,000	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
15	Vijaya Bank	41,666,667	58,333,333	(1) Exclusive charge by way of hypothecation/assignment of specific book debts created out of Housing assets finance by the company out of term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.10 times of term loan. Book debts/Receivable pertaining to standard regular underlying assets are only eligible as security to exposure from Vijaya Bank. Book Debts shall be of the principal amount of the underlying assets. (2) Personal Guarantee of promoter (Mr. Sanjay Chaturvedi).



Shubham Housing Development Finance Company Limited
Notes to financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:

No.	Lender	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	Details of security /guarantee
16	ICICI Bank	-	26,388,898	(1) The list of book debts /loan receivables of clients and accounts (along with the amount receivable from them) hypothecated to ICICI Bank (minimum of 1.10 times of the facility outstanding). (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
17	Bank of Maharashtra I	198,777,875	281,964,343	(1) Pari passu charge on Hypothecation of Receivables created out of bank finance with minimum cover of 1.11 times of the outstanding exposure. (2) Personal Guarantee of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu).
18	Bank of Maharashtra II	158,392,978	250,000,000	(1) Pari passu charge on Hypothecation of Receivables created out of bank finance with minimum cover of 1.11 times of the outstanding exposure. (2) Personal Guarantee of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu).
19	Dena Bank	50,000,032	66,666,676	(1) Exclusive charge by way of hypothecation / assignment of specific book debt created out of housing assets financed by the company out of our term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.10 times of our term loan at any point of time during the currency of the facility. (2) Personal Guarantees of Promoter (Mr. Sanjay Chaturvedi).
20	Andhra Bank	130,555,556	163,888,889	(1) Exclusive charge by way of hypothecation / assignment of specific book debt created out of housing assets financed by the company out of bank' term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.11 times of bank' loan at any point of time during the currency of the facility. (2) Personal Guarantees of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu).
21	Andhra Bank II	282,692,308	336,538,462	(1) Exclusive charge by way of hypothecation / assignment of specific book debt created out of housing assets financed by the company out of bank' term loan or on the unencumbered book debts which are identified by the company from time to time covering 1.11 times of bank' loan at any point of time during the currency of the facility. (2) Personal Guarantees of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu).
22	Oriental Bank Of Commerce	121,428,551	149,999,987	(1) Exclusive first charge over specific loan receivable of the company arising out of housing loans extended by it out of the term loan availed by the company from our bank. with value of such receivables being equivalent to 1.10 times of the outstanding (standard) term loan exposure of our bank. (2) Personal Guarantees of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu).
23	Tamilnad Mercantile Bank	60,000,000	90,000,000	(1) Exclusive charge by way of hypothecation of housing loan receivables created out of bank finance with minimum cover of 1.10 times of the outstanding exposure. (finance charges and non-performing assets shall be excluded). (2) Personal Guarantees of Promoter (Mr. Sanjay Chaturvedi).
24	State Bank of India	127,950,175	156,510,175	(1) Hypothecation of pool of receivables amounting to 1.10 times of loan value within the stipulated time with irrevocable power of attorney to fall back in case of default. (2) Personal Guarantees of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu).
25	State Bank of India II	270,849,144	300,000,000	(1) Hypothecation of pool of receivables amounting to 1.10 times of loan value within the stipulated time with irrevocable power of attorney to fall back in case of default. (2) Personal Guarantees of Promoters (Mr. Sanjay Chaturvedi and Ms. Rupa Basu).
26	IDBI Bank Limited	167,857,164	210,714,300	(1) First and exclusive charge by way of hypothecation of receivables as specified in the deed of hypothecation (including principal, interest, additional/penal interest, service fee and any other charges that may have been received by the borrower on the underlying pool) upto 1.10 times of the loan amount as to maintain the 110% cover at all times. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
27	Union Bank of India	192,857,130	235,714,278	(1) 1.1 exclusive charge by way of hypothecation of the housing loan receivables (excluding finance charges and non performing assets). (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
28	IndusInd Bank	91,666,667	116,666,667	(1) Exclusive charge over receivables (including loans and advances) of the borrower maintaining asset over of 1.10 time during the tenor of the facility. Receivables from charged loan accounts to be routed through designated account with IndusInd bank. Accounts of less than Rs.10 lacs per borrower to be charged to the bank. (2) Irrevocable power of attorney in lender's favour authorizing the lender to recover directly from receivables charged to lender, in case of default. (3) Personal Guarantees of Promoter (Mr. Sanjay Chaturvedi).



Shubham Housing Development Finance Company Limited
Notes to financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:				Details of security /guarantee
No.	Lender	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	
29	Karur Vysya Bank Limited	137,500,002	150,000,000	(1) Exclusive Charges on all present and future standard business receivable and current assets of the company in the form of cash and cash equivalents assets of the borrower with a minimum security coverage of 1.10 times to be available for current requested term loan. (2) Guarantee- Promoter director of the company: Mr. Sanjay Chaturvedi with Net worth of Rs. 2.08 cr.
30	AU Small Finance Bank Ltd (Term Loan I)	-	1,874,665	(1) Exclusive hypothecation of present and future home loan of standard receivable (net of financial charge, NPA's & other charges etc.) as per selection criteria to the extent of 1.10 times for the loan outstanding. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
31	AU Small Finance Bank Ltd (Term Loan- II)	-	4,597,442	(1) Exclusive hypothecation of present and future home loan of standard receivable (net of financial charge, NPA's & other charges etc.) as per selection criteria to the extent of 1.10 times for the loan outstanding. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
32	AU Small Finance Bank Ltd (Term Loan- IV)	13,333,341	23,333,312	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.10 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
33	AU Small Finance Bank Ltd (Term Loan- V)	45,000,000	75,000,000	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.10 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
34	AU Small Finance Bank Ltd (Term Loan- VI)	41,666,664	61,666,707	(1) Exclusive hypothecation of present and future loan receivables as per selection criteria of AU Financiers India Limited to the extent of 1.05 times for the loan outstanding on the basis of Secured Home loans. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
35	Catholic Syrian Bank	236,607,859	-	(1) Exclusive charge on hypothecation/assignment of specific book debts created out of housing loan and loan against property financed by the company out of bank term loan or on the unencumbered book debts which are identified by the company from time to time -keeping a coverage of 110%
Total		3,226,995,540	3,669,733,709	

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

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

As at 31st March 2019		Long Term Maturities				Total
Range of Rate of Interest	Current Maturities	1-3 Year	3-5 Year	After 5 Years	Total	Total
	<1 Year					
<11%	263,776,583	494,219,834	318,530,588	13,461,538	826,211,960	1,089,988,543
11-12%	313,508,189	468,852,715	219,841,225	12,500,000	701,193,940	1,014,702,129
12-13%	290,603,335	489,599,144	63,600,000	108,885,546	662,084,690	952,688,025
>13%	45,226,668	82,120,000	42,270,175	-	124,390,175	169,616,843
Total	913,114,775	1,534,791,693	644,241,988	134,847,084	2,313,880,765	3,226,995,540

As at 31 March 2018		Long Term Maturities				Total
Range of Rate of Interest	Current Maturities	1-3 Year	3-5 Year	After 5 Years	Total	Total
	<1 Year					
<11%	235,622,667	507,378,669	349,065,327	197,776,875	1,054,220,871	1,289,843,538
11-12%	352,425,760	531,325,229	273,031,405	67,307,692	871,664,326	1,224,090,086
12-13%	260,929,028	474,392,724	225,434,844	28,571,381	728,398,949	989,327,977
>13%	66,472,130	98,333,311	1,666,667	-	99,999,978	166,472,108
Total	915,449,585	1,611,429,933	849,198,243	293,655,948	2,754,284,124	3,669,733,709



Shubham Housing Development Finance Company Limited
Notes to financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:

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

No.	Lender	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	Details of security /guarantee
1	Northern Arc Capital Limited (Term Loan-II)	-	2,748,514	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 times on the outstanding facility.
2	Northern Arc Capital Limited (Term Loan-III)	-	2,748,514	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 times on the outstanding facility.
3	Northern Arc Capital Limited (Term Loan-IV)	32,292,615	62,705,162	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
4	Northern Arc Capital Limited (Term Loan-V)	14,323,732	25,821,426	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
5	Northern Arc Capital Limited (Term Loan-VI)	19,083,605	33,322,385	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
6	Northern Arc Capital Limited (Term Loan-VII)	37,828,864	60,070,175	(1) The Facility is secured by a first and exclusive charge over the portfolio (Charged Assets) created by a deed of hypothecation. (2) The borrower will provide sufficient book debts to ensure an asset cover of 1.00 time on the outstanding facility.
7	MAS Capital Financial Services Limited (Term Loan- I)	-	1,041,645	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
8	MAS Financial Services Limited (Term Loan- II)	-	6,249,980	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
9	MAS Financial Services Limited (Term Loan- III)	-	7,291,652	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 2,500,000 deposit against borrowings.
10	MAS Financial Services Limited (Term Loan- IV)	4,999,985	24,999,984	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 4,000,000 deposit against borrowings.
11	MAS Financial Services Limited (Term Loan- V)	21,666,680	54,166,676	(1) Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi). (3) Cash collateral amounting to Rs. 1,625,001 deposit against borrowings.
12	MAS Financial Services Limited (Term Loan- VI)	125,000,008	187,500,004	Exclusive charge on portfolio created out of this term loan as per selection criteria to the extent of 1 times for the loan outstanding.
13	MAS Financial Services Limited (Term Loan- VII)	67,083,334	-	(1) Exclusive charges on portfolio of 1.1x time/times. (2) Portfolio should be hypothecated with 30 days of disbursement of the loan amount. (3) ROC charges should be created within 30 days. (4) Such other case specific security/ securities as may be desired by M.F.S.L. (5) Undertaking for RTGS payment & security PDC.
14	MAS Financial Services Limited (Term Loan- VIII)	67,083,334	-	(1) Exclusive charges on portfolio of 1.1x time/times. (2) Portfolio should be hypothecated with 30 days of disbursement of the loan amount. (3) ROC charges should be created within 30 days. (4) Such other case specific security/ securities as may be desired by M.F.S.L. (5) Undertaking for RTGS payment & security PDC.



Shubham Housing Development Finance Company Limited
Notes to financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees)

Nature of security and terms of repayment for secured borrowings:

No.	Lender	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	Details of security /guarantee
15	MAS Financial Services Limited (Term Loan- IX)	67,083,334	-	(1) Exclusive charges on portfolio of 1.1x time/times. (2) Portfolio should be hypothecated with 30 days of disbursement of the loan amount. (3) ROC charges should be created within 30 days. (4) Such other case specific security/ securities as may be desired by M.F.S.L. (5) Undertaking for RTGS payment & security PDC.
16	MAS Financial Services Limited (Term Loan- X)	50,000,000	-	(1) Exclusive charges on portfolio of 1.1x time/times. (2) Portfolio should be hypothecated with 30 days of disbursement of the loan amount. (3) ROC charges should be created within 30 days. (4) Such other case specific security/ securities as may be desired by M.F.S.L. (5) Undertaking for RTGS payment & security PDC.
17	MAS Financial Services Limited (Term Loan- XI)	50,000,000	-	(1) Exclusive charges on portfolio of 1.1x time/times. (2) Portfolio should be hypothecated with 30 days of disbursement of the loan amount. (3) ROC charges should be created within 30 days. (4) Such other case specific security/ securities as may be desired by M.F.S.L. (5) Undertaking for RTGS payment & security PDC.
18	MAS Rural Housing and Mortgage Finance Limited	39,166,665	-	(1) Exclusive charges on portfolio of 1.1x time/times. (2) Portfolio should be hypothecated with 30 days of disbursement of the loan amount. (3) ROC charges should be created within 30 days. (4) Such other case specific security/ securities as may be desired by MRHMFL (5) Undertaking for NACH payment & security PDC.
19	Manappuram Finance Limited	250,000,000	-	(1) Hypothecation: The Facility shall be secured by a first and exclusive charge over the housing loans assets granted by the borrower ("Charged Assets") to the extent of 1.1x of the facility outstanding at all time during the tenor of the facility.
20	Hinduja Leyland Finance Limited (Term Loan I)	8,910,715	33,405,701	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.00 times of the principal at any point of time during the currency of the facility.
21	Hinduja Leyland Finance Limited (Term Loan II)	23,676,357	46,460,190	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.10 times of the principal at any point of time during the currency of the facility.
22	Hinduja Leyland Finance Limited (Term Loan III)	50,867,334	70,243,843	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.1 times of the principal at any point of time during the currency of the facility.
23	Hinduja Leyland Finance Limited (Term Loan IV)	59,265,874	77,710,182	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.1 times of the principal at any point of time during the currency of the facility.
24	Hinduja Leyland Finance Limited (Term Loan V)	138,362,353	-	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to Hinduja Leyland Finance Limited from time to time covering 1.1 times of the principal at any point of time during the currency of the facility.
25	Hinduja Housing finance	173,333,332	-	(1) Exclusive first charge (floating) on portfolio of receivables as acceptable to bank from time to time covering 1.1 times of the principal at any point of time during the currency of the facility. (2) Personal Guarantee of Promoters (Mr. Sanjay Chaturvedi).
26	Sundaram BNP Paribas Home Finance Limited (I)	25,000,000	31,249,999	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoters (Mr. Sanjay Chaturvedi).
27	Sundaram BNP Paribas Home Finance Limited (II)	27,272,727	34,090,908	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoters (Mr. Sanjay Chaturvedi).
28	Sundaram BNP Paribas Home Finance Limited (III)	75,000,000	105,000,000	(1) Exclusive first charge on the existing standard asset portfolio of company's housing loan and asset cover should be maintained at 1.10 times. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
29	Reliance Commercial Finance Limited	-	16,626,619	(1) Exclusive first charge (floating) on portfolio of receivables including underlying security interests as acceptable to bank, from time to time covering 1.10 times of the principal at any point of time during the currency of the facility.
30	Capital First Limited	-	128,472,222	First exclusive charge (floating) over loan receivables of the borrower to provide a security (Principal amount) cover of 1.10 time of the facility outstanding and overdues if any at all times.



Shubham Housing Development Finance Company Limited
Notes to financial statements for the year ended 31 March 2019
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Nature of security and terms of repayment for secured borrowings:

No.	Lender	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	Details of security /guarantee
31	HDFC Limited	41,207,748	62,561,762	(1) First and exclusive charge, by way of deed of hypothecation in favor of HDFC on book debts/receivables to be received from existing and prospective customers of your company, who have availed/will be availing loans from your company, by way of onward lending of this loan facility from HDFC to the extent of 1.10 times the loan amount. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
32	TATA Capital Financial Services Ltd (I)	-	38,888,884	(1) First and exclusive charge on unencumbered book debt with an assets cover of 1.1X, Note:- security cover at any point of time would be at least 1.10X of the receivables and it should not be OD (>30 days), other: agreement to assign mortgage on LAP units to the extent of loan amount in favor of TCFSL in case of default.
33	TATA Capital Financial Services Ltd (II)	-	21,211,199	(1) First and exclusive charge on unencumbered book debt with an assets cover of 1.1X, Note:- security cover at any point of time would be at least 1.10X of the receivables and it should not be OD(>30 days), other: agreement to assign mortgage on LAP units to the extent of loan amount in favor of TCFSL in case of default.
34	TATA Capital Financial Services Ltd (3 A)	86,666,664	-	(1) First and exclusive charge on unencumbered Loan Assets /book debt of the borrower with an assets cover of 1.1X, Note:- Loan Assets & book debts are the loan outstanding (net of NPA) excluding overdue portfolio >30 days as per satisfaction of TCFSL. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
35	TATA Capital Financial Services Ltd (3 B)	43,333,336	-	(1) First and exclusive charge on unencumbered Loan Assets /book debt of the borrower with an assets cover of 1.1X, Note:- Loan Assets & book debts are the loan outstanding (net of NPA) excluding overdue portfolio >30 days as per satisfaction of TCFSL. (2) Personal Guarantee of Promoter (Mr. Sanjay Chaturvedi).
36	Nabkisan Finance Ltd	86,834,667	118,417,280	(1) Exclusive charge on all the Book Debts of the borrower by the way of housing loans to the extent of 1.0 times.
37	Nabkisan Finance Ltd II	127,495,848	149,999,382	(1) Exclusive charge on all the Book Debts of the borrower of standard category to the extent of 1.10 times of the loan
38	LIC Housing Finance Ltd	917,404,237	983,680,137	(1) Exclusive first charge over the book debts of the specific assets financed by the Company by way of housing loan, through this line of credit, Hypothecation of pool of receivables amounting to loan value. (2) Negative lien over the specific assets created out of housing loans executed by the company to company individuals borrowers out of LIC funds. (3) Irrevocable registered power of attorney in LIC's favour authorizing LIC to recover the money directly from the borrowers (which are specifically financed by the Company out of funds from LIC) and to file suits in the name of the Company in the event of default. (4) Irrevocable power of attorney in LICs favour authorising LIC to create a mortgage or charge of the specific assets of the Company (which are specifically financed by the Company out of funds from LIC) in LIC's favour, in the event of LIC coming to a conclusion that the security is jeopardised on account of any breach of conditions or default committed by the Company. (5) If any of the loan amounts financed from the funds of LIC turns NPA, the same needs to be replaced by another account free from any charge.
Total		2,730,243,348	2,386,684,424	

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

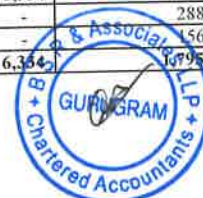
- (a) The loans are repayable monthly and quarterly. Some of the loans carry a moratorium period ranging from 1 month to 12 months.
 (b) The rates of interest for various loans are linked to or based on bank base rates/ MAS PLR/ XXIR.
 (c) Below is the repayment schedule for other parties:

As at 31st March 2019

Range of Rate of Interest	Current Maturities		Long Term Maturities			Total
	<1 Year	1-3 Year	3-5 Year	After 5 Years	Total	
<=11%	125,239,010	259,397,828	184,558,855	-	443,956,683	569,195,693
11-12%	205,349,820	233,454,686	142,758,835	-	376,213,521	581,563,341
12-13%	281,577,190	497,559,786	284,984,811	456,108,775	1,238,653,372	1,520,230,562
>13%	59,253,752	-	-	-	-	59,253,752
Total	671,419,772	990,412,300	612,302,501	456,108,775	2,058,823,576	2,730,243,348

As at 31 March 2018

Range of Rate of Interest	Current Maturities		Long Term Maturities			Total
	<1 Year	1-3 Year	3-5 Year	After 5 Years	Total	
<=11%	-	-	-	-	-	-
11-12%	271,043,007	515,100,316	290,456,258	544,916,334	1,350,472,908	1,621,515,915
12-13%	152,824,875	227,558,446	60,573,467	-	288,131,913	440,956,788
>13%	167,735,747	156,475,974	-	-	156,475,974	324,211,722
Total	591,603,629	899,134,737	351,029,725	544,916,334	1,695,080,795	2,386,684,424



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

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

No.	Lender	Terms of repayments	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	Details of security /guarantee
1	National Housing Bank- RH2	<ul style="list-style-type: none"> Repayment terms: Quarterly instalments Date of maturity: 01-Jan-2025 Number of instalments: 38 Balance instalments: 23 Amount of instalment: Rs 1,300,000/- (principal) Rate of interest: ranges 8.45% to 8.70% per annum. Moratorium period: 2 month 	20,800,000	29,200,000	<ul style="list-style-type: none"> (1) Exclusive first charge by way of hypothecation in the book debts financed out of refinance assistance together with securities thereof (2) Additionally, first exclusive mortgage/ hypothecation of the portfolio to the extent of 25% of the amount stated above in point (1), thus total coverage available would be to the extent of 1.25 times of the amount refinanced (3) Irrevocable and unconditional guarantee to the extent of Rs. 20,000,000
2	National Housing Bank 2 Tranche I	<ul style="list-style-type: none"> Repayment terms: Quarterly instalments Date of maturity: 01-Jan-22 Number of instalments: 59 Balance instalments: 31 Amount of instalment: First instalment Rs. 1,695,000/- (principal) and last instalment Rs 165,000/- Rate of interest: 8.45% per annum Moratorium period: Nil 	44,235,000	51,015,000	
3	National Housing Bank 2 Tranche II	<ul style="list-style-type: none"> Repayment terms: Quarterly instalments Date of maturity: 01-Apr-24 Number of instalments: 27 Balance instalments: 25 Amount of instalment: First instalment Rs. 3,350,000/- (principal) and last instalment is of Rs 2,000,000/- Rate of interest: 8.45% per annum. Moratorium period: Nil 	50,800,000	82,400,000	
4	National Housing Bank 2 Tranche III	<ul style="list-style-type: none"> Repayment terms: Quarterly instalments Date of maturity: 01-Apr-24 Number of instalments: 27 Balance instalments: 25 Amount of instalment: First instalment Rs. 404,000/- (principal) and last instalment is of Rs 3% 000/- Rate of interest: 8.55% per annum Moratorium period: Nil 	7,176,000	10,092,000	<ul style="list-style-type: none"> (1) Exclusive first charge by way of hypothecation in the book debts financed out of refinance assistance together with securities thereof (2) Additionally, first exclusive mortgage/ hypothecation of the portfolio to the extent of 25% of the amount stated above in point (1), thus total coverage available would be to the extent of 1.25 times of the amount refinanced (3) One time Irrevocable and unconditional guarantee to the extent of Rs. 20,000,000 while disbursement of National Housing Bank-RH2 which is also considered as bank guarantee for further tranche disbursements
5	National Housing Bank 2 Tranche IV	<ul style="list-style-type: none"> Repayment terms: Quarterly instalments Date of maturity: 01-Apr-26 Number of instalments: 35 Balance instalments: 33 Amount of instalment: First instalment Rs. 772,000/- (principal) and last instalment is of Rs 752,000/- Rate of interest: 8.45% per annum Moratorium period: Nil 	16,368,000	25,456,000	
6	National Housing Bank 2 Tranche V	<ul style="list-style-type: none"> Repayment terms: Quarterly instalments Date of maturity: 01-Apr-26 Number of instalments: 35 Balance instalments: 33 Amount of instalment: First instalment Rs. 5,915,000/- (principal) and last instalment is of Rs 5,890,000/- Rate of interest: 8.35% per annum Moratorium period: Nil 	142,410,000	195,170,000	
7	National Housing Bank 2 Tranche VI	<ul style="list-style-type: none"> Repayment terms: Quarterly instalments Date of maturity: 01-Apr-27 Number of instalments: 39 Balance instalments: 37 Amount of instalment: First instalment Rs. 1,616,000/- (principal) and last instalment is of Rs 1,592,000/- Rate of interest: 4.86% per annum Moratorium period: Nil 	53,304,000	59,768,000	



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No.	Lender	Nature of security and terms of repayment for secured borrowings:	Terms of repayments	Loan outstanding as at 31 March 2019	Loan outstanding as at 31 March 2018	Details of security /guarantee
8	National Housing Bank 3 Tranche I	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Apr-27 • Number of instalments: 39 • Amount of instalment: Rs. 1,616,000/-(principal) and last instalment is of Rs. 1,592,000/- • Rate of interest: 4.86% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-33 • Number of instalments: 59 • Amount of instalment: 2,225,000/-(principal) and last instalment is of Rs 9,50,000/- • Rate of interest: 10.35% per annum • Moratorium period: Nil 	270,000,000		
9	National Housing Bank 3 Tranche II	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-32 • Number of instalments: 55 • Amount of instalment: 4,200,000/-(principal) and last instalment is of Rs 3,200,000/- • Rate of interest: 10.15% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-33 • Number of instalments: 59 • Amount of instalment: 2,225,000/-(principal) and last instalment is of Rs 9,50,000/- • Rate of interest: 10.35% per annum • Moratorium period: Nil 	130,000,000		
10	National Housing Bank 3 Tranche III	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-32 • Number of instalments: 55 • Amount of instalment: 4,200,000/-(principal) and last instalment is of Rs 3,200,000/- • Rate of interest: 10.15% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-33 • Number of instalments: 59 • Amount of instalment: 2,225,000/-(principal) and last instalment is of Rs 9,50,000/- • Rate of interest: 10.35% per annum • Moratorium period: Nil 	230,000,000		
11	National Housing Bank 3 Tranche IV	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-32 • Number of instalments: 55 • Amount of instalment: 6,800,000/-(principal) and last instalment is of Rs 2,800,000/- • Rate of interest: 10.15% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-33 • Number of instalments: 59 • Amount of instalment: 1,890,000/-(principal) and last instalment is of Rs 380,000/- • Rate of interest: 9.25% per annum • Moratorium period: Nil 	370,000,000		
12	National Housing Bank 3 Tranche V	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-33 • Number of instalments: 59 • Amount of instalment: 1,890,000/-(principal) and last instalment is of Rs 380,000/- • Rate of interest: 9.25% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-33 • Number of instalments: 59 • Amount of instalment: 2,410,000/-(principal) and last instalment is of Rs 220,000/- • Rate of interest: 10.05% per annum • Moratorium period: Nil 	110,000,000		
13	National Housing Bank 3 Tranche VI	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Oct-33 • Number of instalments: 59 • Amount of instalment: 2,410,000/-(principal) and last instalment is of Rs 220,000/- • Rate of interest: 10.05% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Jan-26 • Number of instalments: 27 • Amount of instalment: 1,920,000/-(principal) and last instalment is of Rs 80,000/- • Rate of interest: 4.93% per annum • Moratorium period: Nil 	140,000,000		
14	National Housing Bank 3 Tranche VII	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Jan-34 • Number of instalments: 59 • Amount of instalment: 3,440,000/-(principal) and last instalment is of Rs 480,000/- • Rate of interest: 9.60% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Jan-34 • Number of instalments: 59 • Amount of instalment: 3,440,000/-(principal) and last instalment is of Rs 480,000/- • Rate of interest: 9.60% per annum • Moratorium period: Nil 	50,000,000		
15	National Housing Bank 3 Tranche VIII	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Jan-34 • Number of instalments: 59 • Amount of instalment: 3,440,000/-(principal) and last instalment is of Rs 480,000/- • Rate of interest: 9.60% per annum • Moratorium period: Nil 	<ul style="list-style-type: none"> • Repayment terms: Quarterly instalments • Date of maturity: 01-Jan-34 • Number of instalments: 59 • Amount of instalment: 3,440,000/-(principal) and last instalment is of Rs 480,000/- • Rate of interest: 9.60% per annum • Moratorium period: Nil 	200,000,000		
	Total			1,835,093,000	453,101,000	

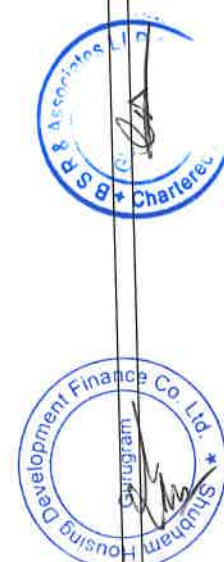
(1) The said refinance assistance together with all interest, liquidated damages, commitment charges, premium on prepayment or on redemption costs, expenses and other moneys whatsoever stipulated in the agreement or in the memorandum of agreement shall be secured by a first exclusive mortgage and/or a first exclusive charge by way of hypothecation in form satisfactory to the housing bank of the book debits financed/ to be financed out of the said refinance assistance together with the securities therefore (i.e. mortgage/pledge/other right, title or interest)

(2) Additionally, a first exclusive mortgage and/or a first exclusive charge by way of hypothecation in a form satisfactory to the NHB of such of the book debits together with the securities therefor, which are acquired by the company by grant of housing loan to its constituents from out of its own funds to the extent of 25% of the amount stated at paragraph (a). Thus, the total assets coverage available would be the extent of 125% of the amount refinanced

(3) The Company shall not recognize or register any transfer of shares in the company's capital made or to be made by the sponsor nor shall it note any lien in respect of such shares in favour of third parties unless NHB otherwise agrees

(4) Undertaking from promoter director Shri Sanjay Chaturvedi that he will not dilute their stakes/shareholding in the company without the consent of NHB

(5) Bank guarantee of Rs. 2 crore will continue.



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Nature of security and terms of repayment for secured borrowings:
Note No. 2.3 (4): Secured Redeemable Non Convertible Debentures

No.	Particulars	Terms of repayments	As at 31 March 2019	As at 31 March 2018	Remarks
1	2,500 Non Convertible Debenture of Rs. 100,000 each	<ul style="list-style-type: none"> • Repayment Terms: Monthly instalment • Date of Maturity: 23-Feb-2021 • No. of instalments: 30 Balance instalments: 29 • Amount of instalment: 8,333.333/- (principal) • MCLR 7.95%+2% = 9.95% p.a. at present • Moratorium period: 06 months 	191,666,667	250,000,000	<ul style="list-style-type: none"> (1) Exclusive charge on standard home loan portfolio of receivables with minimum asset cover of one times (1.00) to be maintained throughout the tenor of the NCD's (2) The charge over the hypothecated assets shall be 1.00 times the value of the outstanding amount under the debentures
		Total	191,666,667	250,000,000	

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

No.	Particulars	Terms of repayments	As at 31 March 2019	As at 31 March 2018	Remarks
1	200 Non Convertible Debenture of Rs. 1,000,000 each	<ul style="list-style-type: none"> • Repayment terms: Monthly instalment • Date of maturity: 15-April-2022 • Number of instalments: 1 • Balance instalments: 1 • Amount of instalment: 200,000,000/- • Rate of interest: 13% • Moratorium period: 6 Years 	200,000,000	200,000,000	<ul style="list-style-type: none"> (1) Unsecured (2) Bullet payment on 15 April 2022 (3) Gross Non Performing Assets should be less than 5% (4) Off balance sheet portfolio to total assets ratio should be 35% or less
2	375 Non-convertible debentures of Rs. 1,000,000 each	<ul style="list-style-type: none"> • Repayment terms: Half yearly • Date of maturity: 21-June-23 • Number of instalments: 6 • Balance instalments: 6 (first instalment starting from 20 December 2020) • Amount of instalment: 125,000,000/- • Rate of interest: 12.30% 	375,000,000	375,000,000	(1) Exclusive charge created over the hypothecated assets under or pursuant to the deed of hypothecation. The charge over the hypothecated assets shall be 0.75 times the value of the outstanding amount under the debentures
3	375 Non-convertible debentures of Rs. 1,000,000 each	<ul style="list-style-type: none"> • Repayment terms: Half yearly • Date of maturity: 21-June-23 • Number of instalments: 6 • Balance instalments: 6 (first instalment starting from 20 December 2020) • Amount of instalment: 125,000,000/- • Rate of interest: 12.30% 	375,000,000	375,000,000	(1) Exclusive charge created over the hypothecated assets under or pursuant to the deed of hypothecation. The charge over the hypothecated assets shall be 0.75 times the value of the outstanding amount under the debentures
		Total	950,000,000	950,000,000	

Note No. 2.3 (6): Unsecured Redeemable Optional Convertible Debentures

No.	Particulars	Terms of repayments	As at 31 March 2019	As at 31 March 2018	Remarks
1	19,900 Optionally Convertible Debenture of Rs. 1,166.41 each and partly paid up of Rs. 60 each	<ul style="list-style-type: none"> • Repayment Terms: NA (As this is an Unsecured Optionally Convertible 8% Debentures and instead of repayment it will be convert into equity) • Date of Maturity: Conversion date is any date after 28.04.2018 • No. of instalments: N.A. Balance instalments: N.A. • Amount of instalment: N.A. • Rate of Interest: 8% PM • Moratorium period: Nil 	1,194,000	-	
2	114,612 Optionally Convertible Debenture of Rs. 1,166.41 each and partly paid up of Rs. 60 each	<ul style="list-style-type: none"> • Repayment Terms: NA (As this is an Unsecured Optionally Convertible 8% Debentures and instead of repayment it will be convert into equity) • Date of Maturity: As per the term & Conditions • No. of instalments: N.A. Balance instalments: N.A. • Amount of instalment: N.A. • Rate of Interest: 8% PM • Moratorium period: Nil 	6,876,720	-	
		Total	8,070,720	-	



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	Long-term		Short-term	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
2.4 Provisions				
Provision for employee benefits				
- Gratuity			3,933,590	7,499,612
- Compensated absences	9,376,543	8,253,111	5,810,275	4,024,967
Other provisions (refer to note 2.11.1)				
Housing loans:				
Contingent provision against standard assets	26,072,608	24,156,913	3,148,866	3,368,952
Provision for non-performing assets	31,631,093	75,334,034	9,118,851	15,020,445
Non housing loans:				
Contingent provision against standard assets	12,256,104	10,232,921	1,032,227	981,762
Provision for non-performing assets	25,256,830	30,989,834	7,148,773	6,662,054
	<u>104,593,178</u>	<u>148,966,813</u>	<u>30,192,582</u>	<u>37,557,792</u>

2.4.1 Employee benefits

The following table sets out the disclosures as required under AS-15 (revised), "Employee Benefits" as at 31 March 2019 and as at 31 March 2018:

a) Defined Contribution Plan:	For the period ended 31 March 2019	For the year ended 31 March 2018
Contribution to Provident Fund	24,118,164	20,344,481
Contribution to Employee State Insurance	4,992,912	5,621,473
Contribution to Labour Welfare Fund	126,543	112,634
	<u>29,237,619</u>	<u>26,078,588</u>

(Also refer to note 2.19 and note 4(b))

b) Defined benefit plan:

i) General description of defined benefit plan:

Gratuity Plan

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

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

	As at 31 March 2019	As at 31 March 2018
Present value of obligation as at the beginning of the year	11,526,306	5,322,453
Interest cost	794,752	364,330
Current service cost	4,190,527	2,610,636
Total benefits paid by fund manager	(431,558)	(1,566,033)
Actuarial loss/(gain) on obligation	(425,805)	4,794,920
Present value of obligation as at the end of year	<u>15,654,222</u>	<u>11,526,306</u>

iii. The change in fair value of plan assets:

	As at 31 March 2019	As at 31 March 2018
Fair value of plan assets at the beginning of the year	4,026,694	3,214,410
Expected return on plan assets	329,953	263,394
Contributions	7,499,612	2,108,043
Total benefits paid by fund manager	(431,558)	(1,566,033)
Actuarial loss on plan asset	295,931	6,880
Fair value of plan assets at the end of the year	<u>11,720,632</u>	<u>4,026,694</u>



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

Present value of obligation as at the end of the year
 Present value of plan asset as at the end of the year
 Net liability recognised in Balance Sheet

As at	As at
31 March 2019	31 March 2018
15,654,222	11,526,306
(11,720,632)	(4,026,694)
3,933,590	7,499,612

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

Current service cost
 Interest cost
 Expected return on plan asset
 Net actuarial (gain)/loss recognised in the year
 Expenses recognised in the Statement of Profit and Loss

For the year ended	For the year ended
31 March 2019	31 March 2018
4,190,527	2,610,636
794,752	364,330
(329,953)	(263,394)
(721,736)	4,788,040
3,933,590	7,499,612

vi. Actual return on plan assets:

Expected return on plan assets
 Actuarial loss on plan assets
 Actuarial return on plan assets

For the year ended	For the year ended
31 March 2019	31 March 2018
329,953	263,394
(295,931)	(6,880)
34,022	256,514

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

Particulars

Discount rate
 Salary escalation rate
 Return on assets
 Attrition rate

For the year ended
 31 March 2019
 6.55% per annum
 10.00% per annum
 7.70% per annum
 Functional head and above : 28.00%
 Executive level: 47%
 Manager level: 32%
 60 years
 IALM (2006-2008) Modified Ult.

For the year ended
 31 March 2018
 6.90% per annum
 10.00% per annum
 8.20% per annum
 Functional head and above : 12.00%
 Executive level: 53%
 Manager level: 24%
 60 years
 IALM (2006-2008) Modified Ult.

Economic assumptions

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

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

Particulars	31 March 2019	31 March 2018	31 March 2017	31 March 2016	31 March 2015
On plan assets (losses)/gain	295,931	6,880	40,830	13,963	(4,830)
On plan liability (gain)/losses	760,417	2,952,357	527,913	125,491	(872,329)
Defined benefit obligation	15,654,222	11,526,306	5,322,453	3,244,556	1,950,266
Fair value of plan assets	11,720,632	4,026,694	3,214,410	2,099,004	1,497,498
Deficit in the plan	3,933,590	7,499,612	2,108,043	1,145,552	452,768

The company expects Rs. 7,899,544 to be paid to its defined benefit plan in the next year (previous year Rs. 11,112,899)

ix. General description of other long term benefit plan:

Compensated absences plan

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

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

Assumptions	For the year ended	For the year ended
	31 March 2019	31 March 2018
Discount rate	6.55% per annum	6.90% per annum
Salary escalation rate	10.00% per annum	10.00% per annum

The defined benefit obligation of compensated absences in respect of employees of the Company as at 31 March 2019 amounts to Rs. 15,186,818 (previous year Rs. 12,278,078). Further the same has been classified into non-current portion amounting to Rs. 9,376,543 (previous year Rs. 8,253,111) and current portion amounting to Rs. 5,810,275 (previous year Rs. 4,024,967).



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	As at 31 March 2019	As at 31 March 2018
2.5 Short-term borrowings		
Secured	198,626,172	-
Loan repayable on demand from banks	<u>198,626,172</u>	<u>-</u>

Loans repayable on demand comprises of Cash credit facilities from banks carry interest ranging between 10.50% - 11.50% and are secured by way of exclusive hypothecation of present and future loan receivable which are identified by the Company from time to time covering 1.10 times of the facility

	As at 31 March 2019	As at 31 March 2018
2.6 Trade payables *		
Trade payables	85,899	32,575
- Total outstanding due of micro and small enterprises	48,746,761	36,219,527
- Total outstanding due of creditors other than micro and small enterprises	<u>48,832,660</u>	<u>36,252,102</u>

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

Particulars	As at 31 March 2019	As at 31 March 2018
Principal amount remaining unpaid to supplier as at the end of the year	85,899	32,575
Interest due on the principal remaining outstanding as at the end of the year	-	-
Interest paid under the MSMED Act beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of the year	-	-
Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

	As at 31 March 2019	As at 31 March 2018
2.7 Other current liabilities		
Current portion of long term borrowings (refer to note 2.3)	913,114,775	915,449,585
- From banks	671,419,772	591,603,629
- From other parties	164,788,000	105,308,000
- National Housing Bank	100,000,000	58,333,333
- Redeemable non convertible debentures	995,451,913	671,419,362
Loans pending disbursement	37,061,400	30,697,318
Employee benefits payable	17,421,448	13,740,328
Statutory dues payable	-	-
Interest accrued but not due	13,004,207	16,141,433
-on term loan from bank	12,337,798	3,014,232
-on term loan from other parties	41,142,006	8,925,150
-on refinance from National Housing Bank	25,663,383	25,960,128
-on non convertible debentures	213,655	-
-on other convertible debentures	1,864,748	3,952,718
Amount payable under securitisation	15,052,654	4,400,961
Amount payable under assignment	952,181	1,793,415
Payable for capital goods	6,010,594	3,978,844
Lease equalization liability	138,190,851	3,796,739
Advance from customer	5,575,722	21,414,495
Other payables	<u>3,159,265,107</u>	<u>2,479,929,670</u>



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2.8. Fixed Assets

Description	Gross block			Accumulated depreciation			Net block As at 31 March 2019		
	As at 1 April 2018	Additions during the year	Deletions during the year	As at 31 March 2019	As at 1 April 2018	For the year		On deletions	
Property, plant & equipment	41,924,927	10,343,401	251,299	52,017,029	27,434,242	7,648,569	149,799	34,933,012	17,084,017
Computer	8,931,081	1,957,139	1,720,914	9,167,306	5,916,211	905,365	1,321,691	5,499,885	3,667,421
Furniture and fixtures	13,400,106	2,689,771	1,267,124	14,822,753	9,400,158	2,399,377	1,107,283	10,692,252	4,130,501
Office equipment	32,646,159	2,793,958	-	35,440,117	9,206,131	7,624,043	-	16,830,174	18,609,943
Other intangible assets Software	96,902,273	17,784,269	3,239,337	111,447,205	51,956,742	18,577,354	2,578,773	67,955,323	43,491,882
Total									

For the year ended 31 March 2019

Description	As at 1 April 2018	Additions during the year	Capitalised during the year	As at 31 March 2019
Intangible assets under development*	-	6,128,183	2,629,298	3,498,885
Total		6,128,183	2,629,298	3,498,885

For the year ended 31 March 2018

Description	Gross block			Accumulated depreciation			Net block As at 31 March 2018		
	As at 1 April 2017	Additions during the year	Deletions during the year	As at 31 March 2018	As at 1 April 2017	For the year		On deletions	
Tangible fixed assets	34,668,745	7,481,860	225,678	41,924,927	19,053,046	8,512,463	131,267	27,434,242	14,490,685
Computer	8,991,190	427,187	487,296	8,931,081	5,238,979	1,007,471	330,239	5,916,211	3,014,870
Furniture and fixtures	12,573,585	1,386,094	559,573	13,400,106	7,076,691	2,806,250	482,783	9,400,158	3,999,948
Office equipment	22,250,555	10,395,604	-	32,646,159	3,228,122	5,978,009	-	9,206,131	23,440,028
Other intangible assets Software	78,484,075	19,690,745	1,272,547	96,902,272	34,596,838	18,304,193	944,289	51,956,742	44,945,531
Total									

For the year ended 31 March 2018

Description	As at 1 April 2017	Additions during the year	Capitalised during the year	As at 31 March 2018
Intangible assets under development*	5,846,261	6,666,905	8,674,866	3,838,300
Total	5,846,261	6,666,905	8,674,866	3,838,300

*During the year ended 31 March 2019, capitalisation from intangible assets under development includes capitalisation of Rs. 1,124,880 (previous year Rs. 8,674,866) to other intangible assets and write-off of Rs. 1,504,418 (previous year Rs. Nil).



Shubham Housing Development Finance Company Limited
Notes to financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees)

	As at 31 March 2019	As at 31 March 2018
2.9 Non-current investments		
Non Trade- unquoted	118,083,000	-
118,083 Security receipts of Rs. 1,000 each (previous year Nil) of RARC 057 (SHDFCL HL) Trust)*	-	-
	<u>118,083,000</u>	<u>-</u>

**Valued at lower of net book value or redeemable value
 Aggregate book value of un-quoted investment is Rs. 118,083,000 (previous year Rs. Nil)

	As at 31 March 2019	As at 31 March 2018
2.10 Deferred tax asset (net)		
Deferred tax asset		
Provision against		
Housing Loans:		
Contingent provision against standard assets	8,509,293	7,657,696
Provision for non-performing assets	11,866,384	25,136,616
Non Housing Loans:		
Contingent provision against standard assets	3,869,562	3,119,925
Provision for non-performing assets	9,436,511	10,474,755
Provision for gratuity	1,145,461	2,086,392
Provision for compensated absences	4,422,401	3,415,761
Provision for bonus	2,816,344	95,200
Employee stock option compensation expenses	13,848,468	7,530,580
Provision for bad and doubtful assets	7,033,033	3,512,591
Lease equalization liability	1,750,285	1,106,914
Allowance amount for share issue expenses	9,400,228	12,978,040
Less: Deferred tax liability	(1,673,399)	(2,285,117)
Difference between written down value of fixed assets as per Companies Act, 2013 and Income-tax Act, 1961	(20,227,458)	(21,625,514)
Un-amortised processing fees on borrowings	(14,953,089)	(5,472,750)
Special reserve u/s 36(1)(viii) of the Income-tax Act, 1961	(3,277,374)	-
Provision for doubtful debt u/s 36(1)(viii) of the Income- tax Act, 1961	-	-
	<u>33,966,650</u>	<u>47,731,089</u>

	Non-current portion		Current portion*	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
2.11 Long term loans and advances (refer note 2.11.4) (Unsecured, considered good unless stated otherwise)				
<i>To parties other than related parties</i>				
Housing loans - secured				
- Considered good	8,570,795,890	6,956,128,662	566,363,296	635,019,136
- Considered doubtful	31,568,695	75,334,034	9,109,012	15,020,445
Housing loans - unsecured				
Individuals				
- Considered good	4,299,825	4,668,500	349,464	453,352
- Considered doubtful	62,398	-	9,839	-
Non Housing loans - secured				
- Considered good	3,087,455,250	2,610,000,555	214,508,056	211,856,974
- Considered doubtful	25,256,830	30,989,834	7,148,773	6,662,054
Non Housing loans - unsecured				
Individuals				
- Considered good	1,823	1,948	139	147
- Considered doubtful	-	-	-	-
Minimum retention requirement (against securitization transaction) (also refer note 2.11.2)	23,018,613	23,018,613	-	-
Minimum retention requirement (against assignment transaction) (also refer note 2.11.3)	6,981,597	25,474,152	78,863,474	2,051,925
Advance to employees	2,160,563	5,541,522	5,558,504	6,343,277
Security deposits	12,616,600	9,641,130	8,832,739	5,118,129
Advances to suppliers for capital assets	1,391,047	-	-	-
Cash collateral against borrowings	-	19,750,000	5,625,001	-
Advance tax and tax deducted at source (net of provision for income tax amounting to Rs 103,499,168 (previous year Rs 61,625,543))	5,600,049	9,205,693	-	-
	<u>11,771,209,180</u>	<u>9,769,754,643</u>	<u>896,368,297</u>	<u>882,525,439</u>

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



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

Particulars	Housing		Non-Housing	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Standard assets				
a) Total outstanding amount *	9,162,563,265	7,488,520,298	3,270,488,985	2,751,440,460
b) Provision made	29,221,474	27,525,865	13,288,331	11,214,683
Sub-standard assets				
a) Total outstanding amount	121,050,084	178,663,405	77,915,936	104,934,248
b) Provision made	18,404,691	28,350,131	12,391,279	15,740,137
Doubtful assets-I				
a) Total outstanding amount	35,001,304	111,933,715	32,517,062	52,501,454
b) Provision made	14,000,522	45,325,657	13,006,825	21,126,822
Doubtful assets-II				
a) Total outstanding amount	12,685,785	27,797,818	9,851,322	1,308,216
b) Provision made	7,611,471	16,678,690	5,910,793	784,929
Doubtful assets-III				
a) Total outstanding amount	733,260	-	1,096,706	-
b) Provision made	733,260	-	1,096,706	-
Loss assets				
a) Total outstanding amount	-	-	-	-
b) Provision made	-	-	-	-
Total				
a) Total outstanding amount	9,332,033,698	7,806,915,236	3,391,870,011	2,910,184,378
b) Provision made	69,971,418	117,880,343	45,693,934	48,866,571

*The amount of total outstanding dues includes interest accrued but not due and due amounting to Rs. 206,974,419 (previous year Rs. 170,963,974).

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

During the year ended 31 March 2014, the Company on 27 March 2014 and on 31 March 2014 has securitised portion of its loan portfolio amounting to Rs.165,347,839 and Rs. 108,063,819 respectively at par. Pursuant to the said securitisation arrangements, the Company has derecognised such loan assets from its books of account. Also, in accordance with the terms and conditions of the securitisation agreements, the Company has retained loan assets amounting to Rs. 23,018,612 as minimum retention requirement ("MRR") and has also given cash collateral in the form of fixed deposits amounting to Rs. 11,558,337. Outstanding MRR has been disclosed under note 2.11 and fixed deposits have been disclosed under note 2.14 of the financial statements. Further, the Company will continue to act on a non-recourse basis to collect and service the monthly EMI collection on the said securitised portfolio. In lieu of rendering the aforesaid services, the Company will charge 0.1% of the total collections for the respective month (the charging of fees is applicable only for the securitisation agreement pertaining to Rs. 165,347,839 portfolio).

Nature of transaction	Date of Transaction	Minimum retention requirement (MRR)	Pool Outstanding As at 31 March 2019	Pool Outstanding As at 31 March 2018
Securitization transaction 1	27-Mar-14	16,534,784	41,246,449	55,572,921
Securitization transaction 2	31-Mar-14	6,483,829	28,544,713	37,016,166

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

During the year ended 31 March 2016, the Company on 29 June 2015 has assigned portion of its loan portfolio amounting to Rs. 441,980,568 at par. Pursuant to the said assignment arrangements, the Company has derecognised such loan assets from its books of account. Also, in accordance with the terms and conditions of the assignment agreements, the Company has retained loan assets amounting to Rs. 44,198,057 as minimum retention requirement ("MRR"). MRR has been disclosed under note 2.11. Further, the Company will continue to act on a non-recourse basis to collect and service the monthly EMI collection on the said assigned portfolio. In lieu of rendering the aforesaid services, the Company will charge 0.05% of the total outstanding at beginning of respective month.

During the year ended 31 March 2017, the Company on 28 April 2016 has assigned portion of its loan portfolio amounting to Rs. 76,839,980 at par. Pursuant to the said assignment arrangements, the Company has derecognised such loan assets from its books of account. Also, in accordance with the terms and conditions of the assignment agreements, the Company has retained loan assets amounting to Rs. 11,525,997 as minimum retention requirement ("MRR"). MRR has been disclosed under note 2.11. Further, the Company will continue to act on a non-recourse basis to collect and service the monthly EMI collection on the said assigned portfolio. In lieu of rendering the aforesaid services, the Company will charge 0.25% of the total outstanding at beginning of respective month.

During the year ended 31 March 2019, the Company on 29 March 2019 has assigned portion of its loan portfolio amounting to Rs. 429,912,069 at par. Pursuant to the said assignment arrangements, the Company has derecognised such loan assets from its books of account. Also, in accordance with the terms and conditions of the assignment agreements, the Company has retained loan assets amounting to Rs. 64,486,811 as minimum retention requirement ("MRR"). MRR has been disclosed under note 2.11. Further, the Company will continue to act on a non-recourse basis to collect and service the monthly EMI collection on the said assigned portfolio. In lieu of rendering the aforesaid services, the Company will charge 0.25% of the total outstanding at beginning of respective month.

Nature of transaction	Date of Transaction	Minimum retention requirement (MRR)	Pool Outstanding As at 31 March 2019	Pool Outstanding As at 31 March 2018
Direct assignment 1	29-Jun-15	16,388,448	160,185,464	201,557,017
Direct assignment 2	28-Apr-16	4,969,811	32,200,668	45,827,948
Direct assignment 3	29-Mar-19	64,486,812	423,759,780	-

2.11.4 Loans to borrowers are secured by:

- Equitable mortgage of property and/or
- Undertaking to create a security by way of equitable mortgage of property.



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 (All amounts are in Indian Rupees)

	As at 31 March 2019	As at 31 March 2018
2.12 Other non-current assets (Unsecured, considered good)		
Fixed deposits (due to mature after 12 months from the reporting date) (refer note 2.14)	50,661,193	20,000,000
Unamortised processing fees on borrowings		58,156,527
	<u>50,661,193</u>	<u>78,156,527</u>
2.13 Trade receivables (Outstanding not exceeding six months)	As at 31 March 2019	As at 31 March 2018
Secured	38,175,975	38,055,674
- Considered good	-	-
- Considered doubtful	-	-
Unsecured	30,696	83,238
- Considered good	-	-
- Considered doubtful	-	-
	<u>38,206,671</u>	<u>38,138,912</u>
2.14 Cash and bank balances	As at 31 March 2019	As at 31 March 2018
Cash and cash equivalents	22,888,859	13,791,435
Cash on hand	5,041,773	765,600
Cheques in hand		
Balances with bank	615,893,351	248,779,942
- on current accounts	750,000,000	100,000,000
- on deposit accounts (with original maturity of 3 months or less)		
Other bank balances	81,258,532	1,190,115,225
Fixed deposits (with remaining maturity within 12 months from the reporting date)		
	<u>1,475,082,515</u>	<u>1,553,452,202</u>
Details of bank balances/ deposits		
Fixed deposits with original maturity of 3 months or less included under "Cash and cash equivalents"	750,000,000	100,000,000
Fixed deposits due to mature within 12 months of the reporting date included under "Other bank balances" #	81,258,532	1,190,115,225
Fixed deposits due to mature after 12 months of the reporting date included	-	20,000,000
	<u>831,258,532</u>	<u>1,310,115,225</u>
# Fixed deposit with bank are under lien and are not available for free use. The details of the same are as follows:-		
Pledge with bank for obtaining bank overdraft facilities	49,700,195	79,312,656
Pledge with bank as Cash Collateral for securitization transactions	11,558,337	10,802,345
For obtaining bank guarantee for National Housing Bank (Refinance)	20,000,000	20,000,000
	<u>81,258,532</u>	<u>110,115,001</u>



Shubham Housing Development Finance Company Limited
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(All amounts are in Indian Rupees)

	As at 31 March 2019	As at 31 March 2018
2.15 Short term loans and advances (refer note 2.11.4) (Unsecured, considered good unless stated otherwise)		
<i>To parties other than related parties</i>		
Housing loans - secured		
-Considered good	566,363,296	635,019,136
-Considered doubtful	9,109,012	15,020,445
Housing loans - unsecured		
-Considered good	349,464	453,352
-Considered doubtful	9,839	-
Non Housing loans - secured		
-Considered good	214,508,056	211,856,974
-Considered doubtful	7,148,773	6,662,054
Non Housing loans - unsecured		
-Considered good	139	147
Minimum retention requirement (against assignment transaction) (also refer note 2.11.3)	78,863,474	2,051,925
Security deposits	8,832,739	5,118,129
Cash collateral against borrowings	5,625,001	-
Goods and service tax receivable	2,719,985	4,074,877
Service tax refundable	-	1,268,187
Prepaid expenses	5,608,025	14,142,002
Advances to employees	5,558,504	6,343,277
Advances to suppliers	60,736	1,576,524
Advance EMI Payment of borrowing	14,087,731	29,210,561
Other advances	8,689,145	13,937,799
	927,533,919	946,735,389
2.16 Other current assets		
Stock of acquired properties (held for sale or disposal) {Net of provision for diminution in the value of acquired properties amounting to Rs. 24,151,898 (previous year Rs. 12,626,135)}	322,945,724	236,926,986
Interest accrued but not due on loans	168,767,748	132,825,062
Interest accrued but not due on:		
- Fixed deposits	2,370,133	14,209,259
- Cash collateral against borrowings	1,143,744	2,199,701
Unamortised processing fees on borrowings	18,801,231	19,577,169
	514,028,580	405,738,177



Shubham Housing Development Finance Company Limited
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	For the year ended 31 March 2019	For the year ended 31 March 2018
2.17 Revenue from operations		
Interest on housing and non housing loans	1,911,243,160	1,493,371,476
Processing fees and other charges	194,729,052	185,290,976
Excess interest spread on securitization	2,650,567	2,756,529
Income from assigned portfolio	14,752,185	18,204,411
	<u>2,123,374,964</u>	<u>1,699,623,392</u>
2.18 Other income		
Profit on redemption of mutual funds (net)	32,494,801	29,862,113
Interest income on fixed deposits	29,556,630	22,973,125
Recovery from bad debts	10,485,147	-
Miscellaneous income	19,538,488	7,212,764
	<u>92,075,066</u>	<u>60,048,002</u>
2.19 Employee benefits		
Salaries, bonus and allowances	522,341,127	430,703,746
Contribution to provident and other funds	29,266,919	26,109,888
Gratuity	3,933,590	7,499,612
Compensated absences	6,721,799	6,300,093
Employee stock option compensation expense	20,487,608	11,159,265
Staff welfare	9,698,808	8,295,261
	<u>592,449,851</u>	<u>490,067,865</u>
2.20 Finance costs		
Interest on		
- Term loan	775,050,661	753,033,064
- Bank overdraft	240,636	185,125
- Non Convertible Debentures	148,307,505	127,086,937
Processing fees on term loans taken	22,677,022	20,746,486
	<u>946,275,824</u>	<u>901,051,612</u>
2.21 Other expenses		
Housing Loans:		
Contingent provision against standard assets	1,811,227	5,248,265
Provision for non-performing assets	7,130,238	30,901,605
Non Housing Loans:		
Contingent provision against standard assets	2,131,571	2,406,675
Provision for non-performing assets	9,751,809	24,396,599
Legal and professional*	57,410,603	23,972,490
Information technology support	36,239,378	31,177,444
Customer acquisition cost	69,097,105	59,157,781
Advertisement	11,267,816	2,417,585
Brokerage and commission	616,370	115,500
Repair and maintenance - others	8,542,198	11,307,518
Travelling and conveyance	11,337,908	10,739,254
Training and development	1,642,188	1,331,192
Printing and stationery	6,724,512	4,649,364
Storage charges	1,168,358	1,008,337
Electricity	6,122,735	5,252,261
Communication	8,296,954	6,792,380
Office supplies	2,699,603	1,354,840
Postage and courier	6,736,337	5,677,948
Rent	45,211,714	38,779,262
Rates and taxes	339,309	492,153
Loan asset written off {Net of provisions no longer required written back amounting to Rs. 14,586,226 (previous year Rs. 11,529,352)}	40,442,714	18,477,202
Loss on Sale of Loan Assets {Net of provisions no longer required written back amounting to Rs. 57,320,182 (previous year Rs. Nil)}	29,415,922	-
Loss on sale of fixed assets	372,041	224,952
Insurance	1,615,634	1,755,273
CSR expenses	230,000	1,358,860
Bank charges	5,078,467	3,131,716
Provision for loss on stock of acquired property	18,025,650	3,673,497
Loss on sale and settlement of acquired properties {Net of provision no longer required written back amounting to Rs. 3,119,073 (previous year Rs. 5,184,108)}	7,177,358	2,457,717
Acquired properties written off {Net of provisions no longer required written back amounting to Rs. 3,380,813 (previous year Rs. Nil)}	7,587,744	-
Miscellaneous	2,658,601	3,432,369
	<u>406,882,064</u>	<u>301,690,039</u>
Note 2.21 (a)- Payment to auditors*		
As auditor		
- Statutory audit	1,550,000	1,550,000
- Tax audit #	110,000	110,000
- Limited review	300,000	500,000
- Certification charges	410,000	272,354
- Outlays	155,500	150,000
	<u>2,525,500</u>	<u>2,582,354</u>

* excluding Goods and service tax
paid to another auditor



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

2A. Segment reporting

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

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

3. Stock option plan

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

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

Series 1 was granted in the year 2015-16, Series 2 was granted in the year 2017-18 and in the current year, Series 3 has been granted wherein 17,250 option have been granted to employees under the ESOP 2013, details are as under:

Date of Grant	Date of Vesting	No. of Options	Fair Value (Rs.)	Exercise price (Rs.)
1 Jul 2018	1 Jul 2019	4,310	1,379.06	10
1 Jul 2018	1 Jul 2020	4,310	1,379.68	10
1 Jul 2018	1 Jul 2021	4,315	1,380.23	10
1 Jul 2018	1 Jul 2022	4,315	1,380.74	10
Total		17,250		

Details of ESOP outstanding for series 1 is given below:

Date of Grant	Date of Vesting	Fair Value at Grant date (Rs.)	Exercise price (Rs.)	No. of Options as at 31 March 2019	No. of Options as at 31 March 2018
1 May 2015	1 May 2016	955.28	10	4,572	5,072
24 Aug 2015	24 Aug 2016	955.32	10	3,594	3,594
24 Aug 2015	24 Feb 2017	955.64	10	1,194	1,194
1 May 2015	1 May 2017	955.87	10	2,140	2,540
1 May 2015	1 Aug 2017	956.00	10	265	265
24 Aug 2015	24 Feb 2018	956.23	10	2,394	2,394
1 May 2015	1 May 2018	956.34	10	1,076	1,476
1 May 2015	1 Aug 2018	956.47	10	224	224
1 May 2015	1 Jan 2019	956.71	10	502	802
24 Aug 2015	24 Feb 2019	956.74	10	2,393	2,393
Total				18,354	19,954



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Details of ESOP outstanding for series 2 is given below:

Date of Grant	Date of Vesting	Fair Value at Grant date (Rs.)	Exercise price (Rs.)	No. of Options as at 31 March 2019	No. of Options as at 31 March 2018
1 Oct 2017	1 Oct 2018	1,158.76	10	9,925	10,300
1 Oct 2017	1 Apr 2019	1,159.01	10	2,625	2,625
1 Oct 2017	1 May 2019	1,159.06	10	250	375
1 Oct 2017	1 Apr 2020	1,159.53	10	3,525	3,525
1 Oct 2017	1 May 2020	1,159.57	10	475	725
1 Oct 2017	1 Apr 2021	1,160.07	10	3,525	3,525
1 Oct 2017	1 May 2021	1,160.10	10	475	725
Total				20,800	21,800

As at 31 March 2019, the details of ESOP outstanding for series 3 is given below:

Date of Grant	Date of Vesting	No. of Options	Fair Value at Grant date (Rs.)	Exercise price (Rs.)
1 Jul 2018	1 Jul 2019	3,998	1,379.06	10
1 Jul 2018	1 Jul 2020	3,998	1,379.68	10
1 Jul 2018	1 Jul 2021	4,002	1,380.23	10
1 Jul 2018	1 Jul 2022	4,002	1,380.74	10
Total		16,000		

(Current year grant, no comparative of previous year.)

The activity in the ESOP 2013 (cumulative of 3 Series) during the year ended 31 March 2019 is as follow:

Particular	Year ended 31 March 2019	
	Shares arising out of options (Nos.)	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	41,754	10
Granted during the year	17,250	10
Voluntarily relinquished/lapsed during the year	3,850	10
Exercised during the year	-	-
Outstanding at the end of the year	55,154	10
Exercisable at the end of the year	28,279	10

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

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



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

Particular	Option granted during the year (Series 3)	Option granted during financial year 2017-18 (Series 2)	Option granted during the financial year 2015-16 (Series 1)
Grant date	1 July 2018	1 October 2017	1 May 2015 and 24 August 2015
Weighted average option price (Rs.)	1,379.93	1,159.20	955.84 and 955.94
Exercise price (Rs.)	10.00	10.00	10.00
Expected volatility (%)	10.87	11.67	13.95 and 15.74
Expected life of Option (years)	1-7	1 - 7	1 - 7
Expected dividend	Nil	Nil	Nil
Risk-free interest rate (%)	8.07-8.36	6.70 - 7.01	7.90 - 8.03 and 8.05 - 8.30
Fair value of share on grant date (Rs.)	1,386.30	1,156.41	962.56

The expected volatility for Series 3 grant on 1 July 2018 has been calculated based on stock price of BSE 500, for the period 1 July 2017 to 1 June 2018.

The expected volatility for grant Series 2 on 1 Oct 2017 has been calculated based on stock price of BSE 500 for the period 1 October 2016 to 1 October 2017.

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

During the year ended 31 March 2019, the Company recorded an employee compensation expense of Rs. 20,487,608 (Previous year Rs. 11,159,265) in the Statement of Profit and Loss.

4. Commitments and contingent liability

a) Commitments

Particulars	As at 31 March 2019	As at 31 March 2018
Other commitments		
Undisbursed amount of loans sanctioned	1,484,624,426	898,350,989
Committed amount against capital assets	4,025,244	5,376,266

b) Contingent liability

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

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

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



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
(All amounts are in Indian Rupees, unless otherwise stated)

5. Earnings per share

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

Particulars		Units	Year ended 31 March 2019	Year ended 31 March 2018
Basic earnings per share				
a.	Profit after tax attributable to equity shareholders	Rs.	174,058,633	45,141,536
Computation of weighted average number of Equity shares of Rs. 10 each				
	Number of shares at the beginning of the year		943,690	943,690
	Number of shares issued during the year		-	-
	Total number of equity shares outstanding at the end of the year		943,690	943,690
	Weighted number of equity shares outstanding at the end of the year		943,690	943,690
b.	Less: - shares issued ESOP trust (reduced in accordance with paragraph 46 of 'Guidance Note on Accounting for Employee Share-based Payments issued by the Institute of Chartered Accountants of India' in computation of EPS and considered as dilutive potential equity shares)		119,047	119,047
c.	Weighted average of number of equity shares used in computing basic earnings per share		824,643	824,643
d.	Basic earnings per equity share of face value of Rs. 10 each (a/c)		211.07	54.74
Diluted earnings per share				
	Number of preference shares at the beginning of the year		4,500,369	2,485,640
	Number of preference shares issued during the year		-	2,014,729
	Total number of preference shares outstanding at the end of the year		4,500,369	4,500,369
e.	Number of potential equity shares arising out of conversion of CCPS.		4,500,369	2,855,467
f.	Number of potential equity shares arising out of conversion of ESOP granted.		51,165	31,323
g.	Number of potential equity shares arising out of conversion of OCD issued during the year.		49,772	-
h.	Diluted weighted average number of equity shares outstanding during the year (based on the date of issue of shares) (h=e+f+g)		4,601,306	2,886,790
i.	Diluted earnings per equity share of face value of Rs. 10 each (a/h)		32.11	12.16



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6. Related party transactions

Nature of relationship

Key management personnel (KMP)

Name of the party

Late Shri Ajay Mukund Oak (till 26 January 2018)

Mr Sanjay Chaturvedi (Director)

Ms. Rupa Basu (from 13 November 2018)

Relative of key management personnel

Ms. Rupa Basu -wife of Late Shri Ajay Mukund Oak

Entities over which Directors of the Company and their relatives are able to exercise significant influence

Shubham Employees' Welfare Trust

a) Transaction with related parties

Description	Key management personnel	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Managerial remuneration		
Late Shri Ajay Mukund Oak	-	9,184,465
Mr. Sanjay Chaturvedi*	17,500,996	9,215,329
Ms. Rupa Basu	7,273,332	-
Remuneration*		
Ms. Rupa Basu	-	10,132,543
Guarantee given to obtain loan during the year		
Late Shri Ajay Mukund Oak	-	668,269,230
Mr. Sanjay Chaturvedi	433,274,525	718,269,231
Ms. Rupa Basu	728,656,627	-
OCD issued during the year		
Mr. Sanjay Chaturvedi	3,438,360	-
Ms. Rupa Basu	4,632,360	-

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

b) Balances outstanding with related parties

Description	Key management personnel	
	Year ended 31 March 2019	Year ended 31 March 2018
#Guarantee outstanding at year end		
Late Shri Ajay Mukund Oak	-	2,021,993,177
Mr. Sanjay Chaturvedi	2,536,129,734	2,071,993,177
Ms. Rupa Basu	728,656,627	-
Other payable outstanding at year end		
Salary payable (Late Shri Ajay Mukund Oak)##	-	2,582,881

#Net of the guarantee released on borrowings repaid during the year.

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



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

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

Description	Foreign currency expenditures	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue expenditure		
Legal and professional	160,515	-
Total	160,515	-

8. Capital

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Capital to Risk Assets Ratio (CRAR) (%)	52.09%	57.77%
CRAR - Tier I Capital (%)	51.56%	57.21%
CRAR - Tier II Capital (%)	0.53%	0.56%
Amount of subordinated debt raised as Tier- II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

9. Investment

a) Value of investments

(Amount in crores)

S. No.	Particulars	Year ended 31 March 2019	Year ended 31 March 2018
(i)	Value of Investments		
	Gross value of Investments	11.81	-
	(a) In India	-	-
	(b) Outside India	-	-
(ii)	Provisions for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
(iii)	Net value of Investments	11.81	-
	(a) In India	-	-
	(b) Outside India	-	-

b) Value of investments in security receipts

(Amount in crores)

S. No.	Particulars	SRs issued within past 5 years	SRs issued more than 5 years ago but within past 8 years	SRs issued more than 8 years ago
(i)	Book value of SRs backed by NPAs sold by the bank as underlying	-	-	-
	Provision held against (i)	-	-	-
(ii)	Book value of SRs backed by NPAs sold by other banks / financial institutions / non-banking financial companies as underlying	11.81	-	-
	Provision held against (ii)	-	-	-
	Total (i) + (ii)	11.81	-	-



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

c) Movement of provisions held towards depreciation on investments

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off/Written back of excess provision during the year	-	-
(iv)	Closing balance	-	-

10. Securitization

a) Securitization and Minimum Retention Requirement

(Amount in crores)

Particulars		Year ended 31 March 2019	Year ended 31 March 2018
		No./Amount	No./Amount
	No of SPV's sponsored by the HFC for Securitization transactions	2	2
	Total amount of securitized assets as per books of the SPVs sponsored	6.85	9.27
	Total amount of exposure retained by the company toward the MRR as on the date of balance sheet		
(I)	Off balance sheet exposure towards credit enhancements		
	a) First loss	-	-
	b) Others	-	-
(II)	On balance sheet exposure towards credit enhancements		
	a) First loss	2.30	2.30
	b) Others	-	-
	Amount of exposure to securitization transaction other than MRR		
(I)	Off balance sheet exposure towards credit enhancements		
a)	Exposure to own securitization		
	a) First loss	-	-
	b) Others	-	-
b)	Exposure to third party securitization		
	a) First loss	-	-
	b) Others	-	-
(II)	On balance sheet exposure towards credit enhancements		
a)	Exposure to own securitization		
	a) First loss	1.16	1.08
	b) Others	-	-
b)	Exposure to third party securitization		
	a) First loss	-	-
	b) Others	-	-



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

b) Details of assignment transaction undertaken by Company

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	No. of accounts	1,013	-
(ii)	Aggregate value (net of provisions) of accounts assigned	42.99	-
(iii)	Aggregate consideration	42.99	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier year	-	-
(v)	Aggregate gain/Loss over net book value	-	-

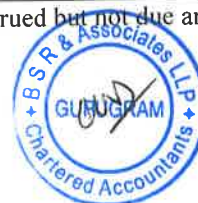
11. Detail of non-performing assets purchased and sold: The Company did not purchase/ sold any non-performing assets during the financial year ended 31 March 2019 and 31 March 2018 other than financial assets sold to securitization/reconstruction company for asset reconstruction as disclosed in note 14.

12. Exposure

a) Exposure to Real Estate Sector

Category		Year ended 31 March 2019#	Year ended 31 March 2018#
Direct exposure			
(i)	Residential Mortgages		
(a)	Individual housing loans up to Rs.15 lakh	7,837,097,275	6,714,395,915
(b)	Individual housing loans greater than Rs.15 lakh	1,376,946,848	871,566,177
(c)	Other loans	3,391,870,011	2,910,184,378
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
(ii)	Commercial Real Estate– Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	117,989,575	220,953,144
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures –		
(a)	Residential	-	-
(b)	Commercial Real Estate	-	-
Total		12,723,903,709	10,717,099,614
Indirect exposure			
(i)	Fund based exposures		
(a)	on National Housing Bank (NHB)	-	-
(b)	on Housing Finance Companies (HFCs)	-	-
(ii)	Non -fund based exposures		
(a)	on National Housing Bank (NHB)	-	-
(b)	on Housing Finance Companies (HFCs)	-	-

The amount of exposure includes loans and advances and interest accrued but not due and due.



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

b) Exposure to Capital Market

The Company does not have any capital market exposure as on 31 March 2019.

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

d) During the year ended 31 March 2019 and 31 March 2018, the Company's credit exposure (whether in term of sanctioned amount or entire amount outstanding, whichever is higher) to single borrowers and group of borrowers were within the limit prescribed by National Housing Bank for Housing Finance Companies.

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

f) The total amount advance for which intangible securities such as charge over rights, licenses, authority, etc. has been taken as also the estimated value of such intangible collateral- Nil

g) The Company has not obtained registration from any other financial sector regulators.

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

14. Detail of financial assets sold to securitization/reconstruction company for asset reconstruction:

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	No. of accounts	317	-
(ii)	Aggregate value (net of provisions) of accounts assigned*	17.40	-
(iii)	Aggregate consideration	14.46	-
(iv)	Additional consideration realized in respect of accounts transferred in earlier year	-	-
(v)	Aggregate loss over net book value	2.94	-

*Aggregate book value net of provisions does not include assets of Rs. 0.53 crores (no. of cases 3) which were written-off in previous year. In respect of these 3 cases, recoveries made amount to Rs. 0.33 crores have been classified as "Recovery from bad debts" in the other income schedule.

15. Provisions and Contingencies charged during the year:

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	Provision made towards Income tax#	6.34	3.09
(ii)	Provision towards Non-Performing Assets	1.69	5.53
(iii)	Provision for Standard Assets	0.39	0.77
(iv)	Provision for loss on stock of acquired property	1.80	0.37
(v)	Provision for depreciation on investment	-	-

#including charge/ credit relating to earlier years amounting to Rs. 0.45 crores (previous year Rs. 0.04 crores).



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

16. Details of ratings assigned by credit agencies

During the year, ICRA and CRISIL has affirmed company's Long-Term Rating A- with stable

The Company carries following ratings from ICRA & CRISIL:

Instrument	Rating	Rating
	31 March 2019	31 March 2018
Non-convertible Debentures (Unsecured)	[ICRA]A- (Stable)	[ICRA]BBB+ (Positive outlook)
Term Loans	[ICRA]A- (Stable)	[ICRA]BBB+ (Positive outlook)
Non-convertible Debentures (Secured issued during the year)	[CRISIL]A- (Stable)	[CRISIL]BBB+ (Positive outlook)

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

Particular	For the year ended 31 March 2019	For the year ended 31 March 2018
Sitting Fees	1,440,000	1,500,000

18. Draw down from reserves:

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



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
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19. Asset Liability Management:

Maturity pattern of certain items of assets and liabilities as at 31 March 2019
 Assets and Liabilities are classified in the maturity buckets as per the guidelines issued by National Housing Bank.

Maturity Buckets	As at 31 March 2019				As at 31 March 2018			
	Liabilities		Assets		Liabilities		Assets	
	Borrowings from Banks	Market Borrowings*	Advances**	Investments***	Borrowings from Banks	Market Borrowings*	Advances**	Investments***
1 day to 30-31 days (One month)	12.65	7.93	6.74	0.19	11.30	4.29	7.29	-
Over 1 to 2 months	6.73	7.01	6.06	0.20	7.11	5.80	5.25	-
Over 2 to 3 months	7.56	6.21	5.57	0.20	11.72	4.80	4.87	-
Over 3 to 6 months	28.05	19.18	17.81	0.58	24.26	15.60	18.48	-
Over 6 months to 1 year	52.80	37.63	38.60	1.41	47.69	34.51	43.74	-
Over 1 to 3 years	187.21	145.71	159.22	7.46	173.18	121.58	155.93	-
Over 3 to 5 years	96.22	98.73	181.28	1.76	96.96	85.10	183.35	-
Over 5 to 7 years	35.59	48.02	178.55	-	31.42	58.61	178.59	-
Over 7 to 10 years	36.31	17.59	242.43	-	8.64	28.38	224.10	-
Over 10 years	43.08	-	408.12	-	-	-	220.22	-
Total	506.20	388.01	1,244.38	11.80	412.28	358.67	1,041.82	-

*Market borrowings includes long-term borrowings from parties other than banks and non-convertible debentures.

**Advances includes housing and non-housing loans net off provisions for non-performing assets.

***Investment includes investment in security receipts.



Shubham Housing Development Finance Company Limited
Significant accounting policies and notes to the financial statements for the year ended 31 March 2019
 (All amounts are in Indian Rupees, unless otherwise stated)

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

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

21. Concentration of exposures:

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

(Amount in crores)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Total exposure to twenty largest borrowers/customers*	20.72	42.82
Percentage of exposures to twenty largest borrowers/customers to Total exposure of company	1.46%	3.80%

b) Concentration of Loan and advances

(Amount in crores)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Total loans and advances to twenty largest borrowers*	20.65	29.82
Percentage of loans and advances to twenty largest borrowers to total advances of the Company*	1.62%	2.78%

*Largest borrowers represent highest loan outstanding at reporting period

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

(Amount in crores)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Total Exposure to top ten NPA accounts	2.10	1.98

d) Sector-wise NPAs

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2019		For the year ended 31 March 2018	
		Rs.	%	Rs.	%
	Housing Loans:				
(a)	Individuals	16.94	1.85%	31.83	4.14%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-
	Non-Housing Loans:				
(a)	Individuals	12.14	3.64%	15.86	5.54%
(b)	Builders/Project Loans	-	-	-	-
(c)	Corporates	-	-	-	-
(d)	Others	-	-	-	-



Shubham Housing Development Finance Company Limited

Significant accounting policies and notes to the financial statements for the year ended 31 March 2019

(All amounts are in Indian Rupees, unless otherwise stated)

e) Movement of Non-Performing Assets

(Amount in crores)

S. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
I	Net NPAs to Net Advances (%)		
II	Movement of NPAs (Gross)		
	a) Opening balance	47.68	35.06
	b) Additions during the year	20.87	28.30
	c) Reductions during the year	39.47	15.68
	d) Closing balance	29.08	47.68
III	Movement of Net NPAs		
	a) Opening balance	34.88	26.65
	b) Additions during the year	15.78	19.87
	c) Reductions during the year	28.89	11.64
	d) Closing balance	21.77	34.88
IV	Movement of provisions for NPAs and Contingencies (excluding provisions on standard assets)		
	a) Opening balance	12.80	8.41
	b) Additions during the year	5.09	8.43
	c) Reductions during the year	10.57	4.04
	d) Closing balance	7.32	12.80

22. The Company does not hold any overseas assets (previous year- Nil).
23. The Company has not given any Gold Loan/loan against deposition of gold during the year (previous year- Nil).
24. The Company does not have any off balance sheet Special Purpose Vehicle (SPV) sponsored (previous year- Nil).
25. There are prior period items of Rs. 690,505 (previous year- Rs. 47,663) and there are no changes in accounting policy in the current year.
26. **Customer complaints**

S. No.	Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
(i)	No. of complaints pending at the beginning of the year	Nil	Nil
(ii)	No. of complaints received during the year	35	17
(iii)	No. of complaints redressed during the year	34	17
(iv)	No. of complaints pending at the end of the year*	1	Nil

*the said pending one complaints has been closed on 5 April 2019.

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

(a) Gross amount required to be spent by the Company during the year: Rs. 215,082 (Previous year Rs. 99,698)



Shubham Housing Development Finance Company Limited**Significant accounting policies and notes to the financial statements for the year ended 31 March 2019**

(All amounts are in Indian Rupees, unless otherwise stated)

(b) Amount spent during the year on:

For the year ended 31 March 2019

(Amount in Rs.)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/Acquisition of Assets	-	-	-
(ii) On purpose other than (i) above	230,000	-	230,000
Total	230,000	-	230,000

For the year ended 31 March 2018

(Amount in Rs.)

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

28. Operating lease obligations

The Company has taken office premises on lease. Operating lease rentals recognised during the year were Rs. 45,211,714 (previous year Rs. 38,779,262). The total of the future minimum lease payments under non-cancellable operating lease are as follows:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Not later than one year	14,754,375	12,900,000
Later than one year but not later than five years	63,697,781	78,452,156
Later than five years	17,771,094	17,771,094
Total	96,223,250	109,123,250

29. During the year, the Company identified twelve fraud cases (previous year six cases), details of which are given below:

Particulars	For the year ended 31 March 2019#	For the year ended 31 March 2018
No. of cases	12	6
(a) Total amount disbursed	18,797,347	4,808,585
(b) Recoveries made till date	567,899	383,719
(c) Repossession of property and classified as stock of acquired properties under "Other current assets" (refer note no. 2.16)	408,016	2,889,967
(d) Provision against these cases	23,393	423,945
Net charge to Profit and Loss (a)-(b)-(c)-(d)	17,798,038	1,110,924

this does not include a case written off in the previous year having a principal receivable amounting to Rs. 935,957, reported to NHB in the current year. This includes a case written off in the current year having a principal receivable amounting to Rs. 471,775, reported to NHB in the previous year.

30. Disclosure regarding penalty or adverse comments as per Housing Finance Companies (NHB) Directions, 2010. During the current year ended 31 March 2019:

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



Shubham Housing Development Finance Company Limited

Significant accounting policies and notes to the financial statements for the year ended 31 March 2019

(All amounts are in Indian Rupees)

31. Long-term contracts

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

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

33. During the year, the Company has written-off loans and has waived off principle on settlement of loans amounting to Rs. 40,442,714 (previous year Rs. 18,477,202) (net of provision no longer required written-back amounting to Rs. 14,586,226 (previous year Rs. 11,529,352)). The loans written-off are pertaining to 75 borrowers (previous year 34 borrowers) as the recovery possibility for these borrowers seems remote, despite legal remedies and other actions taken by the Company.

34. During the year, the Company has written-off acquired properties amounting to Rs. 7,587,744 (previous year Rs. Nil) (net of provision no longer required written-back amounting to Rs. 3,380,813 (previous year Rs. Nil)). The said 13 properties have been written-off as the recovery possibility from these properties seems remote, despite legal remedies and other actions taken by the Company.

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

Firm Registration Number: 116231W /W-100024



Anant Marwah

Partner

Membership No.: 510549

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



Rupa Basu

Director

DIN No.: 08068918



Sanjay Chaturvedi

Director

DIN No.: 01636432



Neeta Kamra

Company Secretary



Shashank Jain

Chief Financial Officer

Place: Gurugram

Date: 23 May 2019

Place: Gurugram

Date: 23 May 2019

Place: Gurugram

Date: 23 May 2019