



**HINDUJA HOUSING FINANCE LIMITED**



## HINDUJA HOUSING FINANCE LIMITED

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### CORPORATE INFORMATION

<b>Corporate Identity Number</b>	U65922TN2015PLC100093
<b>Board of Directors</b>	Mr. S Nagarajan, Managing Director Mr. Sachin Pillai, Director Mr. Gopal Mahadevan, Director Mr. Venkatesh Srinivasan, Nominee Director Ms. Bhumika Batra, Independent Director Mr. G S Sundararajan, Independent Director
<b>Audit Committee</b>	Mr. G S Sundararajan, Chairman Ms. Bhumika Batra, Member Mr. Venkatesh Srinivasan, Member
<b>Nomination and Remuneration Committee</b>	Ms. Bhumika Batra, Chairman Mr. G S Sundararajan, Member Mr. Gopal Mahadevan, Member Mr. Sachin Pillai, Member
<b>Key Managerial Personnel</b>	Ms. Roopa Sampathkumar, Chief Financial Officer Mr. Baalasubramaniyan Ne., Company Secretary
<b>Registered Office</b>	No.27-A, Developed Industrial Estate, Guindy, Chennai – 600032
<b>Email</b>	<a href="mailto:compliance@hindujahousingfinance.com">compliance@hindujahousingfinance.com</a>
<b>Website</b>	<a href="http://www.hindujahousingfinance.com">www.hindujahousingfinance.com</a>
<b>Statutory Auditors</b>	M/s. B S R & Co., LLP Chartered Accountants No.10, Mahatma Gandhi Road Nungambakkam, Chennai : 600034
<b>Bankers</b>	HDFC Bank Limited, ICICI Bank Limited Axis Bank Limited, State Bank of India DCB Bank Limited, Union Bank of India



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**NOTICE TO MEMBERS**

**NOTICE** is hereby given that the Second Annual General Meeting of Hinduja Housing Finance Limited will be held on Monday, the 19<sup>th</sup> day of June, 2017 at 2:30 p.m. at the registered office of the Company at No.27A, Developed Industrial Estate, Guindy, Chennai – 600 032 to transact the following businesses:

**ORDINARY BUSINESS:**

- 1) To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** the Financial Statements, Balance Sheet as at 31<sup>st</sup> March, 2017, Statement of Profit and Loss, Cash flow statement and notes forming part of the financial statements, together with the Board's Report and the Independent Auditors' Report thereon be and are hereby considered, approved and adopted.

- 2) To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** Mr. Sachin Pillai (DIN: 06400793), who retires by rotation and being eligible has offered himself for re-appointment, be and is hereby re-appointed as a director of the Company liable to retire by rotation.

- 3) To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force) and Rules made there under, M/s. B S R & Co., LLP, (Registration No. 101248WW-100022), Chartered Accountants, who were appointed as the



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statutory auditors of the Company to hold office from the conclusion of the second Annual General Meeting till the conclusion of the third Annual General Meeting (AGM) to be held in the year 2021, subject to ratification of their appointment at every AGM be and is hereby ratified, on such remuneration as may be mutually agreed upon between the Auditors and the Board of Directors, including the actual travelling and out of pocket expenses incurred in connection with the audit in addition to service tax / other taxes as applicable.

### **SPECIAL BUSINESS:**

- 4) To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 of Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act'), read with Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), pursuant to the recommendation of Nomination and Remuneration Committee and Board of Directors of the Company, Mr. S Nagarajan (DIN 00009236) be and is hereby re-appointed, as the Managing Director of the Company during the period of 1<sup>st</sup> June, 2017 to 31<sup>st</sup> March, 2018 without any remuneration.

**RESOLVED FURTHER THAT** the board of directors of the Company (including any Committee thereof), be and is hereby authorised to do all such acts, deeds and things as may be deemed necessary, proper, desirable or expedient to give effect to this resolution including alteration and variation in such terms of re-appointment as may be deemed to be in the best interest of the Company.

- 5) To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**



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**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Venkatesh Srinivasan (DIN: 02110770), additional director, who holds office up to the date of this annual general meeting and in respect of whom the Company has received a notice, in writing, proposing his candidature for the office of a Director under Section 160 of the Act, be and is hereby appointed as a Nominee Director of the Company not liable to retire by rotation.

- 6) To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) Ms. Bhumika Batra (DIN 03502004), additional director, who holds office up to the date of this annual general meeting and in respect of whom the Company has received a notice, in writing, proposing her candidature for the office of a Director under Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a period of 5 consecutive years i.e. up to 17<sup>th</sup> July, 2021.

- 7) To consider and if deemed fit, to pass, with or without modification(s), the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152, 161, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) Mr. G S Sundararajan (DIN 00361030), additional director, who holds office up to the date of this annual general meeting and in respect of whom the Company has received a notice, in writing, proposing his candidature for the office of a Director under



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Section 160 of the Act, be and is hereby appointed as an Independent Director of the Company not liable to retire by rotation, to hold office for a period of 5 consecutive years i.e. up to 30<sup>th</sup> March, 2022.

- 8) To consider and if deemed fit, to pass with or without modification, the following as an **ORDINARY RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Section 61(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and such other approvals as may be required, the Authorised Share Capital of the Company be and is hereby increased from Rs.90,00,00,000/- (Rupees Ninety Crores only) divided into 9,00,00,000 (Nine Crores only) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs.200,00,00,000/- (Rupees Two Hundred Crores only) divided into 20,00,00,000 (Twenty Crores only) Equity Shares of Rs.10 /- (Rupees Ten only) each.

- 9) To consider and if deemed fit, to pass with or without modification, the following as a **SPECIAL RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Section 13 and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other approvals as may be required, the existing 5<sup>th</sup> clause of the Memorandum of Association of the Company be and is hereby substituted with the following:

*The Authorised Share Capital of the Company is Rupees 200,00,00,000/- (Rupees Two Hundred Crores only) divided into 20,00,00,000 (Twenty Crores only) Equity Shares of Rs.10 /- (Rupees Ten only) each with power to increase or reduce the capital of the Company and/or the nominal value of the shares and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred,*



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*qualified or special rights, privileges or conditions with or without voting rights as may be determined by or in accordance with the provisions contained in the Articles of Association of the Company or as may be decided by the Board of Directors or by the Company in General Meeting, as applicable, in conformity with the provisions of the Companies Act, 2013 and to vary, modify, amalgamate or abrogate any such rights, privileges or conditions and to consolidate or sub-divide the shares and issue shares on higher or lower denominations in such manner as may be determined by the Articles of Association of the Company.*

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do all such acts, deeds and things as is considered necessary, expedient, usual or proper in relation to the said matter and to take such steps and actions and give such directions as they may consider necessary or desirable and to obtain such approvals, permissions which may be necessary or desirable and settle any question that may arise in relation to the issue of equity shares on rights basis to give effect to this resolution.

- 10) To consider and if deemed fit, to pass with or without modification, the following as a **SPECIAL RESOLUTION:**

**RESOLVED THAT** pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules made thereunder (including any statutory modification or amendment thereto or re-enactment thereof) and in terms of the Memorandum and Articles of Association of the Company and subject to such other approvals as may be required, the consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may constitute for this purpose) to borrow from time to time whether in Indian rupees or foreign currency (including external commercial borrowings in foreign denominated currencies from any foreign source / countries as prescribed by guidelines, if any in this respect) from any one or more of the Company's bankers and / or from any one or more persons, firms, bodies corporate, financial institutions, banks or other acceptable source



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whether by way of advances, deposits, loans, debentures, bonds or other securities whether convertible into equity / preference shares and / or securities with or without detachable warrants with a right exercisable by the warrant holder(s) to convert or subscribe for equity / preference shares to bank(s), financial or other institution(s), mutual fund(s), non-resident Indians, foreign institutional investors or any other person(s), body (ies) corporate, etc., whether shareholder of the Company or not, whether unsecured or secured and on such terms and conditions as the Board may deem fit, notwithstanding however, that the total borrowings exceed the aggregate of paid-up capital and free reserves of the Company, provided however that the aggregate of amounts so borrowed and outstanding at any one time (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not exceed an amount of Rs.2,000 Crores (Rupees Two Thousand Crores Only).

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or any Director(s) or any other Officer(s) of the Company to give effect to the above resolution.

**RESOLVED FURTHER** that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts, deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution.

**RESOLVED FURTHER THAT** all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved, ratified and confirmed in all respects.

- 11) To consider and if deemed fit, to pass with or without modification, the following as a **SPECIAL RESOLUTION:**





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**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and in terms of the Memorandum and Articles of Association of the company and subject to such other approvals and permissions as may be required, consent of the members be and is hereby accorded to sell, mortgage and / or create charge, in addition to the mortgages / charges created / to be created by the company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and / or immovable properties of the company and / or the interest held by the company in all or any of the movable and / or immovable properties, both present and future and / or the whole or any part of the undertaking(s) of the company, in favour of lender(s), agent(s) and trustee(s) for securing the borrowings of the company availed / to be availed by way of loan(s) and securities (comprising non-convertible debentures, bonds or other debt instruments), issued / to be issued by the company, from time to time, together with interest at the respective agreed rates and all other costs, charges and expenses and all other monies payable by the company in terms of the loan agreement(s), debenture trust deed(s) or any other agreement / document, entered into / to be entered into between the company and the lender(s) / investor(s) / agent(s) and / or trustee(s), in respect of the said loans, borrowings / debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the company and the lender(s), agent(s) and / or trustee(s).

**RESOLVED FURTHER THAT** the board of directors of the company (including any committee thereof), be and is hereby authorised to finalise and execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes, deposit receipts and all such deeds, documents, instruments or writings as may be necessary, proper, desirable or expedient as they may deem fit and to do all such acts, deeds and things and give such directions, as may be deemed necessary, desirable or expedient, to give effect to this resolution.



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**By Order of the Board  
For Hinduja Housing Finance Limited**

**Place: Chennai**

**Baalasubramaniyan Ne.**

**Date: 22<sup>nd</sup> May, 2017**

**Company Secretary**

**Notes:**

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE MEMBER. PROXIES TO BE VALID SHALL BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY AT LEAST 48 HOURS BEFORE THE COMMENCEMENT OF THE GENERAL MEETING.
- 2) Notice of general meeting is being sent to those Members / beneficial Members whose name appeared in the register of Members as on 22<sup>nd</sup> May, 2017.
- 3) Corporate Member(s), are requested to send a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the Meeting.
- 4) Members / Proxies should bring duly filled attendance slip sent herewith for attending the meeting.
- 5) The Explanatory Statement in terms of Section 102 of the Companies Act, 2013, relating to special businesses as set out in Item Nos.4 to 11 is annexed to the Notice.
- 6) Information as required under Secretarial Standard on general meetings in relation to appointment / re-appointment of directors is annexed and forms a part of the Notice.



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- 7) The relevant records and documents connected with the businesses, referred to in the Notice and the Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company, on all working days from the date hereof up to the date of the Meeting.
- 8) Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed form no. SH13, duly filled with the Company.

### **Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”):**

#### **Item no. 4 - Re-appointment of Mr. S Nagarajan as the Managing Director:**

The Board at its meeting held on 1<sup>st</sup> June, 2015 had appointed Mr. S Nagarajan, as the Managing Director of the Company for a period of 2 years, commencing from 1<sup>st</sup> June, 2015 till 31<sup>st</sup> May, 2017. Accordingly, the said term of appointment would expire on 31<sup>st</sup> May, 2017.

Subject to the approval of the members at this meeting, the Board of Directors of the Company, pursuant to the recommendation of Nomination and Remuneration Committee of Directors at its meeting held on 22<sup>nd</sup> May, 2017, unanimously approved the re-appointment of Mr. S Nagarajan as Managing Director of the Company from 1<sup>st</sup> June, 2017 to 31<sup>st</sup> March, 2018.

The Board considers that the continued association of Mr. S Nagarajan as Managing Director would be of immense benefit to the Company and hence it is desirable to continue to avail his services. Thus, the Board of Directors of the Company considering his rich experience and contribution made to the Company on the recommendation of Nomination and Remuneration Committee and pursuant to the provisions of Sections 196, 197, Schedule V and other applicable provisions of Companies Act, 2013 recommends the resolution in relation to re-appointment of Mr. S Nagarajan as the Managing Director of the Company till 31<sup>st</sup> March, 2018 for approval by the members of the Company.



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Except Mr. S Nagarajan, being the appointee, none of the other Directors or Key Managerial Personnel of the Company and their relatives are interested or concerned, financial or otherwise in the aforesaid Ordinary resolution.

### **Item No.5 - Appointment of Mr. Venkatesh Srinivasan as a Nominee Director:**

Mr. Venkatesh Srinivasan, was appointed as an Additional Director on 18<sup>th</sup> July, 2016 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and holds office up to the date of the ensuing AGM.

Mr. Venkatesh is designated as a Nominee Director and it is proposed to appoint him as a Director not liable to retire by rotation under the provisions of Companies Act, 2013 and in terms of the Shareholders Agreement dated 17<sup>th</sup> July, 2013. The Company has received the requisite disclosure forms from Mr. Venkatesh. The Company has also received a notice under Section 160 of the Act along with the deposit of Rs.1,00,000/- from a member proposing his candidature.

In the opinion of the Board, Mr. Venkatesh fulfills the conditions specified in the Act for his appointment as a Nominee Director of the Company. The Board considers that his continued association would be of immense benefit to the Company and hence it is desirable to continue to avail his services on the Board of the Company. Accordingly, the Board recommends his appointment for approval by the members of the Company.

Except Mr. Venkatesh Srinivasan, being the appointee, none of the other Directors or Key Managerial Personnel of the Company and their relatives are interested or concerned, financial or otherwise in the aforesaid Ordinary resolution.



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### **Item no. 6 - Appointment of Ms. Bhumika Batra as an Independent Director:**

Ms. Bhumika Batra was appointed as an Additional Director on 18<sup>th</sup> July, 2016 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and holds office up to the date of the ensuing AGM.

Ms. Bhumika is designated as an Independent Director and it is proposed to appoint her as an Independent Director for a term of 5 (five) consecutive years under Section 149 of the Companies Act, 2013. The Company has received the requisite disclosure forms from Ms. Bhumika. The Company has also received a notice under Section 160 of the Act along with the deposit of Rs.1,00,000/- from a member proposing her candidature.

In the opinion of the Board, Ms. Bhumika fulfills the conditions specified in the Act for her appointment as an Independent Director of the Company and is independent of the management. The terms and conditions of her appointment would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day up to the date of the AGM.

The Board considers that her continued association would be of immense benefit to the Company and hence it is desirable to continue to avail her services as an Independent Director. Accordingly, the Board recommends her appointment for approval by the members of the Company.

Except Ms. Bhumika Batra, being the appointee, none of the other Directors or Key Managerial Personnel of the Company and their relatives are interested or concerned, financial or otherwise in the aforesaid Ordinary resolution.

### **Item no. 7 - Appointment of Mr. G S Sundararajan as an Independent Director:**



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Mr. G S Sundararajan was appointed as an Additional Director on 31<sup>st</sup> March, 2017 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and holds office up to the date of the ensuing AGM.

Mr. Sundararajan is designated as an Independent Director and it is proposed to appoint him as an Independent Director for a term of 5 (five) consecutive years under Section 149 of the Companies Act, 2013. The Company has received the requisite disclosure forms from Mr. G S Sundararajan. The Company has also received a notice under Section 160 of the Act along with the deposit of Rs.1,00,000/- from a member proposing his candidature.

In the opinion of the Board, Mr. Sundararajan fulfills the conditions specified in the Act for his appointment as an Independent Director of the Company and is independent of the management. The terms and conditions of his appointment would be available for inspection without any fee by the members at the registered office of the Company during normal business hours on any working day up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and hence it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends his appointment for approval by the members of the Company.

Except Mr. G S Sundararajan, being the appointee, none of the other Directors or Key Managerial Personnel of the Company and their relatives are interested or concerned, financial or otherwise in the aforesaid Ordinary resolution.

### **Item No. 8 and 9 - Increase of authorised capital of the Company and consequent amendment to the Memorandum of Association of the Company:**

The Board of Directors in their meeting held on 22<sup>nd</sup> May, 2017 had considered a capital raising proposal for the Company to meet the projected growth in loan disbursements of the Company.



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Accordingly, the Board considered further issue of shares on rights basis in compliance with the provisions of the Act and the Articles of Association of the Company.

Further, considering the proposed rights issue, as the existing authorised share capital of the Company is Rs.90,00,00,000/-, it is proposed to increase the authorised share capital of the Company from Rs.90,00,00,000/- (Rupees Ninety Crores) to Rs. 200,00,00,000/- (Rupees Two Hundred Crores).

The proposed increase in authorised share capital requires the approval of members in general meeting. Further, the increased authorised share capital will have to be reflected in the capital clause of the Memorandum of Association of the Company, which requires the approval of members.

The Board of Directors of the Company believe that the proposed rights issue is in the best interest of the Company and its members. The Board of Directors, therefore, recommends the resolutions for your approval.

None of the Directors, Key Managerial Personnel and their relatives is concerned or interested in the resolutions set forth in item nos. 8 and 9 of the notice, except as holders of shares in general or that of the companies of which they are directors and who may hold shares in the Company.

### **Item No: 10 & 11: Enhancement in borrowing power and creation of charge in the assets of the Company:**

In the Annual General meeting of the Members of the Company held on 6<sup>th</sup> June, 2016, the consent of the members of the Company was accorded under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 to borrow up to Rs.1,000 crores in excess of the paid-up share capital and free reserves of the company and to create charges, mortgages and hypothecations



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on movable and immovable properties up to Rs.1,000 crores in excess of the paid-up share capital and free reserves of the company.

In view of the forecasted business expansion and in order to meet working capital requirements, this limit is sought to be enhanced over and above the paid -up share capital and free reserves not exceeding Rs.2,000 crores. Accordingly, a special resolution seeking the approval of members as required under Section 180(1)(c) and Section 180(1)(a) are submitted vide resolution nos.10 and 11 for consideration and approval.

None of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolutions set forth in item nos. 10 and 11 of the notice.

The Memorandum of Association of the Company will be open for inspection during business hours at the Registered Office of the Company.

**By Order of the Board  
For Hinduja Housing Finance Limited**

**Place: Chennai  
Date: 22<sup>nd</sup> May, 2017**

**Baalasubramaniyan Ne.  
Company Secretary**





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### Mr. Sachin Pillai

#### Board membership of companies as on March 31, 2017

Sr. No.	Name of the Companies / Bodies Corporate	Status
1.	HLF Services Limited	Non-Executive Director
2.	HinduJa Housing Finance Limited	Non-Executive Director
3.	HinduJa Leyland Finance Limited	Chief Executive Officer

#### Chairman / Member of the Committee of the Board of directors as on March 31, 2017

Name of the Company	Committee Details
HinduJa Housing Finance Limited	<ul style="list-style-type: none"><li>• Nomination and Remuneration Committee - Member</li><li>• Asset &amp; Liability Management Committee – Member</li></ul>

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### Mr. S Nagarajan

#### Board membership of companies as on March 31, 2017

Sr. No.	Name of the Companies / Bodies Corporate	Status
1.	HinduJa Leyland Finance Limited	Whole-time Director
2.	HinduJa Housing Finance Limited	Managing Director

#### Chairman / Member of the Committee of the Board of directors as on March 31, 2017

Name of the Company	Committee Details
HinduJa Leyland Finance Limited	<ul style="list-style-type: none"><li>• Stakeholders Relationship Committee - Member</li><li>• Corporate Social Responsibility Committee – Member</li><li>• Credit Committee – Member</li><li>• Risk Management Committee – Member</li><li>• Asset Liability Management Committee – Chairman</li><li>• Capital Raising Committee – Member</li></ul>



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Hinduja Housing Finance Limited	<ul style="list-style-type: none"><li>• Asset Liability Management Committee – Member</li><li>• Risk Management Committee – Member</li></ul>
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### Mr. Venkatesh Srinivasan

#### Board membership of companies as on March 31, 2017

Sr. No.	Name of the Companies / Bodies Corporate	Status
1.	Electronica Finance Limited	Non-Executive Director
2.	Hinduja Housing Finance Limited	Nominee Director
3.	Hlf Services Limited	Nominee Director
4.	Pointer8 Consumer Insights Private Limited	Non-Executive Director
5.	Aparajitha Corporate Services Private Limited	Nominee Director
6.	Health A2Z (India) Private Limited	Non-Executive Director

#### Chairman / Member of the Committee of the Board of directors as on March 31, 2017

Name of the Company	Committee Details
Hinduja Housing Finance Limited	<ul style="list-style-type: none"><li>• Audit Committee – Member</li><li>• Risk Management Committee – Member</li></ul>

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### Ms. Bhumika Batra

#### Board membership of companies as on March 31, 2017

Sr. No.	Name of the Companies / Bodies Corporate	Status
1.	Repro India Limited	Director
2.	Hinduja Foundries Limited	Director
3.	Sharp India Limited	Director
4.	Hinduja Ventures Limited	Director
5.	Patel Integrated Logistics Limited	Director
6.	All Metal Services India Private Limited	Director



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Registered Office: No. 27-A, Developed Industrial Estate, Guindy, Chennai – 600032

7.	Kancor Ingredients Limited	Director
8.	HinduJa Housing Finance Limited	Director
9.	HinduJa Tech Limited	Director
10.	Planet E-Shop Holdings India Limited	Director
11.	Team Relocations India Private Limited	Director
12.	HinduJa Leyland Finance Limited	Director

### Chairman / Member of the Committee of the Board of directors as on March 31, 2017

Name of the Company	Committee Details
Sharp India Limited	Audit Committee – Chairman Nomination and Remuneration Committee – Member Stakeholder Relationship Committee – Member Corporate Social Responsibility Committee – Member Finance Committee - Member
HinduJa Foundries Limited	Stakeholder Relationship Committee – Member
Kancor Ingredients Limited	Audit Committee – Chairman Nomination and Remuneration Committee – Member Corporate Social Responsibility Committee - Member
HinduJa Ventures Limited	Stakeholder Relationship Committee – Chairman
HinduJa Leyland Finance Limited	Audit Committee –Member Stakeholder Relationship Committee – Chairman Corporate Social Responsibility Committee - Member

Mr. G S Sundararajan

### Board membership of companies as on March 31, 2017

Sr. No.	Name of the Companies / Bodies Corporate	Status
1.	Shriram Seva Sankalp Foundation	Director
2.	Ceylinco General Insurance Ltd., Colombo, Sri Lanka	Non-Executive, Independent Director



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3.	Hinduja Housing Finance Limited	Non-Executive, Independent Director
4.	Paytm Payments Bank Limited	Non-Executive, Independent Director

### Chairman / Member of the Committee of the Board of directors as on March 31, 2017

Name of the Company	Committee Details
Hinduja Housing Finance Limited	Audit Committee – Chairman Nomination and Remuneration Committee - Member



**HINDUJA HOUSING FINANCE LIMITED**

CIN: U65922TN2015PLC100093

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**Form No.MGT-11**

**PROXY FORM**

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

CIN:	U65993TN2008PLC069837		
Name of the Company:	HINDUJA HOUSING FINANCE LIMITED		
Registered Office:	No.27A, Developed Industrial Estate, Guindy, Chennai 600032		
Name of the member(s):			
Registered address:			
E-mail Id:			
Folio No. /Client Id*		DPID	

\* Applicable for investors holding shares in Electronic form

I/We, being the holder(s) of.....shares of the above named company,  
hereby appoint

1.	Name			
	Address			
	E-mail ID		Signature	
	or failing him			
2.	Name			
	Address			
	E-mail ID		Signature	
	or failing him			
3.	Name			
	Address			



## HINDUJA HOUSING FINANCE LIMITED

CIN: U65922TN2015PLC100093

Registered Office: No. 27-A, Developed Industrial Estate, Guindy, Chennai – 600032

E-mail ID		Signature	
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as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Second Annual General Meeting of the Company, to be held on Monday, the 19<sup>th</sup> day of June, 2017 at 2.30 p.m. at the Registered Office of the Company at 27-A, Developed Industrial Estate, Guindy, Chennai – 600 032 and at any adjournment thereof in respect of such resolutions as are indicated below:

I / We direct my/our Proxy to vote on the Resolutions in the manner as indicated below:

### Resolution No.

Sl. No.	Resolution(s)	Vote	
		For	Against
Ordinary Business			
1.	Approval of Financial Statements together with the Independent Auditors' Report of the Company for the year ended 31 <sup>st</sup> March, 2017		
2.	Appointment of Mr. Sachin Pillai, who retires by rotation and being eligible, offers himself for re-appointment		
3.	Ratification of appointment of M/s. B S R & Co LLP, as Statutory Auditors of the Company		
Special Business			
4.	Appointment of Mr. S Nagarajan, as Managing Director of the Company		
5.	Appointment of Mr. Venkatesh Srinivasan as a Nominee Director of the Company		
6.	Appointment of Ms. Bhumika Batra as an Independent Director of the Company for a term of five years		
7.	Appointment of Mr. G S Sundararajan as an Independent Director of the Company for a term of five years		
8 & 9	Alteration and increase of capital clause of the Company		



## HINDUJA HOUSING FINANCE LIMITED

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10.	Special resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing money up to Rs.2,000 crores		
11.	Special resolution under Section 180(1)(a) of the Companies Act, 2013 to mortgage and / or create charge on the assets		

This is optional. Please put a tick mark (√) in the appropriate column against the resolutions indicated in the box. If a member leaves the “For” or “Against” column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular resolution, he/she should write “Abstain” across the boxes against the Resolution.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_

Signature of Shareholder

1) \_\_\_\_\_

2) \_\_\_\_\_

Affix Revenue  
Stamps

Note:

- 1) The Proxy, to be effective should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the meeting.
- 2) A Proxy need not be a member of the Company.
- 3) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
- 4) The form of Proxy confers authority to demand or join in demanding a poll
- 5) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
- 6) In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns “For” or “Against” as appropriate.



**HINDUJA HOUSING FINANCE LIMITED**

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**HINDUJA HOUSING FINANCE LIMITED**

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Registered Office: No. 27-A, Developed Industrial Estate, Guindy, Chennai – 600032

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**ATTENDANCE SLIP**

(To be handed over at the entrance of the meeting hall)

2<sup>nd</sup> Annual General Meeting on **19<sup>th</sup> June, 2017**

Full name of the members attending

\_\_\_\_\_

(In block capitals)

Ledger Folio No./ DP & Client ID\* No. \_\_\_\_\_ No. of shares held: \_\_\_\_\_

Name of Proxy \_\_\_\_\_

(To be filled in, if the proxy attends instead of the member)

I certify that I am a member /proxy / authorized representative for the registered shareholder of the Company.

I / We hereby record my / our presence at the 2<sup>nd</sup> Annual General Meeting of Hinduja Housing Finance Limited, held on Monday, 19<sup>th</sup> day of June, 2017 at the Registered Office of the Company at 27-A, Developed Industrial Estate, Guindy, Chennai – 600032.

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\*Applicable for shareholders holding shares in electronic form

\_\_\_\_\_

(Member's /Proxy's Signature)

**Note:**



## HINDUJA HOUSING FINANCE LIMITED

CIN: U65922TN2015PLC100093

Registered Office: No. 27-A, Developed Industrial Estate, Guindy, Chennai – 600032

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### Route map



**Annexure to the Notice**

**Details of the Directors seeking appointment / re-appointment at the 9<sup>th</sup> AGM vide Item Nos. 2, 4, 5, 6 & 7**

<b>Name of the Director</b>	Mr. Sachin Pillai	Mr. S Nagarajan	Mr. Venkatesh Srinivasan	Ms. Bhumika Batra	Mr. G S Sundararajan
<b>DIN</b>	06400793	00009236	02110770	03502004	00361030
<b>Date of Birth</b>	06-Jun-72	10-Jun-48	08-Nov-71	11-Aug-81	29-May-60
<b>Date of appointment on the Board</b>	15-Apr-15	15-Apr-15	18-Jul-16	18-Jul-16	31-Mar-17
<b>Relationship with directors and KMPs of the Company</b>	Nil	Nil	Nil	Nil	Nil
<b>Expertise in specific functional areas</b>	Several years of experience in the field of financial services	Former Managing Director of M/s. Ashok Leyland Finance Limited (15 years). Former Joint Managing Director of M/s. IndusInd Bank Limited. More than two decades of experience in Banking and financial service industry	Worked in consulting and operations for over 14 years	Member of Bar Counsel, Maharashtra and Goa	Former Managing Director of Shriram Capital Ltd, the Holding Company of Shriram Group's financial services and Insurance businesses across India and overseas.

<b>Qualification</b>	Bachelor's degree in business administration in marketing and Master's degree in business administration	ACA, ACS	Bachelor of Engineering Master of Business Administration	Bachelor's Degree in Commerce and Bachelor's Degree in Law	B.E , MBA
<b>Board membership of companies as on March 31, 2017</b>	Details enclosed				
<b>Chairman/Member of the Committee of the Board of directors as on March 31, 2017</b>	Details enclosed				
<b>Number of shares held in the Company as on March 31, 2017</b>	Nil	Nil	Nil	Nil	Nil
<b>Number of meetings of the Board attended</b>	5/5	5/5	2/3	2/3	NA



## HINDUJA HOUSING FINANCE LIMITED

### BOARD'S REPORT

#### To the Members

Your Directors have pleasure in presenting the 2<sup>nd</sup> Annual Report of the Company, together with the audited financial statements, for the year ended 31<sup>st</sup> March, 2017.

#### Financial Results

The summarised financial results of the Company are given hereunder:

Rs. Lakhs

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Revenue from Operations	2479.85	80.14
Less: Total Expenditure	2177.34	70.68
Profit Before Tax	302.51	9.46
Profit After Tax	182.81	6.54
Surplus / Shortfall brought forward	5.23	0
Amount available for appropriation	182.81	6.54
Appropriations have been made as under:		
Transfers to:		
- Statutory Reserve	36.56	1.31

#### Operating and Financial Performance

During the year under review, your Company registered a total disbursement of Rs.399.13 Crores.

Your Company's net profit was Rs.1.83 Crores and net worth of the Company is Rs.91.89 Crores as at March 31, 2017. We are pleased to inform that the Assets under management have grown to Rs.452.87 crores from Rs.83.25 Crores.

Your Company has presence in all the states covering over 300 locations with 70 clusters.



## HINDUJA HOUSING FINANCE LIMITED

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### **Capital Structure**

#### **Authorised Capital**

In order to meet the business requirements of the Company, the Authorised Capital was increased from Rs. 15 crores to Rs. 90 crores during the financial year.

#### **Paid-up Capital**

During the year under review, as per the terms of letter of offer issued to the existing shareholders, your Company had allotted 60,000,000 equity shares and 15,000,000 equity shares at a face value of Rs.10 per share aggregating to Rs.75 crores on 7<sup>th</sup> December, 2016 and 31<sup>st</sup> January, 2017 respectively.

#### **Bank Borrowings**

During the year, the Company has received sanctions for term loans and cash credit facilities from banks amounting to Rs. 405 Crs of which Company availed loans aggregating to Rs.285 Crs as on 31<sup>st</sup> March, 2017.

#### **Dividend**

In order to augment capital required for supporting growth of your Company, through retention of internal accruals, your Board of Directors have not recommended any dividend for the year.

#### **Transfer to Reserves**

During the year under review, Rs.36.56 crores was transferred to the Statutory Reserve created under Section 29C of the National Housing Bank Act, 1987.

#### **Deposits**

During the year under review, your Company has not accepted any public deposits within the meaning of the Companies Act, 2013 and the Rules made including NHB Directions 2010, as the Company is registered as Housing Finance Institution without accepting public deposits.

#### **Credit Rating**

The Credit Analysis & Research Limited (CARE) have assigned ratings of A+ (stable) for the Company.



## HINDUJA HOUSING FINANCE LIMITED

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### **Capital Adequacy**

The Capital Adequacy Ratio (CAR) of the Company as at March 31, 2017 was 41.82% (previous year 17.51 %), well above the Regulatory benchmark of 12% prescribed by the National Housing Bank (NHB).

### **Compliance with Directions/Guidelines of National Housing Bank (NHB) and other statutes**

National Housing Bank regulates the HFCs and issues Directions / Guidelines on income recognition, asset classifications, provisioning, provisioning for bad and doubtful debts, capital adequacy, accounting and disclosures policies and fair practice code and asset liability management. The Company is in compliance with the applicable regulatory norms and guidelines.

The Company's Board has approved Know you customer and Anti Money Laundering Policy (KYC & AML) and adheres to the said policy. The said policy is in line with the guidelines issued by the National Housing Bank.

The Company has in place a Fair Practice Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organisation's policies vis-à-vis client protection. The FPC captures the spirit of National Housing Bank guidelines on fair practices to be followed by Housing Finance Companies.

### **Corporate Governance**

In accordance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, issued by the National Housing Bank vide notification no. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 9<sup>th</sup> February, 2017, your Company has framed an internal Corporate Governance guidelines, in order to enable adoption of best practices and great transparency in the business operations. A report on corporate governance is attached and forms part of this report (Annexure - A).

### **Code of Conduct**

In terms of the internal Corporate Governance guidelines the Board has laid down a Code of Conduct to provide guidance to the board members and the senior management to manage the affairs of the company in an ethical manner.



## HINDUJA HOUSING FINANCE LIMITED

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### Directors

The Board at its meeting held on 1<sup>st</sup> June, 2015 had appointed Mr. S Nagarajan (DIN 00009236), as the managing director of the Company for a period of 2 years, commencing from 1<sup>st</sup> June, 2015 till 31<sup>st</sup> May, 2017. The said term of appointment would expire on 31<sup>st</sup> May, 2017 and being eligible, the Board at its meeting held on 22<sup>nd</sup> May, 2017 had re-appointed Mr. S Nagarajan as the Managing Director of the Company till 31<sup>st</sup> March, 2018 subject to the approval of the members at the ensuing annual general meeting of the Company.

In terms of Section 152 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act and the Articles of Association of the Company, Mr. Sachin Pillai (DIN 06400793) retires by rotation at the ensuing Annual General Meeting and being eligible, has offered himself for re-appointment.

In terms of Section 161 of the Companies Act, 2013 ("Act") and all other applicable provisions of the Act, Mr. Venkatesh Srinivasan (DIN 02110770) was appointed as an Additional Director (Nominee) at the Board meeting held on 18<sup>th</sup> July, 2016 and holds office up to the ensuing annual general meeting of the Company. Your Company has received a notice under the provisions of Section 160 of the Act proposing the candidature of Mr. Venkatesh as a Nominee Director and your Board recommends the appointment of Mr. Venkatesh as a Nominee Director of the Company not liable to retire by rotation.

Ms Bhumika Batra (DIN 03502004) was appointed as an Additional Director (Independent Director) at the Board meeting held on 18<sup>th</sup> July, 2016 and holds office up to the ensuing annual general meeting of the Company. Your Company has received a notice under the provisions of Section 160 of the Act proposing the candidature of Ms Bhumika as a director and your Board recommends the appointment of Ms. Bhumika as an independent director of the Company not liable to retire by rotation.

Mr. G S Sundararajan (DIN 00361030) was appointed as an Additional Director (Independent Director) at the Board meeting held on 31<sup>st</sup> March, 2017 and holds office up to the ensuing annual general meeting of the Company. Your Company has received a notice under the provisions of Section 160 of the Act proposing the candidature of Mr Sundararajan as a director and your Board recommends the appointment of Mr. Sundararajan as an independent director of the Company not liable to retire by rotation.





## HINDUJA HOUSING FINANCE LIMITED

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### **Independent Directors**

Your Company has received necessary declarations from Independent Directors of the Company, under Section 149(7) of the Act, stating that they meet the criteria of independence as laid down in Section 149(6) of the Act.

### **Key Management Personnel**

Mr. S. Balaji, ceased to be the Company Secretary of the Company effective 9<sup>th</sup> February, 2016. Subsequently, the Board of Directors in their meeting held on 18<sup>th</sup> July, 2016, in terms of Section 203 of the Act had appointed Mr. Baalashubramaniyan Ne. as Company Secretary of the Company.

Mr. Venkatasubramanian, ceased to be the Chief Financial Officer of the Company effective 31<sup>st</sup> October, 2016. Subsequently, the Board of Directors in their meeting held on 24<sup>th</sup> April, 2017 in terms of Section 203 of the Act had appointed Ms. Roopa Sampathkumar as Chief Financial Officer of the Company.

### **Statutory Auditors**

Pursuant to the provisions of Sections 139 and 141 of the Act, M/s. B S R & Co. LLP, Chartered accountants were appointed as Statutory Auditors of the Company to hold office till the conclusion of the Annual General Meeting (AGM) to be held in the year 2021, subject to ratification by members at every AGM to be held during their term.

Accordingly, your directors recommend the ratification of appointment of M/s. B S R & Co. LLP, Chartered accountants, as Statutory Auditors of the Company, from the conclusion of second annual general meeting till the conclusion of third annual general meeting of the Company. The statutory auditors have confirmed their eligibility for re-appointment.

The Auditors' Report for FY 2016-17 does not contain any qualification, reservation or adverse remarks. The Auditors' Report is enclosed with the financial statements in this Annual Report.

### **Secretarial Audit**

Pursuant to the provisions of the Act and the Rules framed thereunder, your Company appointed M/s. G Ramachandran & Associates, company secretaries to undertake the secretarial audit of the



## HINDUJA HOUSING FINANCE LIMITED

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Company for FY 2017-18. The audit report is attached and forms part of this report and does not contain any qualification. (Annexure – B)

### **Compliance under Companies Act, 2013**

In terms of Section 134 of the Act read with the Companies (Accounts) Rules, 2014, your Company complied with the compliance requirements and the detail of compliances under Companies Act, 2013 are enumerated below:

### **Directors' Responsibility Statement**

To the best of our knowledge and belief and on the basis of the information and explanations obtained by us, your Directors make the following statements in terms of Section 134(3)(c) of the Act:

- a) in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) for the financial year ended March 31, 2017, such accounting policies as mentioned in the Notes to the financial statements have been applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the Company and of the Profit of the Company for the year ended March 31, 2017.
- c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the annual financial statements have been prepared on a going concern basis.
- e) that proper internal financial controls were followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) that proper systems to ensure compliance with the provisions of all applicable laws were in place and that such systems were adequate and operating effectively

### **Extract of Annual Return**

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in Form MGT- 9 is annexed to this Report. (Annexure – C)



### **Related Party Transactions**

All transactions entered by the Company with Related parties were in the Ordinary course of business and at Arm's Length pricing basis. There were no materially significant related parties' transactions, pecuniary transactions or relationships between the Company and its Directors during the financial year 2016-17 that may have potential conflict with the interest of the Company. Suitable disclosures as required under AS-18 have been made in Note 23 of the Notes to the financial statements.

### **Material changes and commitments affecting the financial position of the Company which have occurred between 31<sup>st</sup> March, 2017 and 22<sup>nd</sup> May, 2017 (date of the Report)**

There were no material changes and commitments affecting the financial position of the Company between the end of financial year (31<sup>st</sup> March, 2017) and the date of the Report (22<sup>nd</sup> May, 2017).

### **Risk Management Policy**

Your Company has constituted a Risk Management Committee with two directors and senior executive of the Company. In terms of Section 134(3)(n) of the Act, your directors wish to state that your Company has drawn and implemented a risk management policy including identification therein of elements of risks, if any, which in the opinion may threaten the existence of your Company. The above policy is being reviewed/re-visited once a year or at such other intervals as deemed necessary for modifications and revisions, if any.

### **Internal Audit**

As part of the effort to evaluate the effectiveness of the internal control systems your Company has appointed M/s. SNB Associates, Chartered Accountants as the internal auditor the Company to review the internal audit functions and other control measures on a periodic basis and recommends improvements, wherever appropriate. The Audit Committee will be regularly reviewing the audit findings as well as the adequacy and effectiveness of the internal control measures.

### **Vigil Mechanism / Whistle Blower Policy**

Pursuant to Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors of the Company had approved the Policy on Vigil Mechanism/Whistle Blower to deal with instance of fraud and mismanagement, if any and the same was hosted on the website of the Company. This Policy *inter-alia* provides a direct access to the Chairman of



## HINDUJA HOUSING FINANCE LIMITED

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the Audit Committee. Your Company hereby affirms that no Director / employee has been denied access to the Chairman of the Audit Committee and that no complaints were received during the year.

### **Policy against Sexual harassment**

Your Company has in place a Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal committee has been set up to redress complaints received regarding sexual harassment. All employees are covered under this policy. During the year ended 31<sup>st</sup> March, 2017, there were no referrals received by the Internal Committee. The said policy is uploaded on the website of the Company.

### **Significant and material orders**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future.

### **Conservation of energy, technology absorption, foreign exchange earnings and outgo**

The provisions of Section 134(3) (m) of the Act and the Rules made there under relating to conservation of energy, technology absorption do not apply to your Company as it is not a manufacturing company. However, your Company has been increasingly using information technology in its operations and promotes conservation of resources. During the year under review, there was no foreign earning or expenditure in the Company.

### **Outlook for 2017-18**

On the affordable housing front, there is enormous unmet demand for Housing finance in India. It is believed that the root cause of shortage is lack of housing finance. Supply of Affordable housing finance is constrained mainly by banks' inability to accurately assess credit risk associated with low-income borrowers and lower profit margins; lack of land titles; and uncertainty of repossession. Lending to this segment has been restricted, primarily by:

- High costs of serving on account of small ticket size and lower volumes
- Unknown risks associated with informal segment, wariness of financiers with regard to high delinquencies and uneven payback patterns

The operating strategy of HHF has been planned in keeping in mind market position, average ticket size, geographic segments and product portfolio.



## HINDUJA HOUSING FINANCE LIMITED

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### **Acknowledgement**

Your Directors wish to place on record their gratitude to the National Housing Bank, the Company's customers, Bankers, Financial Institutions, the Holding Company and vendors for the continued support and faith reposed in the Company. The Board also places on record its deep appreciation for the dedication and commitment of the employees at all levels.

**On behalf of the Board of Directors**

**Place: Chennai**

**Date : 22<sup>nd</sup> May, 2017**

**S Nagarajan**

**Managing Director**



**CORPORATE GOVERNANCE REPORT**

**NATIONAL HOUSING BANK (NHB) DIRECTIONS ON CORPORATE GOVERNANCE**

In view of public interest and for the purpose of enabling better regulation over the housing finance Companies, the NHB has issued Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016 on 9<sup>th</sup> February, 2017. In pursuance to the aforesaid directions, the Company has framed the following internal Guidelines on Corporate Governance.

**COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company recognises its role as a corporate citizen and endeavours to adopt the best practices and the highest standards of Corporate Governance through transparency in business ethics, accountability to its customers, government and others. The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. As a part of Hinduja Group and being a subsidiary of Hinduja Leyland Finance Limited, the Company's philosophy on Corporate Governance, the Company's corporate governance standards demonstrate strong commitment to values, ethics and business conduct.

**BOARD OF DIRECTORS**

As at March 31, 2017, your Company's Board consists of 6 (Six) members. The composition of the Board is in conformity with the provisions of Companies Act, 2013 and corporate governance directions issued by National Housing Bank.

Composition and category of Directors:

<b>Name of the Director</b>	<b>Category</b>	<b>Designation</b>
Mr. S Nagarajan	Executive	Managing Director
Mr. Sachin Pillai	Non-Executive	Director
Mr. Gopal Mahadevan	Non-Executive	Director
Mr. Venkatesh Srinivasan <sup>1</sup>	Non-Executive	Nominee Director
Ms. Bhumika Batra <sup>2</sup>	Non-Executive	Independent Director
Mr. G S Sundararajan <sup>3</sup>	Non-Executive	Independent Director



## HINDUJA HOUSING FINANCE LIMITED

**Note:**

1. Appointed as an Additional Director (Nominee) at the Board Meeting held on 18<sup>th</sup> July, 2016
2. Appointed as an Additional Director (Independent) at the Board Meeting held on 18<sup>th</sup> July, 2016
3. Appointed as an Additional Director (Independent) vide resolution passed on 31<sup>st</sup> March, 2017

Meetings of the Board

The meetings of the Board of Directors shall be held at least four times a year, with a maximum time-gap of four months between any two consecutive meetings. During the year, the Board duly met 5 (Five) times on the following dates:

April'16 – June'16 (Q1)	9 <sup>th</sup> May, 2016
July'16 – September'16 (Q2)	18 <sup>th</sup> July, 2016
October'16 – December'16	9 <sup>th</sup> November, 2016 & 10 <sup>th</sup> November, 2016
January'17 – March'17	23 <sup>rd</sup> January, 2017

The necessary quorum was present at all the meetings. Each Director informs the Company on an annual basis about the Board and Board Committee positions he occupies in other companies including Chairmanships and notifies changes during the term of their directorship in the Company.

Attendance during the financial year 2016-17 of each Director at the Board Meetings, last Annual General

Meeting:

Name	No. of meeting attended / eligible	
	Board	AGM
Mr. S Nagarajan	5/5	-
Mr. Sachin Pillai	5/5	-
Mr. Gopal Mahadevan	5/5	-
Mr. Venkatesh Srinivasan <sup>1</sup>	2/3	NA
Ms. Bhumika Batra <sup>2</sup>	3/3	NA
Mr. G S Sudararajan <sup>3</sup>	NA	NA

**Note:**

1. Appointed as an Additional Director (Nominee) at the Board Meeting held on 18<sup>th</sup> July, 2016



## HINDUJA HOUSING FINANCE LIMITED

2. Appointed as an Additional Director (Independent) at the Board Meeting held on 18<sup>th</sup> July, 2016
3. Appointed as an Additional Director (Independent) vide resolution passed on 31<sup>st</sup> March, 2017

### **Code of conduct**

The Board of Directors of the Company in their meeting held on 24<sup>th</sup> April, 2017 had approved a code of conduct for all Directors and Senior Management of the Company.

### **Committees of the Board**

To focus effectively on the issues and ensure expedient resolution of diverse matters, the Board has constituted the following set of Committees with specific terms of reference / scope. The Committees are operating as empowered agents of the Board as per their Charter / terms of reference. Since the Committees were constituted on 31<sup>st</sup> March, 2017 there were no Committee meetings held during the year ended 31<sup>st</sup> March, 2017.

#### Audit Committee

The Board of Directors of the Company, vide their resolution dated 31<sup>st</sup> March, 2017, had constituted and entrusted the Audit Committee with the responsibility to supervise internal controls and financial reporting processes and thus ensure accurate and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting. The Audit Committee of the Board consists of the following members.

<b>Name</b>	<b>Position on the Committee</b>	<b>Designation</b>
Mr. G S Sundararajan	Chairman	Independent Director
Ms. Bhumika Batra	Member	Independent Director
Mr. Venkatesh Srinivasan	Member	Director
Mr. Gopal Mahadevan	Permanent Invitee	Director

#### Nomination and Remuneration Committee

The Board of Directors of the Company, vide their resolution dated 31<sup>st</sup> March, 2017, had constituted the Nomination and Remuneration Committee in pursuant to the provisions of the Companies Act, 2013. The terms of reference of the Committee *inter alia* cover evaluation of performance and compensation and





## HINDUJA HOUSING FINANCE LIMITED

benefits for Executive Director(s), Non-Executive Director(s), KMPs and their reportees. The Committee also recommends candidates for appointment to the Board and is responsible for framing of policies.

Composition of the Nomination and Remuneration Committee is as follows:

Name	Position on the Committee	Designation
Ms. Bhumika Batra	Chairman	Independent Director
Mr. G S Sundararajan	Member	Independent Director
Mr. Gopal Mahadevan	Member	Non-Executive Director
Mr. Sachin Pillai	Member	Non-Executive Director

### Risk Management Committee and Asset Liability Management Committee

The Risk Management Committee (RMC) and the Asset Liability Management Committee (ALCO), are formed in accordance with Directions issued by the National Housing Bank.

Constitution of the Committees are as follows:

Risk Management Committee		
Name	Position	Designation
Mr. Gopal Mahadevan	Chairman	Non-Executive Director
Mr. G S Sundararajan	Member	Independent Director
Mr. S Nagarajan	Member	Managing Director
Mr. Venkatesh Srinivasan	Member	Director

Asset Liability Management Committee		
Name	Position	Designation
Mr. S. Nagarajan	Chairman	Managing Director
Mr. Sachin Pillai	Member	Non-Executive Director
Mr. Venkatesh Kannappan	Member	Business Head
Mr. Ganesh Thangadurai	Member	Credit Head
Mr. Jithin, Manager	Member	Manager - Finance



## HINDUJA HOUSING FINANCE LIMITED

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### **Vigil Mechanism / Whistle Blower Policy**

Pursuant to the provisions of Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, the Board of Directors vide their resolution dated 31<sup>st</sup> March, 2017 had approved the Whistle Blower Policy of the Company. This Policy *inter-alia* provides a direct access to the Chairman of the Audit Committee. Your Company hereby affirms that no Director/employee has been denied access to the Chairman of the Audit Committee and that there were no complaints received during the year.

**On behalf of the Board of Directors**

**Place: Chennai**

**Date : 22<sup>nd</sup> May, 2017**

**S Nagarajan**  
**Managing Director**

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**

As on financial year ended 31st March, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U65922TN2015PLC100093
2	Registration Date	15.04.2015
3	Name of the Company	HINDUJA HOUSING FINANCE LIMITED
4	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
5	Address of the Registered office & contact details	No. 27A, Developed Industrial Estate Guindy Chennai TN 600032 Ph : 044 39252555
6	Whether listed company	Unlisted
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Housing Finance Activities	65922	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Hinduja Leyland Finance Limited	U65993TN2008PLC069837	Holding	100.00	2(46)

**IV. SHAREHOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual*/ HUF	-	6	6	0.00%	-	6	6	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp. *	-	14,999,994	14,999,994	100.00%	-	89,999,994	89,999,994	100.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	-	<b>15,000,000</b>	<b>15,000,000</b>	<b>100.00%</b>	-	<b>90,000,000</b>	<b>90,000,000</b>	<b>100.00%</b>	<b>0.00%</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	-	-	<b>0.00%</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL (A)</b>	-	<b>15,000,000</b>	<b>15,000,000</b>	<b>100.00%</b>	-	<b>90,000,000</b>	<b>90,000,000</b>	<b>100.00%</b>	<b>0.00%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(1)</b>	-	-	-	<b>0.00%</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>

<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(2)</b>	-	-	-	<b>0.00%</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>Total Public (B)</b>	-	-	-	<b>0.00%</b>	-	-	-	<b>0.00%</b>	<b>0.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Grand Total (A+B+C)</b>	-	<b>15,000,000</b>	<b>15,000,000</b>	<b>100.00%</b>	-	<b>90,000,000</b>	<b>90,000,000</b>	<b>100.00%</b>	

\* 6 individual shareholders with beneficiary interest being held by Hinduja Leyland Finance Limited

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Hinduja Leyland Finance Limited	14,999,994	100.00%	0%	89,999,994	100.00%	0%	0.00%
2	Nagarajan Srinivasan *	1	0.00%	0%	1	0.00%	0%	0.00%
3	Sachin Pillai *	1	0.00%	0%	1	0.00%	0%	0.00%
4	Gopal Mahadevan *	1	0.00%	0%	1	0.00%	0%	0.00%
5	J Ganesh *	1	0.00%	0%	1	0.00%	0%	0.00%
6	G Vijayakumar *	1	0.00%	0%	1	0.00%	0%	0.00%
7	Veeru Kantroo *	1	0.00%	0%	-	0.00%	0%	0.00%
8	Venkatesh Kannappan *	-	0.00%	0%	1	0.00%	0%	0.00%
		<b>14,999,994</b>	<b>100.00%</b>	<b>0%</b>	<b>89,999,994</b>	<b>100.00%</b>	<b>0%</b>	

\*Beneficiary interest in 6 equity shares are held by M/s. Hinduja Leyland Finance Limited

**(iii) Change in Promoters' Shareholding**

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Hinduja Leyland Finance Limited *</b>						
	At the beginning of the year			15,000,000	100.00%	15,000,000	100.00%
	Changes during the year	07-Dec-16	Rights issue	60,000,000	100.00%	75,000,000	100.00%
		31-Jan-17	Rights issue	15,000,000	100.00%	90,000,000	100.00%
	At the end of the year					90,000,000	100.00%
2	<b>Nagarajan Srinivasan *</b>						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
3	<b>Sachin Pillai *</b>						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
4	<b>Gopal Mahadevan *</b>						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%

5	<b>J Ganesh *</b>						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
6	<b>G Vijayakumar *</b>						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	1	0.00%
	At the end of the year					1	0.00%
7	<b>Veenu Kantroo *</b>						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year	09-May-16	Transferred	(1)	0.00%	-	0.00%
	At the end of the year					-	0.00%
8	<b>Venkatesh Kannappan *</b>						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	09-May-16	Transferred	1	0.00%	1	0.00%
	At the end of the year					1	0.00%

\*Beneficiary interest in 6 equity shares are held by M/s. Hinduja Leyland Finance Limited

**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Reason	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year						
	Changes during the year			Not Applicable			
	At the end of the year						

**(v) Shareholding of Directors and Key Managerial Personnel:**

SN	For Each of the Directors and KMP	Reason	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>Directors</b>							
1	Mr.S.Nagarajan, Managing Director *						
	At the beginning of the year			1	0.00%	1	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			1	0.00%	1	0.00%
<b>Other KMPs</b>							
1	Mr.S.Venkatasubramaniam, Chief Financial Officer †						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
2	Ms. Roopa Sampathkumar, Chief Financial Officer ††						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
3	Mr.Balaji, Company Secretary †††						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%
4	Mr. Baalasubramanian Ne., Company Secretary ††††						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			-	0.00%	-	0.00%

\* With beneficial interest being held by Hinduja Leyland Finance Limited

† Ceased to be the Chief Financial Officer w.e.f October 31, 2016

†† Appointed as Chief Financial Officer w.e.f April 24, 2017

††† Ceased to be the Company Secretary and Compliance Officer w.e.f February 9, 2016

†††† Appointed as Company Secretary and Compliance Officer w.e.f July 18, 2016

**V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	(Amt. Rs./Lacs)	
				Total Indebtedness	
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	7,500.00	-	-		7,500.00
ii) Interest due but not paid	-	-	-		-
iii) Interest accrued but not due	6.16	-	-		6.16
<b>Total (i+ii+iii)</b>	<b>7,506.16</b>	<b>-</b>	<b>-</b>		<b>7,506.16</b>
<b>Change in Indebtedness during the financial year</b>					
* Addition	28,758.21	-	-		28,758.21
* Reduction	-	-	-		-
<b>Net Change</b>	<b>28,758.21</b>	<b>-</b>	<b>-</b>		<b>28,758.21</b>
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	36,258.21	-	-		36,258.21
ii) Interest due but not paid	-	-	-		-
iii) Interest accrued but not due	40.04	-	-		40.04
<b>Total (i+ii+iii)</b>	<b>36,298.25</b>	<b>-</b>	<b>-</b>		<b>36,298.25</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

**A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SN.	Particulars of Remuneration		S.Nagarejan	Total Amount (Rs/Lac)
	Name	Designation		
			Managing Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			-
2	Stock Option			-
3	Sweat Equity			-
4	Commission			-
	- as % of profit			-
	- others, specify			-
5	Others, please specify			-
	Total (A)			-
	Ceiling as per the Act		5% of the Net Profit	-

Note: Mr. S Nagarejan, appointed as Managing Director without any remuneration in the Company. As a Whole-time Director of Hinduja Leyland Finance Limited, the holding Company draws remuneration in the holding company.

**B. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

SN.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount (Rs/Lac)
		Mr.S Venkatasubramaniam	Ms. Roopa Sampathkumar	S.Balaji *	Mr. Baalasubramaniyan Ne.	
		CFO	CFO	CS	CS	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					-
2	Stock Option					-
3	Sweat Equity					-
4	Commission					-
	- as % of profit					-
	- others, specify					-
5	Others, please specify					-
	Total					-

Note: All the KMPs have been nominated by Hinduja Leyland Finance Limited, the Holding Company and no remuneration is borne by this Company

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			Nil		
Compounding					

## **Independent Auditor's Report to the members of Hinduja Housing Finance Limited**

### **Report on the financial statements**

We have audited the accompanying financial statements of Hinduja Housing Finance Limited (the "Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance 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, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



## **Independent Auditor's Report to the members of Hinduja Housing Finance Limited**

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### **Opinion**

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 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 2017 and its profit and its cash flows for the year ended on that date.

### **Report on other legal and regulatory requirements**

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

Further to our comments in the annexure referred to above, and 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 purpose 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 the books of account;
- (c) The balance sheet, statement of profit and loss, and cash flow statement 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, read with Rule 7 of the Companies (Accounts) Rules 2014;
- (e) On the basis of written representations received from the directors as at 31 March 2017, and taken on record by the board of directors, we report that none of the directors is disqualified as at 31 March 2017, from being appointed as a director in terms of sub-section (2) of section 164 of the Companies Act, 2013;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

## **Independent Auditor's Report to the members of Hinduja Housing Finance Limited**

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- (g) With respect to other matters to be included in the Auditor's 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 does not have any pending litigations which would impact its financial position as at 31 March 2017.
  - (ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts - Refer Note 27 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.
  - (iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. However, we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 34 to the financial statements.

*for* **BSR & Co. LLP**

*Chartered Accountants*

ICAI Firm's registration number: 101248W/ W-100022

**S Sethuraman**

*Partner*

Membership No. 203491

Place: Chennai

Date : May 22, 2017

**Annexure A to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited**  
**(Referred to in our report of even date)**

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- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified over a period of two years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program some of the fixed assets were verified during the year and 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 the records of the Company does not hold any immovable properties. Accordingly, paragraph 3(i)(c) of the Order is not applicable.
- ii. The Company is a Housing Finance Company and primarily engaged in lending activities; accordingly it does not hold any physical inventories. Thus paragraph 3(ii) of the order is not applicable.
- iii. The Company has not granted any loans, secured or unsecured, to Companies, Firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. According to the information and explanations given to us, the Company has not given any loan, or made investment, or provided any guarantee or security as specified under section 185 and 186(1) of the Companies Act, 2013. The remaining provisions related to section 186 of the Act do not apply to a housing finance company. Accordingly, the provisions of paragraph 3(iv) of the Order is not applicable to the Company.
- v. As per the information and explanations given to us, the Company has not accepted any deposits as mentioned in the directions issued by the National Housing Bank and the provisions of section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under. Accordingly, the provisions of paragraph 3(v) of the Order is not applicable to the Company.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148 of the Companies Act, 2013 for any of the services rendered by the Company. Accordingly paragraph 3(vi) of the order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, service tax and any other statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, employees' state insurance, duty of customs, value added tax, duty of excise and cess.

**Annexure A to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited**  
**(Referred to in our report of even date)**

**Page 5 of 8**

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, any other statutory dues were in arrears as at 31 March 2017 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 or service tax that have not been deposited with the appropriate authorities on account of any disputes.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions or banks. The Company does not have any loans or borrowings from government or debenture holders.
- ix. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments). However the Company has raised term loans during the year. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x. According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- xi. According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not paid any managerial remuneration. Accordingly paragraph 3(xi) of the Order is not applicable.
- xii. According to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 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 explanation given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- xv. According to information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

**Annexure A to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited**  
**(Referred to in our report of even date)**

**Page 6 of 8**

- xvi. The Company being a housing finance company is registered with National Housing Bank and this no required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

*for B S R & Co. LLP*

*Chartered Accountants*

ICAI Firm's registration number: 101248W/ W-100022

**S Sethuraman**

*Partner*

Membership No. 203491

Place: Chennai

Date : May 22, 2017

**Annexure B to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited  
(Referred to in our report of even date)**

**Page 7 of 8**

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

We have audited the internal financial controls over financial reporting of Hinduja Housing Finance Limited ("the Company") as of 31 March 2017 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by Institute of Chartered Accountants of India 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 Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Annexure B to the Independent Auditor's Report to the members of Hinduja Housing Finance Limited**  
(Referred to in our report of even date)

Page 8 of 8

**Meaning of Internal Financial Controls Over Financial Reporting**

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

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*for* **B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm's registration number: 101248W/ W-100022

**S Sethuraman**

*Partner*

Membership No. 203491

Place: Chennai

Date: May 22, 2017



**HINDUJA**  
**HINDUJA HOUSING FINANCE LIMITED**

Balance sheet as at 31 March 2017

(INR in lakhs)

	Note	As at 31 Mar 2017	As at 31 Mar 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	9,000.00	1,500.00
Reserves and surplus	4	189.35	6.54
		<u>9,189.35</u>	<u>1,506.54</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	19,966.06	7,500.00
Other long-term liabilities	6	307.54	-
Long-term provisions	7	185.70	33.30
		<u>20,459.30</u>	<u>7,533.30</u>
<b>Current liabilities</b>			
Short-term borrowings	8	13,758.21	-
Trade payables	9	20.30	4.72
Other current liabilities	10	2,826.82	6.66
Short-term provisions	7	65.56	-
		<u>16,670.89</u>	<u>11.38</u>
<b>TOTAL</b>		<u>46,319.54</u>	<u>9,051.22</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	11	88.69	0.22
Intangible assets	12	6.82	-
Capital work-in-progress		-	2.08
Deferred tax asset	13	53.92	13.12
Long-term loans and advances	14	43,668.80	7,376.06
		<u>43,818.23</u>	<u>7,391.48</u>
<b>Current assets</b>			
Cash and bank balances	15	202.15	590.68
Short-term loans and advances	14	1,734.21	1,057.71
Other current assets	16	564.95	11.35
		<u>2,501.31</u>	<u>1,659.74</u>
<b>TOTAL</b>		<u>46,319.54</u>	<u>9,051.22</u>
<b>Significant accounting policies</b>	2		

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

As per our report of even date  
for **B S R & Co. LLP**  
Chartered Accountants  
ICAI Firm's registration number: 101248W/ W-100022

for and on behalf of the Board of Directors of  
**Hinduja Housing Finance Limited**

**S Sethuraman**  
Partner  
Membership No: 203491

**S Nagarajan**  
Managing Director  
DIN No. 00009236

**Sachin Pillai**  
Director  
DIN No. 06400793

Place : Chennai  
Date : 22 May 2017

Place : Chennai  
Date : 22 May 2017

Place : Chennai  
Date : 22 May 2017

**Roopa Sampath Kumar**  
Chief Financial Officer

Place : Chennai  
Date : 22 May 2017

**Baalasubramaniyan Ne.**  
Company Secretary

Place : Chennai  
Date : 22 May 2017





**HINDUJA**  
HINDUJA HOUSING FINANCE LIMITED

Statement of profit and loss for the year ended 31 March 2017

(INR in lakhs)

	Note	For the year ended 31 Mar 2017	Period from the date of incorporation to 31 Mar 2016
<b>Revenue</b>			
Revenue from operations	17	2,479.85	80.14
<b>Total revenue</b>		<b>2,479.85</b>	<b>80.14</b>
<b>Expenses</b>			
Employee benefits	18	500.09	-
Finance costs	19	1,263.65	6.24
Depreciation and amortization	20	7.56	0.01
Provisions and write off	21	146.41	33.30
Other expenses	22	259.63	31.13
<b>Total expenses</b>		<b>2,177.34</b>	<b>70.68</b>
<b>Profit before tax</b>		<b>302.51</b>	<b>9.46</b>
Tax expense:			
Current tax		160.50	16.04
Deferred tax (benefit)		(40.80)	(13.12)
		<b>119.70</b>	<b>2.92</b>
<b>Profit for the period</b>		<b>182.81</b>	<b>6.54</b>
<b>Earnings per equity share of Rs. 10 each</b>	24		
Basic (in Rs.)		0.50	0.05
Diluted (in Rs.)		0.50	0.05
<b>Significant accounting policies</b>	2		

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

As per our report of even date  
for **B S R & Co. LLP**  
Chartered Accountants

ICAI Firm's registration number: 101248W/ W-100022

for and on behalf of the Board of Directors of  
**Hinduja Housing Finance Limited**

**S Sethuraman**  
Partner  
Membership No: 203491

Place : Chennai  
Date : 22 May 2017

**S Nagarajan**  
Managing Director  
DIN No. 00009236

Place : Chennai  
Date : 22 May 2017

**Sachin Pillai**  
Director  
DIN No. 06400793

Place : Chennai  
Date : 22 May 2017

**Roopa Sampath Kumar**  
Chief Financial Officer

Place : Chennai  
Date : 22 May 2017

**Baalasubramaniyan Ne.**  
Company Secretary

Place : Chennai  
Date : 22 May 2017



**HINDUJA**

**HINDUJA HOUSING FINANCE LIMITED**

**Cash flow statement for the period ended 31 March 2017**

*(INR in lakhs)*

	Note	For the year ended 31 Mar 2017	Period from the date of incorporation to 31 Mar 2016
<b>A. Cash flow from operating activities</b>			
Net profit before tax		302.51	9.46
Adjustments:			
Depreciation and amortization		7.56	0.01
Interest income		(1.45)	-
Contingency provision on standard assets		146.41	33.30
<b>Operating cash flow before working capital changes</b>		<b>455.03</b>	<b>42.77</b>
(Increase) / decrease in loans and advances		(37,007.90)	(8,330.69)
(Increase) / decrease in other assets		(551.85)	(75.77)
Increase / (decrease) in trade payables and other current liabilities		605.98	11.38
<b>Cash generated from operations</b>		<b>(36,498.74)</b>	<b>(8,352.31)</b>
Income taxes (paid) / refunded		(62.23)	(54.70)
<b>Net cash (used) by operating activities (A)</b>		<b>(36,560.97)</b>	<b>(8,407.01)</b>
<b>B. Cash flow from investing activities</b>			
Purchase of fixed assets including capital work-in-progress		(91.42)	(2.31)
Bank deposits		442.22	(442.22)
<b>Net cash from/ (used in) investing activities (B)</b>		<b>350.80</b>	<b>(444.53)</b>
<b>C. Cash flow from financing activities</b>			
Proceeds from issue of equity shares		7,500.00	1,500.00
Proceeds from borrowings		28,758.21	7,500.00
Finance cost paid		5.65	-
<b>Net cash from financing activities (C)</b>		<b>36,263.86</b>	<b>9,000.00</b>
Net increase in cash and cash equivalents (A+B+C)		53.69	148.46
Cash and cash equivalents at the beginning of the period		148.46	-
<b>Cash and cash equivalents at the end of the period</b>		<b>202.15</b>	<b>148.46</b>

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**HINDUJA**

**HINDUJA HOUSING FINANCE LIMITED**

**Cash flow statement for the period ended 31 March 2017**

*(INR in lakhs)*

<b>Components of cash and cash equivalents</b>	<b>As at 31 Mar 2017</b>	<b>As at 31 Mar 2016</b>
Balances with banks	<b>15</b>	
On current accounts	202.15	148.46
	<b>202.15</b>	<b>148.46</b>

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

As per our report of even date  
for **B S R & Co. LLP**  
*Chartered Accountants*  
ICAI Firm's registration number: 101248W/ W-100022

for and on behalf of the Board of Directors of  
**Hinduja Housing Finance Limited**

**S Sethuraman**  
*Partner*  
Membership No: 203491

Place : Chennai  
Date : 22 May 2017

**S Nagarajan**  
*Managing Director*  
DIN No. 00009236

Place : Chennai  
Date : 22 May 2017

**Sachin Pillai**  
*Director*  
DIN No. 06400793

Place : Chennai  
Date : 22 May 2017

**Roopa Sampath Kumar**  
*Chief Financial Officer*

Place : Chennai  
Date : 22 May 2017

**Baalasubramaniyan Ne.**  
*Company Secretary*

Place : Chennai  
Date : 22 May 2017



**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

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**1 Company overview**

Hinduja Housing Finance Limited (the Company), incorporated and headquartered in Chennai, India on 15 April 2015. The Company is registered with National Housing Bank (NHB) under section 29A of the National Housing Bank Act, 1987 with effect from 30 September 2015. The Company is primarily engaged in the business of providing loans for the purchase or construction of residential houses.

**2 Significant accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India ("Indian GAAP") and conform to the statutory requirements, circulars, directions and guidelines issued by the National Housing Bank (NHB) from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material respects with the Accounting Standards ('AS') notified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable.

The financial statements are presented in Indian rupees rounded-off to the nearest lakh up to two decimal places.

All assets and liabilities have been classified into current and non-current as per Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of the services and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

**2.2 Use of estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles ('GAAP') requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**2.3 Loans to customers**

Loan to customers include assets given on finance / loan and amounts paid for acquiring financial assets from other housing finance institutions.

Loans to customers represents amounts receivable under finance / loan agreements and are valued at net investment amount including installments due and is net of amounts securitized / assigned and includes advances under such agreements.

**2.4 Loans and Advances: Classification and Provisioning**

Housing loans are classified as per NHB guidelines, into performing and non-performing assets. Further, non-performing assets are classified into sub-standard, doubtful and loss assets and provision made based on criteria stipulated by NHB guidelines. Additional provisions are made against specific non-performing assets over and above as stated in the NHB guidelines, if in the opinion of the management higher provision is necessary.

The Company maintains general provision for standard assets as stipulated by NHB. Provisions for standard assets are made as per the National Housing Bank (NHB) Directions, 2010. Such provision is disclosed as "contingency provision on standard assets" under the financial statement caption "long term provisions".

**2.5 Revenue recognition**

**(a) Interest on Housing Loans:**

(i) Interest income on loans is recognized on accrual basis except in case of non-performing assets where interest is recognized on realization, as per NHB guidelines. Repayment of housing loan is by way of Equated Monthly Instalment (EMI) comprising principal and interest. Interest is calculated on monthly reducing balance in terms of financing scheme opted by borrowers. EMI commences once the entire loan is disbursed. Pending commencement of EMI, Pre-EMI interest is charged every month and is accounted on accrual basis.

**(b) Fees, other charges and other interest**

- (i) Login-fee pertaining to loan origination is recognised upfront.
- (ii) Processing fee pertaining to loan origination is amortized over the tenure of the loan.



**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

**(c) Income on securitization / assignment**

In respect of transfer of financial assets by way of securitization or bilateral assignments, the said assets are de-recognized upon contractual transfer thereof, and transfer of substantial risks and rewards to purchaser. The gain arising on transfer of financial assets by way of securitization rewards to purchaser. The gain arising on transfer of financial assets by way of securitization or bilateral assignments, if received in cash, is amortized over the tenure of the related financial assets, and if received by way of excess interest spread, is recognized based on the contractual accrual of the same. Loss on sale, if any, is charged to statement of profit and loss immediately at the time the sale is effected.

**(d) Other income**

Interest income is recognized on a time proportion basis.

**2.6 Fixed assets, intangible assets and capital work-in-progress**

Fixed assets are carried at cost less accumulated depreciation. The cost of fixed assets includes non-refundable taxes, duties, freight and other incidental expenses incurred in relation to the acquisition and installation of the respective assets.

Advances paid towards the acquisition of fixed assets outstanding at each balance sheet date are disclosed as long term loans and advances. The cost of fixed assets not ready for their intended use at each balance sheet date is disclosed as capital work-in-progress.

Intangible assets are recorded at the consideration paid for acquisition / development and licensing less accumulated amortization.

**2.7 Depreciation and amortization**

Depreciation on fixed assets is provided using the straight-line method over the estimated useful life of each asset as determined by the management. The useful life estimates prescribed in Part C of Schedule II to the Companies Act, 2013 are generally adhered to, except in respect of asset classes where, based on technical evaluation, a different estimate of useful life is considered suitable.

Pursuant to this policy, the useful life of the assets is estimated at:

Category of asset	Estimated useful lives (in years)
Computers	3
Computer server	6
Furniture	8
Office equipment	5

The Company has estimated a Nil residual value at the end of the useful life for all block of assets.

Depreciation is calculated on a pro-rata basis from the date of installation till the date the assets are sold or disposed.

Intangible assets are amortized over their estimated useful lives, not exceeding five periods, on a straight-line basis, commencing from the date the asset is available to the Company for its use.

**2.8 Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

**2.9 Leases**

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at fair value of the assets or present value of the minimum lease payments at the inception of the lease, whichever is lower. Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the period of the lease or as and when the payments are made over the lease term.



**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

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**2.10 Borrowing cost**

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the company in connection with the borrowing of funds. Borrowings costs directly attributable to the acquisition and construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

Borrowing costs incurred for arrangement of borrowings are recognised over the tenure of the borrowing as per the agreement.

**2.11 Loan origination costs**

Sourcing expenses, brokerage, commission, service provider incentives etc. paid for loan origination are charged to expense over the tenure of the loan.

**2.12 Provision**

A provision is recognized 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 recognized 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.

Provision in respect of loss contingencies relating to claims, litigation, assessment, fines, penalties, etc. is recognized when it is probable that a liability has been incurred, and the amount can be estimated reliably.

**2.13 Contingent liabilities and contingent assets**

A contingent liability exists when there is probable obligation, or 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 recognized 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 recognized in the period in which the change occurs.

**2.14 Foreign currency transactions**

Foreign currency denominated monetary assets and liabilities are translated at exchange rates in effect at the Balance Sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Revenue, expense and cash-flow items denominated in foreign currencies are translated using the exchange rate in effect on the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

**2.15 Earnings per share**

The basic earnings per share ('EPS') is computed by dividing the net profit after tax attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, net profit after tax attributable to the equity shareholders for the period and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

In computing diluted earnings per share, only potential equity shares that are dilutive and that reduce profit / loss per share are included.



**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

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**2.16 Income taxes**

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Income-tax expense is recognized in the statement of profit or loss.

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 recognized 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 recognized using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized 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 realized. 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 realized.

Minimum Alternative Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

**2.17 Employee benefits**

**a) Short term benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

**b) 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 benefit scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises 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 discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on government securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

**c) Compensated absences**

The employees of the Company are entitled to compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.



**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

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**2.18 Cash flow statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing and investing activities of the Company are segregated.

**2.19 Cash and cash equivalents**

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

**2.20 Segment reporting**

The Company is engaged in the business of financing and related activities. Further, the Company does not have any separate geographic segments other than India. There are no separate reportable segments as per AS 17 - Segment Reporting.

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HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

3 Share capital	As at 31 Mar 2017	As at 31 Mar 2016
<i>Authorized</i>		
90,000,000 (31 March 2016 : 15,000,000) equity shares of Rs. 10/- each	9,000.00	1,500.00
	<b>9,000.00</b>	<b>1,500.00</b>
<i>Issued, subscribed and paid up</i>		
90,000,000 (31 March 2016 : 15,000,000) equity shares of Rs. 10/- each	9,000.00	1,500.00
	<b>9,000.00</b>	<b>1,500.00</b>

a) Reconciliation of number of shares and amount outstanding at the beginning and as at the end of the period:

	As at 31 Mar 2017		As at 31 Mar 2016	
	Number	Amount	Number	Amount
<b>Equity shares</b>				
At the commencement of the year / period	15,000,000	1,500.00	-	-
Shares issued during the year / period	75,000,000	7,500.00	15,000,000	1,500.00
At the end of the year / period	<b>90,000,000</b>	<b>9,000.00</b>	<b>15,000,000</b>	<b>1,500.00</b>

b) Terms / rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares having face value of Rs. 10/- each. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holder of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c) Shares held by holding / ultimate holding company and / or their subsidiaries / associates

	As at 31 Mar 2017		As at 31 Mar 2016	
	Number	% holding	Number	% holding
<b>Equity shares</b>				
Hinduja Leyland Finance Limited, holding company and it's nominee	90,000,000	100.00%	15,000,000	100.00%

d) Details of shareholders holding more than 5% shares or class of shares

	As at 31 Mar 2017		As at 31 Mar 2016	
	Number	% holding	Number	% holding
<b>Equity shares</b>				
Hinduja Leyland Finance Limited (Holding Company) and it's nominee	90,000,000	100.00%	15,000,000	100.00%

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HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

4 Reserves and surplus	As at 31 Mar 2017	As at 31 Mar 2016
<b>I. Statutory reserve</b>		
<i>(As per Section 29C of National Housing Bank Act, 1987)</i>		
At the commencement of the period	1.31	-
Addition during the period	36.56	1.31
Appropriation during the period	-	-
At the end of the period	<u>37.87</u>	<u>1.31</u>
<b>II. Surplus in statement of profit and loss</b>		
At the commencement of the period	5.23	-
Profit for the period	182.81	6.54
Less: Transfer to statutory reserve	(36.56)	(1.31)
Net surplus in the statement of profit and loss	<u>151.48</u>	<u>5.23</u>
<b>Total reserves and surplus</b>	<b>189.35</b>	<b>6.54</b>

5 Long-term borrowings	Non-current portion		Current portion *	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
<b>Term loans</b>				
From bank (secured)	19,966.06	7,500.00	2,533.94	-
	<u>19,966.06</u>	<u>7,500.00</u>	<u>2,533.94</u>	<u>-</u>

\* Amount disclosed under Note 10 'Other current liabilities'.

**Terms of repayment of term loans**

Repayment terms	Remaining installments		Total amount repayable	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
Quarterly	75	24	17,500.00	7,500.00
Half-yearly	8	-	5,000.00	-
			<u>22,500.00</u>	<u>7,500.00</u>

The term loan from banks carry interest rates ranging from "Marginal Cost of Funds based Lending Rate (MCLR) of the respective bank" to "MCLR of the respective bank + 0.70% per annum" and the loan period ranges from 6 to 7 years. As at 31 March 2017, the rate of interest across the loans was in the range of 9.00% p.a to 10.00% p.a.

The term loan is secured by an exclusive first charge on the receivables of the Company with an asset cover of 1.10 times of the facility outstanding.

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HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

	As at 31 Mar 2017		As at 31 Mar 2016	
<b>6 Other long-term liabilities</b>				
Income received in advance		307.54		-
		<u>307.54</u>		<u>-</u>
<b>7 Provisions</b>				
	<b>Long-term</b>		<b>Short-term</b>	
	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>	<b>31 Mar 2017</b>	<b>31 Mar 2016</b>
Contingency provision on standard assets (refer note 26)	179.72	33.30	-	-
Provision for taxation	-	-	65.56	-
Provision for gratuity	5.98	-	-	-
	<u>185.70</u>	<u>33.30</u>	<u>65.56</u>	<u>-</u>
<b>8 Short-term borrowings</b>			<b>As at</b>	
			<b>31 Mar 2017</b>	
<b>Secured from banks</b>				
Cash credit			13,758.21	-
			<u>13,758.21</u>	<u>-</u>
<p>The cash credit is availed from banks carry interest rates ranging from "Marginal Cost of Funds based Lending Rate (MCLR) of the respective bank" to "MCLR of the respective bank + 0.90% per annum" and these are repayable on demand. As at 31 March 2017, the rate of interest across the loans was in the range of 8.30% p.a to 10.15% p.a.</p> <p>The cash credit facilities is secured by a exclusive first charge on the receivables of the Company with an asset cover of 1.25 times of the facility outstanding.</p>				
<b>9 Trade payables</b>				
Dues to micro enterprises and small enterprises (refer note 40)			-	-
Dues to others			20.30	4.72
			<u>20.30</u>	<u>4.72</u>
<b>10 Other current liabilities</b>				
Current maturities of long-term debt			2,533.94	-
Payables to related parties			110.40	-
Interest accrued but not due on borrowings			40.04	6.16
Capital creditors			9.35	-
Income received in advance			20.25	-
Payable to customers			4.07	-
Employee related payables			35.22	-
Statutory liabilities			61.94	0.50
Other liabilities			11.61	-
			<u>2,826.82</u>	<u>6.66</u>



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

11 Tangible fixed assets	Computers	Furniture	Office equipment	Total
<b>Gross block</b>				
Balance as at 15 Apr 2015	-	-	-	-
Additions	0.23	-	-	0.23
Disposals	-	-	-	-
<b>Balance as at 31 Mar 2016</b>	<b>0.23</b>	<b>-</b>	<b>-</b>	<b>0.23</b>
<b>Balance as at 1 Apr 2016</b>	<b>0.23</b>	<b>-</b>	<b>-</b>	<b>0.23</b>
Additions	72.82	12.19	10.65	95.66
Disposals	-	-	-	-
<b>Balance as at 31 Mar 2017</b>	<b>73.05</b>	<b>12.19</b>	<b>10.65</b>	<b>95.89</b>
<b>Depreciation</b>				
Balance as at 15 Apr 2015	-	-	-	-
Depreciation for the period	0.01	-	-	0.01
Disposals	-	-	-	-
<b>Balance as at 31 Mar 2016</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
<b>Balance as at 1 Apr 2016</b>	<b>0.01</b>	<b>-</b>	<b>-</b>	<b>0.01</b>
Additions	6.38	0.29	0.52	7.19
Disposals	-	-	-	-
<b>Balance as at 31 Mar 2017</b>	<b>6.39</b>	<b>0.29</b>	<b>0.52</b>	<b>7.20</b>
<b>Net block As at 31 Mar 2016</b>	<b>0.22</b>	<b>-</b>	<b>-</b>	<b>0.22</b>
<b>Net block As at 31 Mar 2017</b>	<b>66.66</b>	<b>11.90</b>	<b>10.13</b>	<b>88.69</b>
<b>12 Intangible assets</b>				
			Software	Total
<b>Gross block</b>				
Balance as at 1 Apr 2016			-	-
Additions			7.19	7.19
Disposals			-	-
<b>Balance as at 31 Mar 2017</b>			<b>7.19</b>	<b>7.19</b>
<b>Amortization</b>				
Balance as at 1 Apr 2016			-	-
Additions			0.37	0.37
Disposals			-	-
<b>Balance as at 31 Mar 2017</b>			<b>0.37</b>	<b>0.37</b>
<b>Net block As at 31 Mar 2016</b>			<b>-</b>	<b>-</b>
<b>Net block As at 31 Mar 2017</b>			<b>6.82</b>	<b>6.82</b>



HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

13 Deferred tax assets (net)	As at	
	31 Mar 2017	31 Mar 2016
<b>Deferred tax liabilities</b>		
Reserve created u/s 36(1)(viii)	12.52	0.40
Depreciation	7.68	-
<b>Gross deferred tax liabilities</b>	<b>20.20</b>	<b>0.40</b>
<b>Deferred tax assets</b>		
Contingency provision for standard assets	59.42	10.29
Employee related liabilities	1.65	-
Others	13.05	3.23
<b>Gross deferred tax assets</b>	<b>74.12</b>	<b>13.52</b>
<b>Net deferred tax asset</b>	<b>53.92</b>	<b>13.12</b>

  

14 Loans and advances	Long-term		Short-term	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
<i>Unsecured and considered good</i>				
<b>To related parties</b>				
Security deposits	162.00	-	-	-
<b>To parties other than related parties</b>				
<i>Secured and considered good</i>				
Loans to customers	43,274.04	7,282.19	1,652.57	1,043.76
<i>Unsecured and considered good</i>				
Security deposits	10.00	-	-	-
Service tax credit receivable	-	-	21.75	4.74
Prepaid expenses	222.76	55.21	56.71	9.21
Advance tax recoverable (net of provision for tax)	-	38.66	-	-
Other advances	-	-	3.18	-
	<b>43,668.80</b>	<b>7,376.06</b>	<b>1,734.21</b>	<b>1,057.71</b>

  

15 Cash and bank balances	As at	
	31 Mar 2017	31 Mar 2016
Balances with banks		
On current accounts	202.15	148.46
Other bank balances	-	442.22
	<b>202.15</b>	<b>590.68</b>
<b>Details of bank balances/deposits</b>		
Bank balances available on demand/deposits with original maturity of 3 months or less included under 'Cash and cash equivalents'	202.15	148.46
Bank deposits due to mature within 12 months of the reporting date included under 'Other bank balances'	-	442.22
Bank deposits due to mature after 12 months of the reporting date included under 'Other non-current assets'	-	-

  

16 Other current assets	As at	
	31 Mar 2017	31 Mar 2016
Interest accrued	360.44	11.35
Accrued income from other services	95.80	-
Insurance recoverable	23.78	-
Other receivables	84.93	-
	<b>564.95</b>	<b>11.35</b>



HINDUJA

HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

	For the year ended 31 Mar 2017	Period from the date of incorporation to 31 Mar 2016
<b>17 Revenue from operations</b>		
Interest income	2,168.14	23.53
<b>Other operating income</b>		
Loan processing fees	117.28	-
Interest on fixed deposits with banks	1.57	56.61
Interest on income tax refund	1.45	-
Income from other services	189.56	-
Miscellaneous income	1.85	-
	<u>2,479.85</u>	<u>80.14</u>
<b>18 Employee benefits</b>		
Salaries, wages and bonus	472.95	-
Contribution to provident and other funds	25.48	-
Staff welfare expenses	1.66	-
	<u>500.09</u>	<u>-</u>
<b>19 Finance cost</b>		
<b>Interest on</b>		
- Term loans	1,157.48	6.16
- Cash credit	89.44	-
<b>Other finance charges</b>		
- Processing fees	11.08	0.08
- Other finance cost	5.65	-
	<u>1,263.65</u>	<u>6.24</u>
<b>20 Depreciation and amortization expense</b>		
Depreciation on tangible assets (refer note 11)	7.19	0.01
Amortization of intangible assets (refer note 12)	0.37	-
	<u>7.56</u>	<u>0.01</u>
<b>21 Provisions and write off</b>		
Contingency provision against standard assets (refer note 26)	146.41	33.30
	<u>146.41</u>	<u>33.30</u>



HINDUJA

HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

	For the year ended 31 Mar 2017	Period from the date of incorporation to 31 Mar 2016
<b>22 Other expenses</b>		
Service provider fee	2.46	0.17
Power and fuel	4.46	0.30
Rates and taxes	61.67	13.72
Legal and professional charges (see note below)	116.16	10.13
Office maintenance	5.99	0.05
Insurance	2.29	-
Communication expenses	11.12	-
Printing and stationery	13.99	-
Bank charges	4.40	0.03
Advertisement and sale promotion	12.63	4.22
Rent expenses	4.31	-
Repairs and maintenance	0.05	-
Subscription and licensing charges	2.49	-
Travelling and conveyance	17.61	-
Management service fees	-	2.51
	<u>259.63</u>	<u>31.13</u>
<b>Note: payment to auditor (excluding service tax)</b>		
<i>As Auditor</i>		
Statutory audit	7.00	7.00
Tax audit	1.00	-
Certification	2.00	2.00
	<u>10.00</u>	<u>9.00</u>

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HINDUJA

HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

### III. Asset Liability Management (ALM)

Maturity pattern of certain items assets and liabilities.

Particulars	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Borrowings from banks *	-	10.00	416.75	517.40	1,619.79	8,478.88	9,075.47	5,767.90	2,076.03	8,295.98	36,258.21
Market borrowings	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances	290.99	135.49	137.43	411.65	821.65	3,664.65	3,836.94	4,055.87	5,508.76	26,063.18	44,926.61
Investments	-	-	-	-	-	-	-	-	-	-	-

\* Cash credit borrowings and working capital demand loan from banks are usually for a period of 1 year. As per the prevalent practice, these facilities are renewed on a year to year basis and therefore, are revolving in nature. Accordingly, repayments of cash credit borrowings and working capital demand loans from banks aggregating Rs. 13,758.21 lakhs has been distributed over the same period as the maturity pattern of assets on finance. Borrowings includes Rs. 2,533.94 lakhs, which has been disclosed as 'Current maturities of long-term debt' [Note 10].

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**HINDUJA**

**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

*(INR in lakhs)*

**23 Related party disclosure**

**Name of the related parties and nature of relationship**

Holding company / Ultimate holding company

Hinduja Leyland Finance Limited  
*(holding company of Hinduja Housing Finance Limited)*

Ashok Leyland Limited  
*(holding company of Hinduja Leyland Finance Limited)*

Hinduja Automotive Limited  
*(holding company of Ashok Leyland Limited)*

Machen Holdings S.A  
*(holding company of Hinduja Automotive Limited)*

Machen Development Corporation, Panama  
*(holding company of Machen Holdings S.A.)*

Amas Holdings S.A.  
*(holding company of Machen Development Corporation)*

Fellow subsidiary

HLF Services Limited

Key management personnel

Mr. S. Nagarajan, Managing Director

<b>Related party transactions</b>	<b>Immediate Holding Company</b>	<b>Fellow subsidiary</b>
Security deposit paid by Hinduja Housing Finance Limited	162.00	-
Allotment of equity shares	7,500.00	-
Inter-corporate deposits / advances received	667.00	-
Inter-corporate deposits / advances repaid	667.00	-
Reimbursement of expenses incurred on our behalf	161.20	-
Liability transferred towards employees gratuity	1.00	-
Service provider fees	-	130.02
Income from other services	-	93.75

<b>Related party balances</b>	<b>As at 31 Mar 2017</b>	<b>As at 31 Mar 2016</b>
<b>Hinduja Leyland Finance Limited</b>		
Payables	88.78	-
Security deposit (recoverable)	162.00	-
<b>HLF Services Limited</b>		
Payables	21.62	-



**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

**24 Earnings per share**

	As at 31 Mar 2017	As at 31 Mar 2016
Profit after tax	182.81	6.54
<b>Net profit attributable to equity shareholders for calculation of basic / diluted EPS</b>	<b>182.81</b>	<b>6.54</b>
Equity shares (nominal value of Rs. 10/- each)		
Weighted average number of equity shares outstanding for calculation of basic and diluted EPS	36,369,863	14,465,753
Weighted average number of equity shares outstanding (Nos.)	<b>36,369,863</b>	<b>14,465,753</b>
Earnings per share (Rs.)		
- Basic	0.50	0.05
- Diluted	0.50	0.05

**25 Segment reporting**

The Company is engaged in the business of financing residential houses and related activities. Further, the Company does not have any separate geographic segments other than India. There are no separate reportable segments as per AS 17 (Segment reporting).

**26 Disclosure relating to certain provisions ( As per AS 29 - Provisions, contingent liabilities and contingent assets)**

	Provision on standard assets
As at the date of incorporation	-
Additional provision	33.30
Utilization / reversal	-
As at 31 March 2016	<b>33.30</b>
As at 1 April 2016	33.30
Additional provision	146.41
Utilization / reversal	-
As at 31 March 2017	<b>179.71</b>

**27 Contingent liabilities and commitments**

- a) Contingent liabilities - There are no contingent liabilities as at the year-end.
- b) Commitments - There are no significant capital commitments as at the year-end.

**28 Outstanding lease obligations**

The Company has taken its corporate office on a non-interest bearing cancellable operating leases arrangement with immediate holding which are renewable at the option of the Company. Total rental expense under cancellable leases amounted to Rs. 4.31 (31 March 2016 : Nil).

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**HINDUJA**

**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

*(INR in lakhs)*

**29 Retirement benefits**

**Gratuity plan**

The following table sets out the status of the gratuity plan as required under AS 15 (Revised 2005). Reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	As at 31 Mar 2017	As at 31 Mar 2016
<b>Change in present value of obligation</b>		
Projected benefit obligations at the beginning of the year	-	-
Service cost	4.98	-
Transfer of liability	1.00	-
Actuarial (gain) / loss	-	-
<b>Projected benefit obligations at the end of the year</b>	<b>5.98</b>	<b>-</b>
<b>Components of net gratuity costs</b>		
Service cost	4.98	-
<b>Net gratuity costs</b>	<b>4.98</b>	<b>-</b>
<b>Actuarial assumptions</b>		
Discount rate	7.64%	-
Long term rate of compensation increase	6.00%	-
Attrition rate	5.00%	-

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

Note: The gratuity expenses have been recognised in 'Contribution to provident and other funds' under note 18.

**Five year information**

Amounts for the current and previous periods are as follows:

Particulars	As at 31 Mar 2017	As at 31 Mar 2016
Defined benefit obligation	5.98	-
Fair value of plan assets	-	-
(Surplus) / deficit in the plan	5.98	-
Experience adjustments arising on plan liabilities	-	-
Experience adjustments arising on plan assets	-	-

**Defined contribution plans**

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards Provident Fund, which is a defined contribution plan. The company has no obligations other than to make the specified contributions. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to Provident Fund for the year aggregated to Rs. 25.48 lakhs (Previous year : Nil)



**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

**30 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB for break up of loans and advances and provisions thereon**

Particulars	Housing loan		Non-housing loan	
	As at 31 Mar 2017	As at 31 Mar 2016	As at 31 Mar 2017	As at 31 Mar 2016
<b>Standard assets</b>				
Total outstanding	44,926.61	8,325.95	-	-
Provisions	(179.72)	(33.30)	-	-
<b>Sub-standard assets</b>				
Total outstanding	-	-	-	-
Provisions	-	-	-	-
<b>Doubtful assets</b>				
Total outstanding	-	-	-	-
Provisions	-	-	-	-
<b>Total</b>				
Total outstanding	-	-	-	-
Provisions	-	-	-	-

**31 Disclosure pursuant to circular no NHB NCD/DRS Pol 61/2013-14 dated 7 April 2014 issued by NHB**

Statutory reserve	As at 31 Mar 2017	As at 31 Mar 2016
<b>Balance at the beginning</b>		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	1.31	-
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
<b>Addition/Appropriation/withdrawals during the period</b>		
Add:		
a) Amount transferred as per section 29C of the National Housing Bank Act, 1987	36.56	1.31
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
Less:		
a) Amount appropriated as per section 29C of the National Housing Bank Act, 1987	-	-
b) Amount withdrawn from special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-
<b>Balance as at end of the year</b>		
a) Statutory reserve as per section 29C of the National Housing Bank Act, 1987	37.87	1.31
b) Amount of special reserve u/s 36(1)(viii) of Income tax Act, 1961 taken in to account for the purpose of statutory reserve u/s 29C of the National Housing Bank Act, 1987	-	-

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HINDUJA HOUSING FINANCE LIMITED

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

32 Disclosure pursuant to circular no NHB ND/DRS Pol 35/2010-11 dated 11 October 2010 issued by NHB

**I. Capital to Risk Asset Ratio (CRAR)**

Items	As at 31 Mar 2017	As at 31 Mar 2016
CRAR%	41.57%	17.51%
CRAR - Tier I Capital (%)	40.74%	17.11%
CRAR - Tier II Capital (%)	0.83%	0.40%

**II. Exposure to Real Estate Sector**

Category	As at 31 Mar 2017	As at 31 Mar 2016
<b>(a) Direct exposure</b>		
<b>(i) Residential Mortgage</b>		
Lending fully secured by mortgage on residential property that is or will be occupied by borrower or that is rented		
Housing loan upto Rs. 15 lakhs	19,773.61	8,325.95
Housing loan more than Rs. 15 lakhs	25,153.00	-
<b>(ii) Commercial real estate</b>		
Lending fully secured by mortgage on commercial real estate (Office building or retail space, multi-purpose commercial premises, multi-family residential building, multi-tenanted commercial building, industrial or warehouse space, hotels, land acquisitions, developments and constructions, etc.). Exposure would also include Non-Fund Based ( NFB) limits.	-	-
<b>(iii) Investment in mortgage back securities (MBS) and Other securitized exposures</b>		
(a) Residential	-	-
(a) Commercial Real Estate	-	-
<b>(b) Indirect Exposure</b>		
Fund based and non fund based exposure on National Housing Bank (NHB) and Housing Finance Corporations (HFCs)	-	-

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**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

**33 Disclosure pursuant to Notification No. NHB.HFC.DIR.1/CMD/2010 dated 10 June 2010 issued by NHB**

Items	As at 31 Mar 2017	As at 31 Mar 2016
<b>a) Penalty</b>		
Penalty if any levied by National Housing Bank	-	-
<b>b) Adverse remarks</b>		
Adverse remarks if any given by National Housing Bank	-	-
<b>c) Percentage of outstanding loans granted against collateral gold jewellery to their outstanding assets</b>	-	-

**34 Disclosure on Specified Bank Notes (SBN)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017. The details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below

Particulars	SBN *	Other denomination notes	Total
Closing cash in hand as on 8 November 2016 #	-	-	-
(+) Permitted receipts **	0.22	1.24	1.46
(+) Permitted payments	-	-	-
(-) Amount deposited in banks	(0.22)	(1.24)	(1.46)
<b>Closing cash in hand as on 30 December 2016 #</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Based on the daily cash register and petty cash summary statement maintained across the branches.

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November, 2016.

\*\* Includes direct cash deposits made by the customers in Company's bank accounts vide RBI Circular No. DCM (Plg) No. 1226/10.27.00/2016-17 dated 08 November 2016 under Section 3(c)(v). Also includes withdrawal from bank.

**35 Disclosure pursuant to Notification No. NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB for Provisions and Contingencies**

Particulars	31 Mar 2017	31 Mar 2016
Provisions for depreciation on investment	-	-
Provisions made towards income tax (net of reversal of tax of earlier year)	65.56	-
Provisions towards non-performing assets	-	-
Provisions for standard assets	179.72	33.30
Other provision and contingencies		
- Gratuity	5.98	-
- Compensated absences	-	-
- Provision for expenses	-	-

**HINDUJA HOUSING FINANCE LIMITED**

Notes to financial statements for the year ended 31 March 2017

(INR in lakhs)

**36 Disclosure pursuant to Notification No. NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB for customer complaints**

Particulars	31 Mar 2017	31 Mar 2016
(a) No. of complaints pending at the beginning of the year	-	-
(b) No. of complaints received during the year	-	-
(c) No. of complaints redressed during the year	-	-
(d) No. of complaints pending at the end of the year	-	-

**37 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB for concentration of Loans and advances**

Particulars	31 Mar 2017	31 Mar 2016
Total loans and advances to twenty largest borrowers	1,066.56	-
Percentage of loans and advances to twenty largest borrowers to total advances of the HFC	2.37%	-

**38 Utilisation of the proceeds of rights issue**

During the current year, the company raised a sum of Rs. 75 lakhs through a rights issue of equity shares to finance the business of lending loans to customers. The proceeds have been utilised as follows:

	31 Mar 2017	31 Mar 2016
Proceeds from rights issue	7,500.00	-
Utilisation during the year Loans to customer	(7,500.00)	-
<b>Unutilised amount at the end of the year</b>	-	-

**39 Disclosure pursuant to Notification No. NHB.HFC.CG-DIR.1/2016 dated 9 February 2017 issued by NHB for rating assigned by rating agency during the year**

Particulars	CARE
Long-term : Bank borrowings	A +

**40 Micro and small enterprises**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier as at the balance sheet date.

Particulars	31 Mar 2017	31 Mar 2016
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year.	-	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-



**HINDUJA**

**HINDUJA HOUSING FINANCE LIMITED**

**Notes to financial statements for the year ended 31 March 2017**

*(INR in lakhs)*

41 Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.

As per our report of even date

for **B S R & Co. LLP**

*Chartered Accountants*

ICAI Firm's registration number: 101248W/ W-100022

for and on behalf of the Board of Directors of

**Hinduja Housing Finance Limited**

**S Sethuraman**

*Partner*

Membership No: 203491

Place : Chennai

Date : 22 May 2017

**S Nagarajan**

*Managing Director*

DIN No. 00009236

Place : Chennai

Date : 22 May 2017

**Sachin Pillai**

*Director*

DIN No. 06400793

Place : Chennai

Date : 22 May 2017

**Roopa Sampath Kumar**

*Chief Financial Officer*

Place : Chennai

Date : 22 May 2017

**Baalasubramaniyan Ne.**

*Company Secretary*

Place : Chennai

Date : 22 May 2017