



# Laying the Foundation for **GROWTH**

Annual Report 2017-18



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Every strong business has lasted the test of time, not without a strong foundation. We have in the past year focused on creating a strong base and stabilizing our systems, to gear up for the changing macros of housing finance business. A combination of seasoning of book, improving external macro-conditions, and strengthening all core functions will drive stabilisation and growth for Aspire as a whole. With a key impetus on strengthening of credit, collection, process, operations and lower risk underwriting; we strongly believe that the foundation we lay now will be the key driver for growth for the business and in creating value for our customers, stakeholders and employees alike.

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# Corporate Information

Board of Directors	Banks/Fls	
Mr. Motilal Oswal – Chairman Mr. Raamdeo Agarawal – Director Mr. Navin Agarwal- Additional Director Mr. Anil Sachidanand- Managing Director & CEO Mr. Hemant Kaul- Independent Director Mrs. Smita Gune -Independent Director Mr. Sanjaya Kulkarni- Independent Director Mr. Gautam Bhagat- Independent Director	Bank of India	Bank of Maharashtra
	HDFC Bank	Punjab National Bank
	Dena Bank	Yes Bank
	Syndicate Bank	United Bank of India
	Oriental Bank of Commerce	IndusInd Bank
	RBL Bank	South Indian Bank
	Indian Overseas Bank	Karnataka Bank
	Abu Dhabi Commercial Bank PJSC	Karur Vysya Bank
Details of the Committees of the Board	Canara Bank	State Bank of India
<b>AUDIT COMMITTEE</b>	Axis Bank	Tata Capital Financial Services Limited
Mrs. Smita Gune - Chairperson	Bank of Baroda	DCB Bank
Mr. Motilal Oswal- Member	Union Bank of India	Lakshmi Vilas Bank
Mr. Hemant Kaul -Member	Federal Bank	Vijaya Bank
<b>NOMINATION AND REMUNERATION COMMITTEE</b>	IDBI Bank	Bajaj Finance Limited
Mr. Sanjaya Kulkarni - Chairman	SBM Bank (Mauritius) Ltd.	
Mr. Motilal Oswal - Member	<b>Statutory Auditor</b>	
Mrs. Smita Gune- Member	M/s. BSR & Co. LLP, Chartered Accountants	
<b>RISK MANAGEMENT COMMITTEE</b>	Lodha Execulus, 1st Floor, Apollo Mills Compound,	
Mr. Motilal Oswal- Chairman	N.M. Joshi Marg, Mahalaxmi, Mumbai- 400 011	
Mrs. Smita Gune - Member	<b>Internal Auditor</b>	
Mr. Anil Sachidanand –Member	M/s. Aneja Associates, Chartered Accountants	
<b>CORPORATE SOCIAL RESPONSIBILITY COMMITTEE</b>	301, Peninsula Towers, Peninsula Corporate Park,	
Mr. Sanjaya Kulkarni - Chairman	Ganpatrao Kadam Marg, Lower Parel Mumbai- 400 013.	
Mr. Motilal Oswal - Member	<b>Registrar &amp; Transfer Agent (For Debentures)</b>	
Mr. Anil Sachidanand - Member	Link Intime India Pvt Limited	
<b>Dy. Managing Director</b>	C 101, 247 Park, L. B. S. Marg, Vikhroli (West),	
Mr. R Anil Kumar Nair	Mumbai - 400083	
<b>Chief Financial Officer</b>	<b>Debenture Trustees</b>	
Mr. Kalpesh Ojha	MILESTONE TRUSTEESHIP SERVICES PVT. LTD.	
<b>Chief Risk Officer</b>	602, Hallmark Business Plaza, Sant Dnyaneshwar Marg,	
Mr. Rajaram Manian	Opp. Guru Nanak Hospital, Bandra (E), Mumbai-400 051.	
<b>Registered Office</b>	Tel- 022-67167079, Fax- 022-67167077	
Motial Oswal Tower, Rahimtullah Sayani Road, Opposite Parel St Depot, Prabhadevi, Mumbai- 400 025		



# Message from CHAIRMAN



Favorable demographic drivers (Urbanization, Resulting Nuclearization of Families, Rising working age population and increase in disposable income across the segments) continued to aid the growth of Indian mortgage market in FY'17-18 supported by various demand and supply side intervention schemes of PMAY (Pradhan Mantri Awas Yojana) as a part of Government of India's mission "Housing for All by 2022.

In FY17-18, India's GDP grew by 6.7% (as per RBI projection) and in FY18-19, GDP to grow at 7.4% (IMF projection) which will be fastest growing economy in emerging economies. Government reforms like demonetisation, GST, RERA has strengthened the transparency and accountability in Indian economy. Budget 2018-19 has further given impetus to affordable housing by creating a dedicated fund under the National Housing Bank (NHB). Government has approved National Urban Housing Fund with an outlay of ₹60,000 crore. These reforms have helped developers to complete the project on time and to fast-track the implementation of PMAY (Urban). In May 18, RBI has raised the limit on loans under affordable housing to Rs 35 lakhs. This is a big boost to Housing for all. Increase in home loan limits under Priority sector lending to Rs 35 lakh in cities and ₹25 lakh elsewhere which will make loans cheaper. There are 96 HFCs focusing on low ticket size lending to the self-employed segment - and their assets under management jumped 24% in FY18 courtesy the massive opportunities in affordable housing and slower credit growth by banks.

FY'2017-18 saw continued thrust by the Government of India through extension of CLSS (Credit Linked Subsidy Scheme) to include Middle Income Group (MIG-I and MIG-II families), increase in the loan amount eligible for subsidy in the rural areas and the key budgetary announcements in the housing sector of which the most important one is allocating "infrastructure" status to affordable housing space which will help the sector to become "institutionalized" in real sense. One can

expect reputed developers of serious nature entering in this space as the sector becomes attractive from "return" perspective. One should not be surprised to see the launch of affordable housing projects at mega level across the country and the customers getting various options to pick and choose in near future.

Other announcements such as reclassifying the apartment size (30-60 sq m. for EWS/LIG) previously as built-up area to now as carpet area; increase in the loan tenure for subsidy calculation from 15 years to 20 years; tax relief to developers on unsold stock for one year post completion of project; reduction of long term capital gains tax period for immovable property from three to two years; and the commitment to construct 10 million pucca houses in rural areas by 2019 all, augurs well for the sector. The overall framework has only got stronger and one can expect Real Estate Regulation Act (RERA) and Goods and Services Tax (GST) to make the sector more standardized, transparent and accountable; thereby paving way for sustainable growth without systemic anomalies.

FY'2017-18 was year of consolidation for our company (AHFCL) as it has strengthened the systems, processes, operations and organisational structure. Company has built strong Collection and Legal vertical with ~215 officers. Company has set up strong policies for credit appraisal and risk management. This will help us to sustain better performance in the coming years. After demonetization, impact of not having collection organization in place had led to surge in NPAs. However, dedicated collection and legal organization now in place along with strengthened underwriting and processes, this will help in arresting asset quality concerns. We have also changed our organization structure from Branch banking model to Vertical structure with separation of credit from branch. We have created Cluster level credit layer along with 5 layer credit approval system based on loan ticket size. We have also rolled out differentiated pricing methodology for loans based on risk type. There has been various steps being taken to closely monitor each and every case. This will help in building sustainable organization and will avoid conflict of interest. This year has been year of laying foundation for sustainable growth.

I thank all employees for their utmost commitment towards Aspire, Board of Directors for their insights and guidance at times when it was required the most and the associated stakeholders who continue to support and wish well for the Company. I have no doubts that the new financial year will bring its own set of challenges and opportunities for Aspire and that this fine team of housing finance professionals will be up and running to face them.

**Motilal Oswal**  
**CHAIRMAN**



2017

- Awarded second prize for Best Performing Primary Lending Institution under CLSS for EWS/LIG by Ministry of Housing and Urban Poverty Alleviation.
- Awarded “The Innovative Marketing Practices Award” & the Innovative Product and Services Award” at 7<sup>th</sup> National Conference and Game Changers Awards, 2017.
- Expanded to 6 new states with a presence 121 locations with staff count of 1,049.
- Provided subsidy to 1,348 customers cumulatively under CLSS scheme of PMAY
- Loan book of ₹4,165 crs with 46,142 live accounts

2015

- Presence across 14 locations
- Total staff: 160 employees
- Loan book at ₹357 crs with 3565 live accounts
- Year end PAT at ₹2.18 crs CRISIL upgrades rating for long term borrowings from "A/Stable" to "A+/Stable" Loan book crosses ₹550 crs with ₹5,500 crs live loan accounts Present at 23 locations

# OUR JOURNEY





## 2018

- Collection and legal team in place
- ₹4,863 crs loan book
- Capital infusion by MOFSL of ₹150 crores
- Strengthening of core team
- Strengthened Credit & Risk

## 2016

- Awarded “Finnoviti 2016” for MALA program
- Rating Upgrade by ICRA to AA- Loan Book at ₹2,088 crs with 20,935 live accounts
- Present at 51 locations with Staff Count of ~500
- PAT for year at ₹39.99 crs
- Received Fast 50 Brands 2016 award by WCRC
- Presence extended to 62 Locations with staff count of
- more than 600 Loan book of ₹2,492 crs and 25,134 live accounts
- First quarter profit at ₹13.40 crs

## 2014

- Commencement of Business operations from 22nd May post receiving Certificate of
- Registration from the National Housing Bank
- First disbursement booked in June 2014 at Akola branch
- Loan book crosses ₹50 crs
- Rated “A/Stable” by CRISIL for ₹100 crs of NCDs. Issued ₹50 crs of NCDs
- Rated A1+ by ICRA for ₹50 crs of CPs ₹50 crs of CPs issued
- First term loan drawdown

# Board Of Directors



**Mr. Motilal Oswal** is the Chairman and Managing Director of Motilal Oswal Financial Services Ltd. (MOFSL). He is a Chartered Accountant and started the business along with co-promoter, Mr. Raamdeo Agrawal in 1987. For his work and contribution to the capital markets, Mr. Motilal Oswal has been felicitated with several awards. Mr. Motilal Oswal is the Chairman of AHFCL

**Mr. Navin Agarwal** is a CA, ICWA, CS and CFA by qualification. He has been appointed as a Non- Executive director of AHFCL. He has been instrumental in building a market-leading position for the Group in Institutional Broking. He has been with MOFSL since 2000.



**Mr. Raamdeo Agarawal** is the Jt. Managing Director of Motilal Oswal Financial Services Limited (MOFSL). Mr. Agarawal is the man behind the strong research capabilities at MOFSL. Mr. Agarawal specialises in equity research. He has been authoring the annual Motilal Oswal Wealth Creation Study since 1996. He was also conferred with the 'Special contribution to Indian Capital Market Award' by Zee Business in 2011.

AHFCL is professionally managed by **Mr. Anil Sachidanand** who is a practitioner of over 25 years in home finance business. He has experience working in DHFL, IDBI Bank, HDFC Bank and Profolio Home Finance Company (PHFC), US. Mr. Anil has rich experience in building infrastructure for home finance. He has a proven track record of setting, managing and scaling up diverse business processes. Mr. Anil Sachidanand is MD & CEO of AHFCL







**Mrs. Smita Gune** is a finance professional with over 30 years' experience in banking and financial services industry having worked in Hinduja Hospital (Finance team), Tata Finance Ltd, ICICI Bank. She was the nominee Director of Sakthi Sugars Ltd. and Arvind Brands Ltd and is currently the director of business risk management at ANB – A risk management consultancy. Mrs. Gune is a member of Institute of Chartered Accountants of India and Institute of Internal Auditors. Mrs. Gune is an Independent Director of AHFCL.

**Mr. Hemant Kaul** brings in rich experience in financial services industry having worked in companies like Bajaj Allianz General Insurance Co Ltd (MD & CEO) and Axis Bank (Executive Director). As a management consultant, Mr. Kaul has worked with private equity firms to evaluate investments in the financial sector and has advised IDFC in their application process for a banking license. He currently serves as a Non-Executive Chairman of TCI Finance Ltd and is an Independent Director on the Boards of Cigna TTK Health Insurance Company Ltd, Ashiana Housing Ltd. Mr. Hemant Kaul is an Independent Director of AHFCL.



**Mr. Sanjaya Kulkarni** has over 40 years of experience in banking and financial services industry. He is presently an advisor and an investment committee member of the private equity funds and the real estate funds of Motilal Oswal group. He is an engineer from IIT Mumbai and has done MBA from IIM Ahmedabad. Mr. Sanjaya Kulkarni is an Independent Director of AHFCL.

**Mr. Gautam Bhagat** is a finance professional with over 27 years of experience in the BFSI sector. He has served as a member of the Executive Management team at HDFC till 2016. He has also served as CEO of HDFC Sales Private Limited.



# Management Team



## **Anil Nair, Deputy Managing Director**

Mr Nair is a veteran in the Housing Finance industry. He has over 18 years of experience in business development, strategic planning, sales & marketing and key accounts management. He joined AHFCL in Jan'18.

## **Rajaram Manian, Chief Risk Officer**

Mr Manian is MBA. He has about 20 years of experience in Risk Management in retail Asset. He has worked in organizations like Kotak Mahindra, GE Money, ICICI Bank, Sundaram BNP and HDFC Ltd. He joined AHFCL in Sep'16.



## **Mithilesh Bajaj, Collection and Legal**

Mr Bajaj is MBA. He has an experience of 17 years in collection across NBFC's like Bajaj Auto finance, Muthoot housing finance, etc. He has joined AHFCL in 2018.

## **Milind Deshmukh, Credit**

Mr Deshmukh has an experience of 15+ years in credit across companies like Standard Chartered, Reliance consumer and home finance and Yes bank. He has joined AHFCL in Nov'17.



## **Kalpesh Ojha, Chief Financial Officer**

Mr Ojha is a FCA, ACS and MFM. He has over 20 years of extensive Finance professional experience. He has worked with NBFCs like Reliance Capital, Shriram Transport, Cholamandlam Finance. He joined AHFCL in 2014

## **Anuragi Raman, Business Process Excellence**

Mr Raman is an IIT, Kharagpur and IIM, Ahmedabad alumnus with 20 years of experience in process excellence and analytics. He has worked with Airtel, Genpact and WNS global services. He joined AHFCL in 2017



## **Rajesh Goyal, Operations**

Mr Goyal is having an experience of 25+ years in operations. He is been associated with Motilal Oswal group for 11 years. He has worked with Karvy, Birla and UTI. He joined AHFCL in 2017.

## **Tahir Shah, IT**

Mr Tahir Shah brings in 19 years of rich technological experience in his current role at AHFCL. He is responsible for end to end implementation of AHFCL technology platform





# Strong Credit & Collection



Cluster Credit	Separated credit reporting from branch; cluster level credit layer created
Vertical Process	Created 5 level credit appraisal process based on ticket sizes
Pricing Model	Started with differentiated pricing model
Risk based Pricing	Rolling out risk based pricing model
Legal and Technical	Captive legal and technical team at cluster level.
Defining radius	Defined branch radius for loan sourcing
Systems	Strengthening of credit process aided by system, process and technology

In-house Collection	Set up in-house collection team of 215+ officers
Collection app	Rolled out collection app with geo tagging feature
Collection Tracking	Real time update and capturing of collection data
Collection Vertical	Collection vertical is in place with zonal, cluster, regional collection heads
Differentiated strategy	Differentiated strategy based on aging of account and type of account
Repair	Resolving early warning signal cases and soft bucket cases promptly
Legal Team	Strengthened legal unit to pursue legal route aggressively such as SARFAESI, Section 138

Digital Focus	Rolled out Pre Sales app, Sales App, Collection App and Customer App
Automation	Strengthen systems, process, operations by bringing IT enabled automations
Disb. Process	Concurrent audit of every loan file Pre & Post Disbursement
In-house DMS	In house data management system with better cost control, quality and features
Payment Gateway	Started online payment gateway for customers
Fee focus	Started fee based services for customers
NACH Process	100% of accounts are registered for NACH

# Key Highlights

## Business Performance

- ▶ Aspire Home Finance has disbursed ₹1,433 crs
  - ▶ 32,701 applications were sanctioned amounting to ₹1,867 crs.
  - ▶ Average loan size ₹ 8.54 lakhs
  - ▶ Branches – 120
  - ▶ Collection and Legal organisation – 215 people
  - ▶ Live accounts – 57,975
  - ▶ Incremental LTV of 56% as on 31<sup>st</sup> March, 2018
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## Financial Highlights

- ▶ Loan book- 4,863, +17% YoY
  - ▶ NIM – 4.1% NNPA-3.3%
  - ▶ Provision Coverage – 35%
  - ▶ Debt to equity - 4.9x
  - ▶ Cost to income - 38%
  - ▶ Capital adequacy - 38%
- 

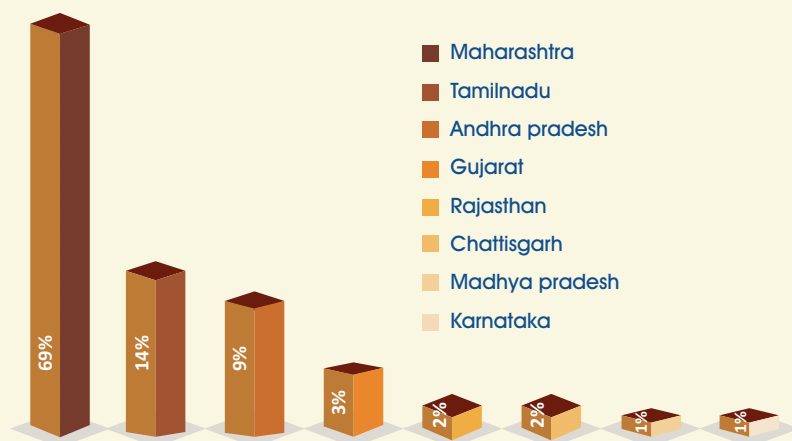
## Key Statistics

- ▶ Aspire Home Finance has offices at 120 locations across 9 states
- ▶ Total staff count of 1189 employees.

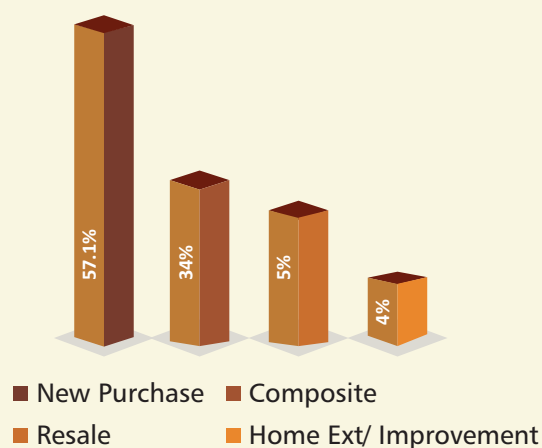


# Loan Book Analysis

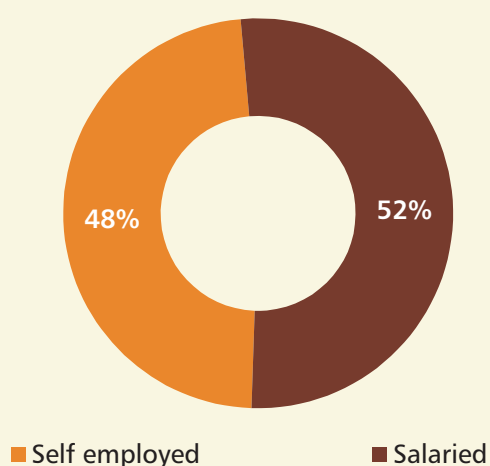
## State wise loan book mix



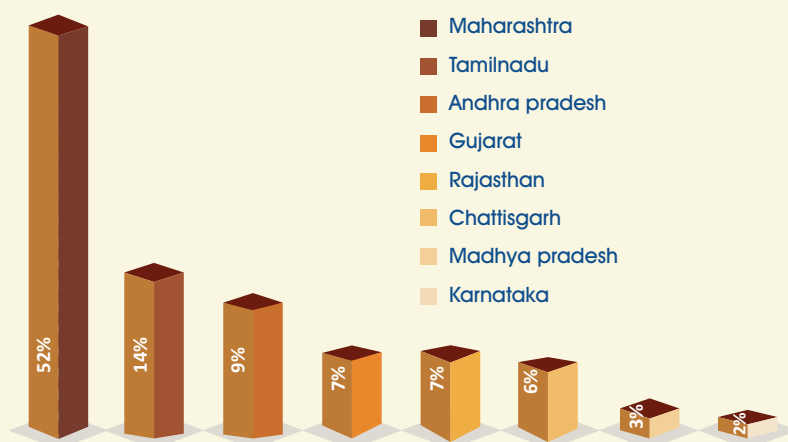
## Loan book- Product mix



## Balanced customer mix (%)



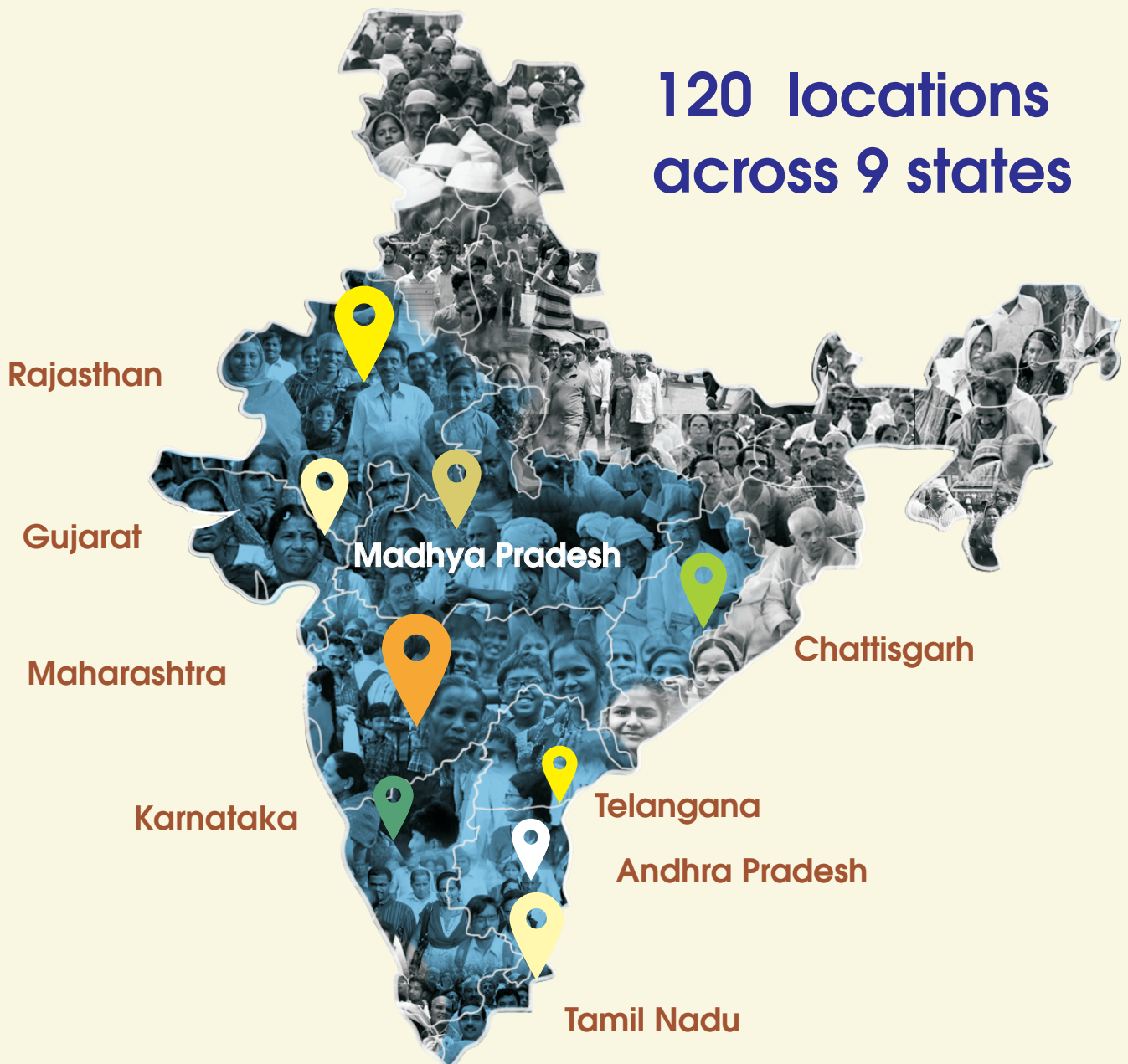
## State wise disbursement mix



# Our Presence

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**120 locations  
across 9 states**



## **Management Discussion & Analysis**

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## Indian Economy Overview

The Indian economy continues to do well led by stable government in center. India today is one of the most attractive economies in the world. Macroeconomic indicators remain stable; headline CPI inflation is 4.6% in FY18; monsoon for the third consecutive year is expected to be normal and finally with host of reforms across various sectors complemented by increase in discretionary spending is expected to fuel the GDP growth to 6.7% in FY'2017-18 (As per RBI projection). However, in Q4FY18, economy grew at 7.7% - the fastest pace in the last seven quarters. This increase in growth has been underpinned by a significant upward revision in private final consumption expenditure (PFCE) especially due to improved rural demand on the back of a bumper harvest and the government's thrust on rural housing and infrastructure.

Investments grew at 9.6% during the year, with the investment rate inching up marginally to 30.6% in FY18 from 30.3% in FY17. Retail inflation, as measured by the CPI, averaged lower at 3.6% in FY18 as against 4.5% in FY17. The decline was led by food inflation, which dropped to 1.8% in FY18 from 4.2% in FY17. According to RBI estimates, CPI inflation will be in the range of 4.7%-5.1% in H1FY19 and 4.4% in H2FY19. Economy has now fully recovered from implementation of GST and RERA which would be a long-term positive for the economy. Various reforms taken by the Government of India have led to increase in India's ranking in the World Bank's Ease of Doing Business Index from 130 in 2017 to 100 in 2018.

Home loans have been the major contributor to the Banks' credit growth in FY'2017-18 and in the wake of reduced exposure to the corporates due to the surge in NPAs; one expects increased activity by banks especially in retail housing loans segment and this would increase the competitive intensity in the Indian mortgage market space.

## Housing Finance Industry Overview

Total housing credit outstanding in India stood at ₹ 16.7 trillion as on March 31, 2018, up from ₹ 14.4 trillion as on March 31, 2017, reflecting a growth rate of 16% in for the financial year 2017-18. HFCs have increased their share of 39% and banks share has reduced to 61% from 37% and 63% respectively. Assets under management (AUMs) of HFCs witnessed faster-than expected growth in the financial year 2017-18 on the back of huge demand arising from the affordable housing segment. AUM of Home loan segment increased 22% over FY17, which translated into a compounded annual growth rate of over 20% over the past three years. Disbursements by HFCs at the growth rate ranging between 30%-40%.

Real Estate Regulation & Development Act (RERA) has come as a big saviour for property consumers. With its stringent preventive and punitive provisions, RERA has put an end to their exploitation by unscrupulous developers by making transactions fair, transparent and secure.

However, implementation of RERA has been slow in many states; the provisions in the Act are definitely going to alter the landscape for real estate developers. RERA has higher disclosure and procedural requirements and this could affect the viability of small scale developers. The immediate effects of RERA implementation had witness slowdown in the industry with declining of new project launches and sluggish demand.

India's rank in the Global House Price Index has jumped 13 spots to reach 9<sup>th</sup> position among 55 international markets, on the back of increasing prices in mainstream residential sector. Mortgage as a % age of GDP has been at 10% as on March 31, 2018. The growth in the housing finance sector has been supported by Urbanization resulting in migration of population to city areas and in nuclearization of families, rising working age population and increase in disposable income over the medium and long term, it is expected industry to grow in the range of 18-20% driven by growth in affordable housing space and increased support at the demand and supply side by the Central Government.

**Competition Intensifies:** Housing finance industry's ability to register 17-18% CAGR growth over the last five years plus the Government of India's focus on Housing for All by 2022 has increased the attractiveness of this sector, especially affordable housing finance space. Under this initiative, Pradhan Mantri Awas Yojana Urban was launched in 2015. A total of 50 million houses are targeted to be built by 2022. Residential sales across tier-1 cities grew by 13% in FY18 as prices remained stagnant, pulling in customers who have been sitting on the fence for long. This could signal the sector's recovery from a slowdown that has battered it in the last few years. Highest jump in year-on-year sales was seen in the sub-₹ 25 lakh category, with 21% improvement, indicating an increasing preference for affordable homes. Government initiatives and housing demand has

led to increase in housing companies from 70 HFCs in mid-2016 to 96 HFCs in 2018. Further, 10 companies are waiting for approvals from National Housing Bank.

Banks too have increased their focus in the retail housing finance space which has increased the competition in ₹ 25-75 lakhs home loan segment of the market. Compared to this, HFCs operating in affordable housing space (sub ₹ 25 lakh loan category) have been growing well and are expected to outpace the industry.

**Key Budgetary Announcements / Government Initiatives:** The government has been consistent with its efforts in addressing affordable housing in FY18 - be it giving infrastructure status to this segment in the previous budget, to helping increase the quantum of beneficiaries in CLSS under Pradhan Mantri Awas Yojana (PMAY) by expanding the carpet area and re-defining income definitions. Budget 2018-19 has further given impetus to affordable housing by creating a dedicated fund under the National Housing Bank (NHB). Government has approved National Urban Housing Fund with an outlay of ₹ 60,000 crore (US\$ 9.27 billion). It will be funded from priority sector lending shortfall and fully serviced bonds authorized by the Centre.

GST rate in case of affordable homes has been reduced from 12% to 8% and this budget has added to this concession for housing by adopting a target of 31 lakh homes in 2018-19 to be built in urban areas and 51 lakh in rural areas. It is also encouraging to see the government address the issues of housing in urban areas. Government is providing assistance to construct 37 lakh houses in urban areas will take care of the urban housing woes, financial assistance (₹ 2.04 lakh crore) to 99 Smart Cities will ease the pressure on the existing urban centers.

Under the Pradhan Mantri Awas Yojana (PMAY) Urban 1,427,486 houses have been sanctioned in 2017-18. In March 2018, construction of additional 3,21,567 affordable houses were sanctioned under the scheme. The government reviewed the urban housing shortage data and reduced the shortage projections from the earlier 18.76 million units to 10 million dwelling units.

**Standardization and Accountability:** Post implementation, GST and RERA are expected to bring about much needed standardization with respect to the taxes in relation to real estate transactions and increase the accountability for developers respectively. Under RERA builders will have to register themselves and projects which have more than eight apartments. Consumers will also be charged by carpet area instead of super built up area. Moreover, buyers can access publications about project details, development plan, financial details etc. through the RERA website. The amendment to RERA further prevented builders from preselling or selling units without first getting clearance from all channels, such as financing. Those, whose annual income falls under ₹ 12 lakh, can avail of the 4% subsidy on housing loans, for loans up to ₹ 9 lakh, under Credit Linked Subsidy Scheme for Middle Income Group (CLSS (MIG)). Individuals falling into the income level of up to ₹ 18 lakh, can also qualify for a 3% subsidy on housing loans up to ₹ 12 lakh.

Furthermore, developers can have easier access to institutional credits through the infrastructure status. The infrastructure status will reduce the borrowing costs, thereby enabling the government's goals of affordable housing by 2022.

Another positive introduction was the amendment to the Benami Act, which prevents the hoarders of black money from registering their properties and assets under other people's names, such as poorer family members/servants etc. The benami owners of the property and other assets would have to provide source of income for the said acquisition and if the person was unable to name the source of income (even if gifted), then the property/asset would be sealed. An added prevention method of linking Aadhaar card further demotivates benami properties from being registered. These steps will decrease the amount of cash being pumped into the real estate segment.

**Revision in Risk weightage of categories of loans:** To make available more funds to HFCs, NHB has come out with two measures – rationalization of the risk-weightage of some categories of loans and allowing HFCs to calculate the risk weightage on the basis of outstanding loans instead of the loan amount initially lent. Risk weightage refers to the amount of funds to be set aside for provisioning loans in case there is a default in repayment. A lower percentage of risk weightage means that an HFC will have more to lend to the borrowers. As per the prudential norms prescribed by NHB for Standard Loan Assets, HFCs are required to carry a provision of 0.25% on individual Home Loans, 1% on individual NRP Loans, 0.75% on developer loans for residential projects and 1% on developers loan for commercial projects. During the year, NHB vide notification No. NHB.HFC.DIR.18/MD&CEO/ 2017 dated August 2, 2017 reduced the provisioning requirement on Standard Individual Housing Loans from 0.40% to 0.25%.

**Asset Quality:** NPA in overall affordable housing segment stood at 1.7%, NPA in affordable housing-New segment stood at 4% and overall housing NPAs were at 1.1% as on March 31, 2018 as per ICRA report. Increased competition, focus on riskier products such as LAP, Builder Loans etc. and small/mid HFCs in affordable housing space serving EWS/LMI customers and self-employed segment in particular (where there is a lumpiness in income stream and increasing reliance on cash transactions) may test the quality of the housing credit portfolio. Impact was evident in the demonetization period where the collections efficiency of HFCs was tested. However, strong monitoring and control processes employed by HFCs, own contribution of borrowers and most of the affordable homes purchased for end use are the factors that are expected to offset the asset quality concerns to an extent.

**Diversified Borrowing Profile, Leaning towards Debt Market Instruments:** Limited availability long term funds that would match (door to door maturity) with the tenure of housing loans (typical tenure is 8-12 years considering repayment and prepayments) make asset liability management a challenge for all HFCs. There has been an observed shift in the borrowing profile of the HFCs towards debt market instruments (Non-Convertible Debentures, Commercial Papers etc. share of these instruments in the overall borrowing mix has increased from 43% in FY'13-14 to 53% in FY'17-18). Decrease in cost of borrowing by 100 bps, with some part attributable to increased access to corporate bond market.

**Favorable Regulatory changes:** SEBI (Securities and Exchange Board of India) has increased the additional exposure limits for debt mutual funds for investment in HFCs from 10% of NAV (Net Asset Value) to 15% of NAV provided the securities issued by HFCs are rated a minimum of AA. This increases the maximum exposure that a mutual fund can take in the financial services sector from 35% of NAV to 40% NAV against 25% for other sectors. This is expected to develop further leaning by HFCs towards debt market for funding requirements and rationalize the borrowing costs for HFCs. To promote the affordable housing segment, RBI has revised the risk weightage criteria for lenders and reduced it to even below 50% for low ticket housing loans. This will help in the conservation of capital and increase lending to the smaller-ticket home loan segment. RBI has rationalised and liberalized existing ECB framework pursuant to notification dated April 27, 2018. Housing Finance Companies, regulated by the National Housing Bank, have been permitted as eligible borrowers to avail of ECBs under all tracks.

**Profitability Ratios Remain Good:** HFCs have continued to report good return ratios (RoE (Return on Equity) of ~21% in FY18). It is expected that increasing competition, particularly in ₹ 25-75 lakhs home loan category, would put pressure on spreads as well as on fee income thereby impacting RoE to an extent. Small and mid HFCs in affordable housing space are expected to sustain their margins and non-interest income going forward. On an overall basis, HFCs are expected to maintain RoE in the range of 17-19% in coming years.

## AHFCL

AHFCL major focus has been to provide home loans to individuals for purchase, construction, repair/renovation and extension. AHFCL also provides home loans to individuals in the self-employed category where formal documented income proofs are not easily available and the repayment capacity of such families are appraised based on their cash flows.

AHFCL had signed an MOU with NHB which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS). AHFCL has claimed subsidy under this scheme.

AHFCL has adopted a risk based pricing methodology in order to enable uniform processing of credit risk assessment. The pricing of each loan is linked to the internally assessed credit score based on underwriting risk. This methodology enables AHFCL to offer finer interest rates to deserving individuals, where credit risk is low and charge a higher rate of interest where credit risk is high. The rate of interest bands and methodology are reviewed on regular basis and aligned with the prevailing rates in the market.

## Disbursements

During the year AHFCL disbursed loans of ₹ 1,433 crores (previous year ₹ 2,404 crores) for home purchase, construction, repair and renovation. AHFCL's disbursements were cautiously calibrated as NPLs were elevated during the year. Investments have been made in building a collection and legal organization, while calibrating growth. This will create a strong foundation for sustainable growth. Cumulative disbursements as at March 31, 2018 stood at ₹ 6,041 crores.



## Branch Network

AHFCL is operating in nine states – Maharashtra, Gujarat, Madhya Pradesh, Karnataka, Rajasthan, Chhattisgarh, Tamil Nadu, Telangana and Andhra Pradesh. AHFCL now have 120 Branch offices across these nine states. New branches added in new states in FY17 contributed 25%+ of total disbursements in FY18. AHFCL staff strength as at March 31, 2018 was 1,189.

## Loan Book

AHFCL total outstanding loans increased to ₹ 4,863 Crores from ₹ 4,141 Crores and registered a growth of 17 %. Loans to total assets stood at 96% as at March 31, 2018. AHFCL's loan book has witness CAGR of 140% over FY14-FY18. The average lending rate for FY18 stood at 13.4%. Average ticket size is ₹ 8.54 lacs, with loans extended to more than ~57,000 families, as AHFCL is focused on the affordable housing segment. Average LTV of the book is <59%; overall FOIR remains at a comfortable level of 46%.

## Credit underwriting

The loan approval process at AHFCL is 5 layers of approval process based on ticket size of loan. Approvals of lending proposals are carried out by various authorities from cluster credit head to National Credit Head. Approvals beyond certain limits are referred to the Chief risk officer. Additional layer of in house technical makes underwriting process more robust. Dedicated risk containment unit (RCU) to minimize fraud related to income documents, profile and collateral.

## Recoveries and Provision for Contingencies

As per the prudential norms prescribed by NHB for Standard Loan Assets, HFCs are required to carry a provision of 0.4 % on Individual Home Loans. Accordingly, AHFCL has made a provision of ₹ 18.62 Crores towards Standard Loan Assets comprising individual home loans aggregating to ₹ 4,643 Crores.

As per the prudential norms of NHB, AHFCL has identified Non Performing Assets (NPAs) and made required provisions on such NPAs besides not recognising income in respect of such NPAs.

AHFCL NPAs as at March 31, 2018 were ₹ 219.9 Crores in respect of individual home loans. AHFCL carries NPA provisions of ₹ 77.6 Crores. AHFCL gross NPAs are 4.5% (previous year 0.6%) and Net NPAs are 3.3% (previous year 0.5%) on total outstanding loans of ₹ 4,863 Crores as at March 31, 2018. AHFCL has accelerated provisions of ₹ 19.4 crores over the regulatory requirements, resulting in substantial increase in PCR to 35% from 18% in FY17. In addition to this, AHFCL has also taken write off of ₹ 71.5 Crores in FY18 as a conservative policy. However, AHFCL continued the recovery efforts in respect of written off loans.

Asset quality deterioration in FY18 was on account of seasoning of book coupled with delay in setting up collection organisation. Further, prolonged impact of external shocks in the economy also affected asset quality. Impact of collection organisation is expected to reverse this trend.

## Borrowed Funds

AHFCL has been raising funds for its lending activities from banks by way of term loans, by private placement of non-convertible debentures (NCDs), by issuance of commercial paper. AHFCL has maintained a prudent mix of fixed rate borrowings and variable rate borrowings with a view to minimize the weighted average cost of borrowings and maintain a healthy spread on its lending activities. AHFCL has also been funding its operations through short-term borrowings in the form of commercial paper and short tenure loans from banks. While such a mix enables AHFCL to sustain a healthy net interest margin, it raises the risks of asset liability mismatch. To minimize the risk arising on account of such mismatch, AHFCL has set internal norms on the quantum of short term borrowings so that a prudent balance is maintained in keeping the cost of funds low to an extent that the risk arising from the mismatch could be managed.

AHFCL continued to borrow for both long and short-term from the banking sector at competitive rates. AHFCL raised fresh loans from banks aggregating to ₹ 895 Crores during the year and repaid loans aggregating to ₹ 194.16 Crores. Term loans from banks are secured by way of hypothecation over loan receivables. Outstanding balance of bank loans was ₹ 1,818.28 Crores as at March 31, 2018.

The outstanding balance of NCDs as at March 31, 2018 was ₹ 2,094.90 Crores. of which ₹ 1,204.90 Crores NCDs are secured by way of hypothecation over loan receivables. AHFCL NCDs are rated "[ICRA] AA- "indicating highest degree of safety regarding timely servicing of financial obligations.

Total 28 banks extended credit lines and NCDs were allotted to 22 institutions as of March 2018. The average cost of borrowing for AHFCL stood at 9.8% in FY18 compare to 10.4% in FY17.

The outstanding subordinated debt as at March 31, 2018 stood at ₹ 50 crores. The debt is subordinated to present and future senior indebtedness of the Company and is rated [ICRA] AA-indicating highest degree of safety regarding timely servicing of financial obligations. Based on the balance term to maturity, as at March 31, 2018 ₹ 50 crores of the book value of subordinated debt is considered as Tier II capital under the guidelines issued by NHB for the purpose of computation of CAR.

### **NHB Guidelines and Prudential Norms**

AHFCL has complied with the guidelines issued by NHB regarding accounting standards, prudential norms for asset classification, income recognition, provisioning, capital adequacy, concentration of credit, credit rating, "Know Your Customer" (KYC) Guidelines and Anti Money Laundering (AML) Standards, Fair Practices Code, grievance redressal mechanism, recovery of dues, etc.

AHFCL total borrowings as at March 31, 2018 of ₹ 3,913 Crores were within the permissible limits of 16 times of net owned funds. AHFCL has complied with the guidelines issued by NHB. AHFCL has debt to equity ratio of 4.9x in FY18 compare to 5.2x in FY17.

AHFCL Capital Adequacy Ratio as at March 31, 2018 was 38% as against NHB's prescribed limit of 15%.

### **Credit Underwriting and Collection/Legal organisation**

AHFCL has started with vertical process of credit appraisal. It has created 5 level credit appraisal process based on ticket sizes. It has started with differentiated pricing model, where cases will be evaluated on various parameters and on the basis of deviation, will decide the rate of interest.

AHFCL has set up in house collection team of 215+ officers. It has rolled out collection application with geo tagging feature and with help of that real time update and capturing of efforts of collection people is happening. An attractive incentive policy for collection employees has been rolled out. Special emphasis on NACH clearance in order to change behaviour of customers. AHFCL has strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138.

### **Risk Management**

As a lending Company, AHFCL is exposed to various Risks. AHFCL has formulated a risk management framework which lays the procedure for risk assessment and mitigation. The Risk Management Committee (RMC) comprises the Managing Director as the chairman and the members include senior managers holding key positions in the Company. The RMC apprises the Audit Committee of the key risks associated with the business of the Company and the measures to mitigate them.

The Board and committees thereof has been periodically reviewing the risk profile of the Company and evaluating the adherence by the branches / functions of the systems and processes in place for monitoring, evaluation, assessment and mitigation of risk through a systematic and effective audit programme.

AHFCL manages various risks like financial risk, operational risk, marketing risk, external risk and regulatory risks associated with the mortgage business. The critical risks which can significantly impact profitability and financial strength are credit risk, interest rate risk and liquidity risk. AHFCL manages credit risk through internal credit norms. Liquidity risk and interest rate risks arising out of maturity mismatch of assets and liabilities are managed through regular monitoring of the maturity profile.

AHFCL has made changes in processes like having automations in MIS and other operations. It has also started payment gateway for customers. Now 100% of accounts are registered for NACH.

Dedicated risk containment unit (RCU) to minimize fraud related to income documents, profile and collateral. Implementing Business Rule Engine to manage and monitor real time change in the product and underwriting policy.

## Internal Audit and Control

AHFCL has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining of proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting. AHFCL has documented procedures covering all financial and operating functions. AHFCL has implemented stronger control on pre and post disbursement documents along with concurrent audit of every loan file pre and post disbursements. Also, it has created multiple layer in credit, collection and sales – ensuring better span of control and maker – checker concept.

AHFCL has robust internal audit programme, where the internal auditors, an independent firm of chartered accountants, conduct a risk-based audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon by the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

## IT Audit and Security

An information system is the backbone of AHFCL business. AHFCL has implemented application software's which is being maintained and has been enhanced and modified by external IT software development group. The software is integrated to record and process lending and accounting transactions of AHFCL across its branches.

The Information System at AHFCL operates under centralized IT environment and all branches are connected through MPLS VPN connectivity. The centralized IT environment enables prompt communication between its branch offices and head office and also provides highway for easy and quick MIS and preparation of various monthly reports. Considering the significant dependence of AHFCL operations on its IT system, AHFCL also takes initiative in maintaining adequate control for data integrity and its confidentiality. The Application Software and IT System at AHFCL are upgraded from time to time. AHFCL has rolled out Pre sales, Sales, Collection and Customer application.

AHFCL has investing in digital initiatives to reduce operating costs and turnaround time, and to improve customer experience. Our digital initiatives include new apps for sales, credit, collection and vendors. Started online payment gateway (Net-banking/Debit cards/Wallets/UPI) for customers.

## Human Resource

Management team has been strengthened with additions and changes in Heads of Credit, Technical, Collections, Operations, HR, Business Process & Quality and Compliance. Organisation structure has been altered to move from a Branch banking model to a Vertical organisations with strong checks and balances to pursue a health growth. Critical functions such as Sales, Credit, Operations and Collections are being driven by independent heads. A captive Technical and Legal organisation is being created to drive quality growth. With the high level of commitment and loyalty by staff members, AHFCL is confident to face the challenges of the tougher market conditions.

## Outlook of the Company

Government initiative under "Housing for all by 2022" has created new era in the housing sector especially in the affordable housing. It is expected to deliver much needed boost to the real estate and housing finance industry by creating an enabling & supportive environment for expanding credit flow and increasing home ownership. Bringing Real Estate (Regulation and Development) Act is another significant measure which will streamline the business practices in the Real Estate Sector.

Through Pradhan Mantri Awas Yojana (PMAY), Urban launched in June 2015 under the mission "Housing for All by 2022", Government of India has increased the thrust in housing sector, affordable housing in particular. Under PMAY, schemes that provide demand side (Credit Linked Subsidy Scheme and beneficiary-led individual house construction) and supply side (Slum rehabilitation with participation of private developers and Affordable housing in partnership with Public and Private Sectors) intervention have been launched with an aim to increase housing stock in India.

We believe that AHFCL is well placed to capitalize on Housing opportunity considering its niche affordable positioning and wide reach. However, FY19 is year of consolidation for AHFCL on account of stabilization of asset

quality concerns. We believe that combination of seasoning of book, improving external macro-conditions, and strengthening all core functions will drive stabilisation in asset quality of Aspire from 2HFY19. Outlook of business is safeguarded with strengthening of credit, collection, process, operation and lower risk underwriting. AHFCL is also planning to grow its loan book by ~15% in FY19.

### **Cautionary Statement**

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



## **Board's Report and Annexures**

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# BOARD'S REPORT



To,

The Members

Aspire Home Finance Corporation Limited

Your Directors' are pleased to present the Fifth Annual Report of your Company along with the Audited Financial Statements for the year ended 31<sup>st</sup> March, 2018.

## Financial Results

Summary of Financial Results for the year ended 31<sup>st</sup> March, 2018 is as under:

(Amount in ₹)

Sr. No.	Particulars	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
1	<b>Gross Income</b>	<b>6,624,633,292</b>	<b>5,707,847,368</b>
2	Profit Before Interest and Depreciation	<b>4,326,121,088</b>	4,788,062,589
3	Finance Charges	<b>3,776,289,376</b>	3,498,452,923
4	Gross Profit	<b>549,831,711</b>	1,289,609,666
5	Provision for Depreciation	<b>64,098,946</b>	32,916,146
6	<b>Net Profit Before Tax</b>	<b>485,732,765</b>	<b>1,256,693,520</b>
7	Provision for Taxation	<b>170,877,435</b>	435,800,717
8	<b>Net Profit After Tax</b>	<b>314,855,331</b>	<b>820,892,803</b>
9	Balance of Profit brought Forward	<b>991,347,411</b>	334,633,169
10	<b>Balance available for appropriation</b>	<b>1,306,202,742</b>	<b>1,155,525,972</b>
11	<b>Transfer to Special Reserve u/s 29C of the NHB Act, 1987</b>	<b>128,542,248</b>	<b>164,178,561</b>
12	<b>Surplus carried to Balance Sheet</b>	<b>1,177,660,494</b>	<b>991,347,411</b>

## Dividend

No Dividend was declared for the current financial year due to conservation of Profits to meet future business requirements of the Company.

## Review of Business Operations and Future Prospects

During the year under review, your Company earned the gross income of ₹ 6,624,633,292/- as against ₹ 5,707,847,368/- in the previous year. The total expenditure during the year under review was ₹ 6,138,900,527/- as against ₹ 4,451,153,848/- in the previous year. The Net Profit after tax was ₹ 314,855,331/- as against ₹ 820,892,803 /- in the previous year.

The mission of the Company is to focus on the affordable housing segment, catering to the aspirations of mid and low income Indian families who want to own a home.

Your Company would work on the philosophy of Housing Financial Institution enabling credit access to low and middle income segment for purchasing and acquiring affordable housing units.

## Awards and Recognitions

During the year under review, the Company and Managing Director & CEO were awarded in various ways by various institutions and the awards presented to the Company are listed below:

- "Best NBFC" award by MSME Banking & NBFC Excellence Awards by Chamber of Indian Micro, Small & Medium Enterprises
- Runner-up in "Eco-Technology Savvy NBFC" by MSME Banking & NBFC Excellence Awards by Chamber of Indian Micro, Small & Medium Enterprises
- "Prestigious Brands 2017" under Home Finance category at Goodwill Brands 2017 by BARC Asia.
- India's Greatest Brands 2016-17" by URS Asia On.

- MD & CEO, Mr. Anil Sachidanand has been awarded "India's Greatest Leaders 2016-17" by URS Asia On.
- Second prize for Best Performing Primary Lending Institution under CLSS for EWS/LIG by Ministry of Housing and Urban Poverty Alleviation at National Workshop on Urban Transformation.

## **Mahila Awas Loan from Aspire (MALA)**

Your Company had launched the product under the title "Mahila Awas Loan From Aspire (MALA)". The product was launched on 2<sup>nd</sup> July, 2015, especially for women and by women. MALA would provide housing finance assistance and advisory services to low income women both salaried and self-employed for purchase / construction of affordable housing units. MALA is designed to offer loans starting from 2 lakhs to 12 lakhs to salaried working women in private companies, small scale industries, nursing and paramedic attendants, housekeeping staff, peons in schools/colleges, etc. and self-employed women running their own business such as vegetable and fruit vendors, home-based business like weaving, agarbatti making, papad making, ready-made garment, running small time kitchen, tailoring, laundry services, tutoring, wedding contractors etc.

During the year under review, your Company disbursed under this product the loan amounting to the tune of ₹ 7.89 Crores to 125 families.

## **Capital Structure**

### **Authorised Share Capital**

The Authorised share capital of the company for the year ended 31<sup>st</sup> March, 2018 is ₹ 10,00,00,00,000 /- (Rupees One Thousand Crores) divided into 10,00,00,00,000 (One Thousand Crores) Equity Shares of Re. 1/- each.

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

During the reporting period, your Company has allotted the following additional equity shares:-

#### **On Preferential Basis**

- 17,24,13,793 (Seventeen Crore Twenty Four Lakhs Thirteen Thousand Seven Hundred and Ninety Three) Equity shares of ₹ 1/- for cash at a premium of ₹ 4.80/- per share.
- 19,23,07,692 (Nineteen Crore Twenty Three Lakhs Seven Thousand And Six Ninety Two) Equity shares of ₹ 1/- for cash at a premium of ₹ 1.06/- per share.

#### **Under ESOS:**

- 16,830,000 (One Crore Sixty Eight Lakhs and Thirty Thousand) Equity shares of ₹ 1/- each at par under employee stock option scheme (ESOS), 2014.

During the year, equity shares capital have increased from 4,825,019,030 of face value of ₹ 1/- each to 5,206,570,515 equity shares of ₹ 1/- each.

## **Disbursement**

During the 12 months i.e. in the year 2017- 2018, the Company disbursed the Housing loan amounting to the tune of ₹ 1,432.26 Crores.

## **Non-Convertible Debentures (NCD)**

During the year, the Company issued NCDs amounting to ₹ NIL on a private placement basis. The Company's NCDs have been listed on wholesale Debt Market segment of the BSE Limited. NCDs are rated "[ICRA] AA-" with a "Negative Outlook" and CRISIL A+/ Stable.

As at March 31, 2018, there was no NCDs amount or interest thereon, remaining unclaimed and unpaid.

## **Debenture Trustee**

The details of the Debenture trustee of the Company are as under:

MILESTONE TRUSTEESHIP SERVICES PVT. LTD.  
602, Hallmark Business Plaza, Sant Dnyaneshwar Marg,  
Opp. Guru Nanak Hospital, Bandra (E), Mumbai-400 051.  
Tel- 022-67167079, Fax- 022-67167077

## Commercial Paper (CP)

During the year, the Company issued Commercial paper amounting to ₹ 175.00 Crores. Company's Commercial Paper are rated "[ICRA] A1+" and CRISIL A1+ indicating that instrument have very strong degree of safety regarding timely payment of financial obligation.

## Bank Loans

During the year, the Company has availed Term Loans facilities from various banks aggregating to ₹ 535.00 crores as on 31<sup>st</sup> March, 2018.

## Public Deposits

During the year under review, the Company has not accepted any public deposits within the meaning of the Companies Act, 2013 and rules made there under as well as not accepted any public deposit within the meaning of the NHB Direction 2010, as the Company is registered as Housing Finance Institution not accepting Public Deposits.

## Credit Ratings

The Company's borrowings enjoy the following Credit Ratings:

Nature of Borrowing	Rating/ Outlook	
	ICRA	CRISIL
<b>Short Term</b>		
Commercial Paper	"[ICRA]A1+"	A1+
<b>Long Term</b>		
Non-Convertible Debentures	"[ICRA]AA-" negative outlook"	CRISIL A+/Stable
Bank Borrowings	"[ICRA]AA-" negative outlook"	CRISIL A+/Stable

**Note:** ICRA has also assigned "[ICRA] AA-" with negative outlook" rating for the Sub-ordinate Debt Programme (Non-Convertible Debentures) and "PP-MLD [ICRA] AA-" with negative outlook" rating for the Market Linked Debenture programme.

## Non-Performing Assets and Provisions for Contingency

Your company adhered to the prudential guidelines for Non- Performing Assets (NPAs), issued by National Housing Bank (NHB) under its Direction 2010, as amended from time to time. The Company did not recognise income on such NPAs and further created provisions for contingencies on standard as well as non- performing housing loan and property loans, in accordance with the National Housing Bank Directions. The Company has also made additional provisions to meet unforeseen contingencies.

The amount of Gross Non-Performing Assets (NPAs) as at March 31, 2018 ₹ 219.91 Cr, which is equivalent to 4.52% of the loan portfolio of the Company, as against ₹ 24.03 Cr i.e. 0.58% of the portfolio as at March 31, 2017. The Net NPA as at March 31, 2018 ₹ 161.62 Cr i.e. 3.32 % of the loan portfolio as against ₹ 19.34 Cr i.e. 0.47% of the portfolio as at March 31, 2017. The total cumulative provisions towards loan and other assets as at March 31, 2018 is ₹ 77.63 Cr as against ₹ 21.76 Cr in the previous year. AHFCL has also taken write off of Rs. 71.5 Crores in FY18 as a conservative policy. However, AHFCL continued the recovery efforts in respect of written off loans.

In order to prevent frauds in loan cases involving multiple lending from different banks / housing finance companies, the Government of India has set up the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) under section 20 of the SARFAESI Act 2002 to have a central database of all mortgages created by lending institutions. The object of this registry is to compile and maintain data relating to all transactions secured by mortgages. Accordingly, your Company is registered with CERSAI and data in respect thereto being submitted, from time to time.

The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI ACT) has proved to be useful recovery tool and the Company has been able to successfully initiated recovery action under this act in case of wilful defaulters.



## Risk Management Framework

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The risk strategy laid down by your Company helps foster a disciplined culture of risk management and control. In conjunction with these practices, your Company intends to optimise its capital needs through growth, by achieving highest returns on capital employed while managing risks appropriately.

Your Company continuously monitors loan portfolio. Portfolio level delinquency metrics are tracked at regular intervals with focus on detection of early warning signals of stress. These limits are periodically reviewed based on changes in the macro-economic environment, regulatory environment and industry dynamics. Existing credit exposure in the portfolio is continuously monitored and reviewed. Key sectors are analysed in detail to suggest strategies, considering both risks and opportunities. Corrective action, if required, is taken well in advance.

Your Company follows the best practice for management of credit risk, market risk and operational risk and has put in place a comprehensive Risk Management Policy envisaging a robust risk management programme.

## Prudential Norms for Housing Finance Companies

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

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

Your Company has in place a Fair Practices 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 the National Housing Bank guidelines on fair practices to be followed by Housing Finance Companies.

The National Housing Bank Act, 1987, empowers NHB to levy a penalty on Housing Finance Companies for contravention of the Act or any of its provisions. AHFCL has complied with the said provisions and accordingly NHB has not levied any penalty on AHFCL during the year.

## Capital Adequacy Ratio (CAR)

As required under the National Housing Bank Directions, your Company is presently required to maintain a minimum capital adequacy of 12%.

The capital adequacy ratio as at 31<sup>st</sup> March, 2018 was 37.78%. Tier I and Tier II capital adequacy ratios as at 31<sup>st</sup> March, 2018 were at 35.52% and 2.26% respectively.

## Special Reserve (U/S 29C of The National Housing Bank Act, 1987)

Your company has transferred the amount of ₹ 128,542,247/- to Special Reserve out of the reporting period profit of the Company, as per the requirement of the Section 29C of the National Housing Bank Act, 1987. Kindly refer the Note No. 04 of the financial statements.

## Holding/Subsidiary Company

During the year under review, the Company has no Subsidiary Company. However, the Company is a Subsidiary of M/s. Motilal Oswal Securities Limited and Motilal Oswal Financial Services Limited.

## Directors of The Company

The Board of Directors of the Company comprises of Eight Directors viz. Mr. Motilal Oswal, Mr. Raamdeo Agarawal, Mr. Anil Sachidanand, Mr. Hemant Kaul, Mrs. Smita Gune, Mr. Sanjaya Kulkarni, Mr. Navin Agarwal and Mr. Gautam Bhagat. Mr. Anil Sachidanand is the Managing Director & CEO of the Company.

Mr. Gautam Bhagat is a Non-Executive Independent Director of the Company. He joined the Board of the Company on 02<sup>nd</sup> November, 2017 as an Additional Director (Independent Category).

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, the resolution seeks the approval of the Members for the appointment of Mr. Gautam Bhagat as an Independent Director for a term of five consecutive years commencing from 02<sup>nd</sup> November, 2017 and ending on 1<sup>st</sup> November, 2022, and he shall not be liable to retire by rotation.

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

Mr. Navin Agarwal is a Non-Executive Director of the Company. He joined the Board of the Company on 26<sup>th</sup> March, 2018 as an Additional Director. In terms of Section 161(1) of the Companies Act, 2013, Mr. Navin Agarwal holds office upto the date of this Annual General Meeting but is eligible for the appointment as a Director. The Nomination and Remuneration committee already recommended his appointment under Section 160 of the Companies Act, 2013.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Navin Agarwal as a Director. Accordingly, the Board recommends the appointment of Mr. Navin Agarwal as Director of the company, for the approval of the members of the Company.

### Key Managerial Personnel

Following Director and officers are the Key Managerial Personnel of the Company as per the Requirement of the Section 203 of the Companies Act, 2013:

1. Mr. Anil Sachidanand - Managing Director & CEO
2. Mr. Kalpesh Ojha - Chief Financial Officer

During the year under review, Mr. S. Y. Sankhe Company Secretary & Compliance Officer of the Company, has been retired from his office with effect from 31<sup>st</sup> July, 2017.

### Directors Retiring By Rotation:

Mr. Motilal Oswal, Director of the Company is liable to retire by rotation and being eligible, offers himself for re-appointment at this Annual General Meeting.

### Performance Evaluation

Pursuant to the provisions of section 134(3) (p) of the Companies Act, 2013, the Board has carried out the annual performance evaluation of its own performance and the Directors individually and various Committees of the Board. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's and Committee functioning such as providing of strategic directions, performance, governance & compliance and overall performance. The performance evaluation of the Independent Directors was also carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

### Employee Stock Option Scheme (ESOS)

Members of the Company has approved the Aspire Home Finance Corporation Limited- Employee Stock Option Scheme, 2014 (AHFCL- "ESOS 2014") at its Extra-Ordinary General Meeting held on 16<sup>th</sup> October, 2014, Employee Stock Option Scheme, 2016 at its Annual General Meeting held on 07<sup>th</sup> July, 2016 (AHFCL- "ESOS 2016") and Employee Stock Option Scheme, 2017 at its Extra-Ordinary General Meeting held on 25<sup>th</sup> May, 2017 (AHFCL- "ESOS 2017") and company's Nomination & Remuneration Committee has also granted the option to the eligible employees, as detailed hereunder:-

Sr. No.	Particulars	AHFCL- "ESOS 2014"	AHFCL "ESOS 2016"	AHFCL "ESOS 2017"
a)	Options granted	Refer to the Note No. 33 of the Financial Statements		
b)	The Pricing formula			
c)	Options vested			
d)	Options exercised			

## Corporate Social Responsibility

Aspire Home Finance Corporation Limited, a Motilal Oswal Group Company, recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy.

The Company has the Corporate Social Responsibility (CSR) Policy containing the details of activities to be undertaken under CSR, prohibited activities under CSR, CSR Projects and Implementation Schedule, Budgeting and Allocation of funds, monitoring and evaluation of CSR activities.

As the part of the initiatives under Corporate Social Responsibility, during the year under review the Company has made contribution in area of education towards establishment of Kalinga Institute of Social Sciences (KISS), Bhubaneswar, Annamitra (Formerly known as ISKCON Food Relief Foundation), Adhayayan Sanstha, Seva Sahayog Foundation and RVG Educational Foundation.

The Company has made contributions directly as well as through Motilal Oswal Foundation, a not-for profit charitable company incorporated under Section 25 of the Companies Act, 1956.

The Annual Report on CSR activities is annexed herewith to this Report as "Annexure A"

## Composition of Audit Committee and providing Vigil Mechanism

The Audit Committee consists of the following members;

- a. Mrs. Smita Gune - Chairperson
- b. Mr. Motilal Oswal - Member
- c. Mr. Hemant Kaul - Member

### Terms of reference of the Audit Committee:-

- a) To review all books of accounts and records pertaining to the Company and the conduct of Company's business;
- b) To recommend the appointment of the Internal Auditors and the Statutory Auditors to the Board of Directors;
- c) To meet the Internal Auditors and the Statutory Auditors periodically and to discuss the scope of audit, observations of the Auditors and other related matters;
- d) To review all management letters, reports and other information provided by the auditors of Company;
- e) To have discussion with the Internal Auditors periodically about internal control systems and to ensure compliance of internal control systems; and
- f) To review the quarterly, half-yearly and annual financial statements before submission to the Board.

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the Chairman of the Audit Committee on reporting issues concerning the interests of employees and the Company.

## Composition of Nomination And Remuneration Committee

The Nomination and Remuneration Committee consists of the following members;

- a. Mr. Sanjaya Kulkarni - Chairman
- b. Mr. Motilal Oswal - Member
- c. Mrs. Smita Gune - Member

### Terms of reference of the Nomination and Remuneration Committee:-

- a) To appoint senior personnel(s) and Directors in the Company and timely review of performance.
- b) To look into the entire gamut of remuneration packages for the Executive Director(s) and senior personnel's of the Company and revise their remuneration suitably within the limits prescribed under any statutory acts, amendments, modifications or enactments thereof
- c) To formulate and implement one or more Employees' Stock Option Scheme(s) for the benefit of the employees including Directors of the Company.
- d) To determine the commissions payable to the Directors within the prescribed limits and as approved by the shareholders of the Company

- e) To undertake such other acts or activities as may be determined by the Board of the Company

### **Composition of Corporate Social Responsibility (CSR) Committee**

The CSR Committee consists of the following members;

- Mr. Sanjaya Kulkarni - Chairman
- Mr. Motilal Oswal - Member
- Mr. Anil Sachidanand - Member

Terms of reference of the CSR Committee:-

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a)
- Monitor the Corporate Social Responsibility Policy of the company from time to time.
- Update the Board on the implementation of various programmes and initiatives.

### **Declaration by Independent Directors**

The Company has received declarations from all the Independent Directors of the Company under Section 149 (7) of the Companies Act, 2013 that the Independent Directors of the Company meet with the criteria of their Independence laid down in Section 149(6).

### **Policy Against Sexual Harassment**

Company has in place policy against the sexual harassment and the said policy seeks to protect women employees from sexual harassment at the place of work. The primary objective of the same is to safeguard the interest of female employees in the Company and also provides for punishment in case of false and malicious representations. The policy has been communicated to the employees and is also posted on the Company's intranet.

During the year, no complaint has been received by the Sexual Harassment Committee.

### **Particulars of Loans, Guarantees or Investments made under Section 186 of the Companies Act, 2013**

Housing Finance Companies are exempt from the provisions of the section 186 (except sub- Section (1)) of the Companies Act, 2013. Hence the said provision is not applicable to the Aspire Home Finance Corporation Limited.

### **Number of Board Meetings**

During the period under review Six (6) Board Meetings were held on 25/04/2017, 24/07/2017, 11/08/2017, 02/11/2017, 22/01/2018 and 26/03/2018.

Mr. Motilal Oswal is the Chairman of the Board.

### **Directors' Responsibility Statement:**

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:—

- in the preparation of the annual accounts for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2018 and of the profit and loss of the Company for the year ended on that date;
- the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;



- d) the directors had prepared the annual accounts on a going concern basis;
- e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **Auditors**

In accordance with the provisions of the Section 139 of the Companies Act, 2013, the Company had appointed the Statutory Auditors, M/s. BSR & CO. LLP, Chartered Accountants for a period of five years at its first Annual General Meeting, subject to ratification of appointment by members in every subsequent Annual General Meeting of the Company.

However, the said requirement is dispensed with according to related provision of Companies Amendment Act, 2017 becoming effective and accordingly, the appointment of Auditors is not to be ratified by the members in the General Meeting.

In lines with the above stated, the shareholders are further informed that M/s. B S R & CO. LLP, Chartered Accountants will continue to be remain the Statutory Auditors of the Company till the 6<sup>th</sup> Annual General Meeting of the Company without further ratification.

## **Auditors Report**

The Auditors Report to the Members on the Accounts of the Company for the financial year ended March 31, 2018 does not contain any qualification and is self-explanatory, hence does not call for any comment of Board.

## **Internal Audit**

Aspire Home Finance Corporation Limited has robust internal audit programme, where the internal auditors i.e. M/s. Morzaria & Associates, Chartered Accountants, an independent firm of chartered accountants, conduct Internal Audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Further, M/s. Aneja Associates, Chartered Accountants has been appointed as Internal Auditor of the Company for the Financial Year 2018-19.

## **Company's Policy relating to Directors Appointment, payment of Remuneration and discharge of their Duties**

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, Independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is furnished in 'Annexure B' and is attached to this report.

## **Annual Return**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014 is furnished in 'Annexure C' and is attached to this report.

## **Secretarial Audit Report**

The Board of Directors of the Company has appointed M/s Aabid & Co., Company Secretaries to conduct the Secretarial Audit and his Report on Company's Secretarial Audit is appended to this report as 'Annexure D.'

## **Particulars of Contracts or Arrangements made with Related Parties**

All the transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. Your Directors draw attention of the members to Note No. 26 of the financial statements which set out related party disclosures. Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013, in the prescribed Form AOC-2 and the policy thereon, are appended as 'Annexure E' to the Board's Report. Related party transactions are placed before the Audit Committee for approval.

The particulars of loans/advances and investment in their holding, subsidiaries, associates and etc., which are required to be disclosed in the annual report of the company as stipulated in Regulation 53(f) and Para A of the Schedule V to the Listing Regulations, 2015, are annexed to as Note No. 26 to the financial statements.

## **Listing of Non-Convertible Debentures of the Company**

The Non-Convertible Debentures of your Company continue to remain listed on BSE Ltd and the Company has paid the listing fees as payable to the BSE Ltd for the financial year 2018-19 on time.

## **Human Resource Development**

Human Resource Development is considered important for effective implementation of business plans. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. During the current year, in-house training programmes were provided to employees, inter alia, in lending Operations, Documentation, KYC & ALM Policy, IT System & Security, and Accounts etc.

## **Particulars of Employees**

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided to the members upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

## **Material Changes and Commitment if any affecting the Financial position of the Company occurred between the end of the Financial Year to which this Financial Statements relate and the date of the Report**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report.

## **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

Since the Company is not engaged in any manufacturing activity, the particulars relating to conservation of energy and technology absorption as stipulated in the Companies Act are not applicable.

Kindly Refer Note No. 58 of the Financial Statements for Foreign Exchange Inflows and Outflows.

## **CEO and CFO Certification**

Managing Director & CEO and Chief Financial Officer (CFO) of the Company has furnished the certificate to the Board relating to financial statements and the same was placed before the Board of Directors at its meeting held on 21<sup>st</sup> May, 2018 and the copy of the said certificate is appended as 'Annexure F' to the Board's report.

## **Acknowledgement**

Your Directors wish to place on record their gratitude to the National Housing Bank, the Company's Customers, Bankers, Members, Debenture holders, Debenture Trustees, Vendors and others 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. The Directors also would like to thank The BSE Limited, National Securities Depository Limited, Central Depository Services (India) Limited and the Credit Rating Agencies for their co-operation.

For and on behalf of the Board

**Mr. Motilal Oswal**  
Chairman

Place: Mumbai  
Date: 21<sup>st</sup> May, 2018

# ANNEXURE 'A' TO BOARD'S REPORT

## CSR Activities for FY 2017-18

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programme: Local area or other Specify the State or District where the projects or programmes was undertaken	Amount outlay (Budget) project or programme wise (In ₹)	Amount spent on project or programs: Sub head: Direct expenditure on project or programme; Overhead	Cumulative expenditure up to the date of reporting	Amount spent: Direct or through implementing agencies*
1.	Kalinga Institute of Social Sciences	Promoting Education	Bolangir District, Odhisha	10,000,000	Direct expenditure on project	10,000,000	Direct and the mediator was Motilal Oswal Foundation
2.	Annamitra (Formerly known as ISKCON Food Relief Foundation)	Eradicating hunger, poverty and malnutrition	Mumbai, Maharashtra	2,700,000	Direct expenditure on project	2,700,000	Through Motilal Oswal Foundation – a Section 25 Company incorporated under Companies Act, 1956
3.	Adhayayan Sanstha	Promoting Education	Mumbai, Maharashtra	1,000,000	Direct expenditure on project	1,000,000	
4.	Seva Sahayog Foundation	Promoting Education	Mumbai, Maharashtra	225,000	Direct expenditure on project	225,000	
5.	RVG Educational Foundation	Promoting Education	Mumbai, Maharashtra	625,000	Direct expenditure on project	625,000	
<b>Total</b>				<b>14,550,000</b>		<b>14,550,000</b>	
1.	In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.			Not applicable			

### About the Projects where AHFCL spent the money under CSR Activities

- Kalinga Institute of Social Sciences:** Kalinga Institute of Social Sciences – KISS, Bhubaneswar, is a fully free, fully residential home for 27000 poorest of the poor indigenous children who are provided holistic education from Kindergarten to Post Graduation along with lodging, boarding, health care facilities besides vocational, life skills empowerment.  
  
We have made contribution towards establishing a residential school for 1000 children at Bolangir district. This school will function in lines with KISS- Bhubaneshwar.
- Adhayayan Sanstha:** Adhayayan Sanstha is a Mumbai based NGO working to improve quality of education in schools with specific focus on mathematics, science and geography.  
  
The contribution was made towards Learning Enhancement project which is running in schools of Vasai and Vikaramgad blocks to improve mathematic skills of children.
- Annamitra (Formerly known as ISKCON Food Relief Foundation):** With Annamitra we are sponsoring mid-day meal at 3 schools – 2 in Mumbai and 1 in Virar. The project is benefiting 1100+ students.
- RVG Educational Foundation:** The donation made to RVG is utilized towards giving merit and need based scholarship to CA students living in RVG hostels in Mumbai.
- Seva Sahayog Foundation:** With Seva Sahayog we are working towards providing library books and science laboratory equipment for schools near Mumbai.

# ANNEXURE 'B' TO BOARD'S REPORT

## Nomination and Remuneration Policy



This Committee and the Policy is formulated in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

### 1. Objective

The Nomination and Remuneration Committee (NRC) and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto. The Key Objectives of the Committee would be:

- 1.1. To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management.
- 1.2. To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board.
- 1.3. To recommend to the Board on Remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
- 1.4. To provide to Key Managerial Personnel and Senior Management reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- 1.5. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- 1.6. To devise a policy on Board diversity
- 1.7. To develop a succession plan for the Board and to regularly review the plan;

### 2. Definitions

- 2.1. Act means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
- 2.2. Board means Board of Directors of the Company.
- 2.3. Directors mean Directors of the Company.
- 2.4. Key Managerial Personnel means
  - 2.4.1. Chief Executive Officer or the Managing Director or the Manager;
  - 2.4.2. Whole-time director;
  - 2.4.3. Chief Financial Officer;
  - 2.4.4. Company Secretary; and
  - 2.4.5. such other officer as may be prescribed.
- 2.5. Senior Management means personnel of the company who are members of its core management team excluding the Board of Directors including Chief Operating Officer and Functional Heads.

### 3. Role Of Committee

- 3.1. Matters to be dealt with, perused and recommended to the Board by the Nomination and Remuneration Committee

The Committee shall:

- 3.1.1. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- 3.1.2. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- 3.1.3. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

### 3.2. Policy for appointment and removal of Director, KMP and Senior Management

#### 3.2.1. Appointment criteria and qualifications

- a) The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- b) A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- c) The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

#### 3.2.2. Term / Tenure

- a) Managing Director/Whole-time Director:  
The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding three/ five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.
- b) Independent Director:
  - An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.
  - No Independent Director shall hold office for more than two consecutive terms of upto maximum of 5 years each, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

#### 3.2.3. Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

#### 3.2.4. Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

#### 3.2.5. Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

### 3.3. Policy relating to the Remuneration for the Whole-time Director, Managing Director, KMP and Senior Management Personnel

#### 3.3.1. Remuneration to Managing / Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Companies Act, 2013 and rules made there under or any other enactment for the time being in force.



3.3.2. Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation / commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

## **4. Membership**

- 4.1 The Committee shall consist of a minimum 3 Members.
- 4.2 Minimum 2 members shall constitute a quorum for the Committee meeting.
- 4.3 Term of the Committee shall be continued unless terminated by the Board of Directors.

## **5. Chairperson**

- 5.1 The members of the Committee present at the meeting shall choose one amongst them to act as Chairperson.
- 5.2 Chairman of the Nomination and Remuneration Committee meeting could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

## **6. Frequency of Meetings**

The meeting of the Committee shall be held at such intervals as may be required.

## **7. Secretary**

The Company Secretary of the Company shall act as Secretary of the Committee.

## **8. Voting**

- 8.1 Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
- 8.2 In the case of equality of votes, the Chairman of the meeting will have a casting vote.

## **9. Nomination Duties**

The duties of the Committee in relation to nomination matters include:

- 9.1 Ensuring that there is an appropriate induction in place for new Directors and members of Senior Management and reviewing its effectiveness;
- 9.2 Ensuring that on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the Guidelines provided under the Act;
- 9.3 Identifying and recommending Directors who are to be put forward for retirement by rotation.
- 9.4 Determining the appropriate size, diversity and composition of the Board;
- 9.5 Developing a succession plan for the Board and Senior Management and regularly reviewing the plan;
- 9.6 Evaluating the performance of the Board members and Senior Management in the context of the Company's performance from business and compliance perspective;
- 9.7 Making recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provision of the law and their service contract.
- 9.8 Delegating any of its powers to one or more of its members or the Secretary of the Committee;
- 9.9 Recommend any necessary changes to the Board; and
- 9.10 Considering any other matters, as may be requested by the Board.

## **10. Remuneration Duties**

The duties of the Committee in relation to remuneration matters include:

- 10.1 Consider and determine the Remuneration Policy, based on the performance and also bearing in mind that the remuneration is reasonable and sufficient to attract retain and motivate members of the Board and such other factors as the Committee shall deem appropriate all elements of the remuneration of the members of the Board.
- 10.2 Approving the remuneration of the Senior Management including key managerial personnel of the Company maintaining a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company.
- 10.3 Delegating any of its powers to one or more of its members or the Secretary of the Committee.
- 10.4 Consider any other matters as may be requested by the Board.

## **11. Review And Amendment**

- 11.1 The NRC or the Board may review the Policy as and when it deems necessary.
- 11.2 The NRC may issue the guidelines, procedures, formats, reporting mechanism and manual in supplement and better implementation to this Policy, if it thinks necessary.
- 11.3 This Policy may be amended or substituted by the NRC or by the Board as and when required and also by the Compliance Officer where there is any statutory changes necessitating the change in the policy.

# ANNEXURE 'C' TO BOARD'S REPORT

## Form No. MGT-9



### Extract of Annual Return

as on the financial year ended on 31<sup>st</sup> March, 2018

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. Registration and other Details

i) CIN	U65923MH2013PLC248741
ii) Registration Date	01/11/2013
iii) Name of the Company	Aspire Home Finance Corporation Limited
iv) Category / Sub-Category of the Company	Public Company, Limited by Shares
v) Address of the registered office and contact details	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025
vi) Whether listed company Yes / No	Yes (Non- Convertible Debentures are listed with BSE Limited)
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>Link Intime India Pvt. Ltd</b> C 101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai 400083.

#### 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:-

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

#### III. Particulars of Holding, Subsidiary and Associate Companies

Sr. No.	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1.	<b>Motilal Oswal Securities Limited</b> Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai 400 025	U65990MH1994PLC079418	HOLDING	76.59	2(46)
2.	<b>Motilal Oswal Financial Services Limited</b> Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai 400 025	L67190MH2005PLC153397	HOLDING	15.14	2(46)

#### IV. Share Holding 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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	NIL	85000020	85000020	1.76	NIL	85000020	85000020	1.63	0.13
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt (s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	NIL	4675018980	4675018980	96.89	NIL	5028920465	5028920465	96.59	0.30
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (1):-</b>	<b>NIL</b>	<b>4760019000</b>	<b>4760019000</b>	<b>98.65</b>	<b>NIL</b>	<b>5113920485</b>	<b>5113920485</b>	<b>98.22</b>	<b>0.43</b>
(2) Foreign	-	-	-	-	-	-	-	-	-
a) NRIs -	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
b) Other -	-	-	-	-	-	-	-	-	-
Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-total (A) (2):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>NIL</b>	<b>4760019000</b>	<b>4760019000</b>	<b>98.65</b>	<b>NIL</b>	<b>5113920485</b>	<b>5113920485</b>	<b>98.22</b>	<b>0.43</b>
<b>B. Public Shareholding</b>									
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt.(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B) (1):-</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
(2) Non-Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	10820000	10820000	0.21	0.21
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals						–	–		
i) Individual Shareholders holding nominal share capital upto ₹ 1 lakh	NIL	20	20	0.00	–	20	20	0.00	
ii) Individual Shareholders Holding nominal share capital in excess of ₹ 1 Lakh	–	65000010	65000010	1.35	–	65000010	65000010	1.25	0.22
c) Others (ESOP)	–	–	–	–	–	16830000	16830000	0.32	–
<b>Sub-total (B) (2):-</b>	<b>NIL</b>	<b>65000030</b>	<b>65000030</b>	<b>1.35</b>	<b>NIL</b>	<b>92650030</b>	<b>92650030</b>	<b>1.78</b>	<b>0.22</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>NIL</b>	<b>65000030</b>	<b>65000030</b>	<b>1.35</b>	<b>NIL</b>	<b>92650030</b>	<b>92650030</b>	<b>1.78</b>	<b>1.78</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	–	–	–	–	–	–	–	–	–
<b>Grand Total (A+B+C)</b>	<b>NIL</b>	<b>4825019030</b>	<b>4825019030</b>	<b>100</b>	<b>NIL</b>	<b>5206570515</b>	<b>5206570515</b>	<b>100</b>	<b>NIL</b>

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the Year			% change in share holding 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.	Motilal Oswal Securities Limited	3936035460	81.58	NIL	3987759601	76.59	NIL	4.98
2.	Motilal Oswal Financial Services Limited	738983470	15.32	NIL	788508296	15.14	NIL	0.17
3.	Mr. Motilal Oswal	10	0.00	NIL	10	0.00	NIL	0
4.	Mr. Ramdeo Agarwal	10	0.00	NIL	10	0.00	NIL	0
5.	Mr. Anil Sachidanand	85000000	1.76	NIL	85000000	1.63	NIL	0.13
6.	MOPE Investment Advisors Private Limited	10	0.00	NIL	10	0.00	NIL	0
7.	Motilal Oswal Asset Management Company Limited	10	0.00	NIL	10	0.00	NIL	0
8.	Motilal Oswal Real Estate Investment Advisors II Private Limited	10	0.00	NIL	10	0.00	NIL	0
9.	Motilal Oswal Investment Advisors Limited	10	0.00	NIL	60344836	1.16	NIL	1.16
10.	Motilal Oswal Wealth Management Limited	10	0.00	NIL	192307702	3.69	NIL	3.69
	<b>Total</b>	<b>4760019000</b>	<b>98.66</b>	<b>NIL</b>	<b>5113920485</b>	<b>98.22</b>	<b>NIL</b>	<b>–</b>



(iii) Change in Promoter's Shareholding (please specify, if there is no change)

Sl. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2016 to 31/03/2017)	
		No of shares at the beginning (01/04/2016)/ end of the year (31/03/2017)	% of total shares of the company				No of shares	% of total shares of the company
1	Motilal Oswal Securities Limited	3936035460	81.58	14/08/2017	51724141	Allotment	3987759601	79.66
2	Motilal Oswal Financial Services Limited	738983470	15.32	14/08/2017	60344826	Allotment	799328296	15.97
3	Motilal Oswal Investment Advisors Limited	10	0	14/08/2017	60344826	Allotment	60344836	1.21
4	Motilal Oswal Wealth Management Limited	10	0	28/03/2018	192307692	Allotment	192307702	3.69

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2017 to 31/03/2018)	
		No of shares at the beginning (01/04/2017)/ end of the year (31/03/2018)	% of total shares of the company				No of shares	% of total shares of the company
1	Mr. Ajay Menon	10	0.00	NIL	0	NIL	10	0.00
2	Mr. Sameer Kamath	10	0.00	NIL	0	NIL	10	0.00

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name	Shareholding		Date	Increase/decrease in shareholding	Reason	Cumulative Shareholding during the year (01/04/2016 to 31/03/2017)	
		No of shares at the beginning (01/04/2017)/ end of the year (31/03/2018)	% of total shares of the company				No of shares	% of total shares of the company
1	Mr. Motilal Oswal	10	0.00	23/02/2017	Since Incorporation	NIL	10	0.00
2	Mr. Raamdeo Agarwal	10	0.00	23/02/2017	Since Incorporation	NIL	10	0.00
3	Mr. Anil Sachidanand	85000000	1.76	14/06/2016	Nil	Nil	85000000	1.63
4	Mr. Navin Agarwal	65000010	1.35	Nil	Nil	0	Nil	1.25

## V. Indebtedness

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

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	28,83,80,05,256	9,14,32,02,060	–	37,98,12,07,316
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	1,08,59,33,182	55,20,67,789	–	1,63,80,00,971
<b>Total (i+ii+iii)</b>	<b>29,92,39,38,438</b>	<b>9,69,52,69,849</b>	<b>–</b>	<b>39,61,92,08,287</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	6,32,01,91,698	96,42,19,212	–	7,28,44,10,910
• Reduction	4,89,89,08,117	76,09,32,731	–	5,65,98,40,848
<b>Net Change</b>	<b>1,42,12,83,581</b>	<b>20,32,86,481</b>	<b>–</b>	<b>1,62,45,70,062</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	29,90,77,03,068	9,22,40,59,796	–	39,13,17,62,865
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	1,43,75,18,951	67,44,96,534	–	2,11,20,15,485
<b>Total (i+ii+iii)</b>	<b>31,34,52,22,019</b>	<b>9,89,85,56,330</b>	<b>–</b>	<b>41,24,37,78,350</b>

## VI. Remuneration of Directors and Key Managerial Personnel (KMP)

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

Sl. no.	Particulars of Remuneration	Name of MD/WT/ Manager and KMP	Total Amount
		Mr. Anil Sachidanand	
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, Bonus	–	–
5.	Others, please specify- Bonus	–	–
	<b>Total (A)</b>	<b>–</b>	<b>–</b>
	Ceiling as per the Act	As per Sec 197 of Companies Act, 2013	

\*Kindly refer the caption 'Particulars of Employees' of the Board Report.

### Remuneration to Other Directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Hemant Kaul	Mrs. Smita Gune	Mr. Sanjaya Kulkarni	Mr. Gautam Bhagat	
1.	Independent Directors					
	• Fee for attending board / committee meetings	1,40,000/-	2,00,000/-	1,50,000/-	20,000/-	5,10,000/-
	• Commission	5,00,000/-	4,00,000/-	4,00,000/-	–	13,00,000/-
	• Others, please specify	–	–	–	–	–
	<b>Total (1)</b>	<b>6,40,000/-</b>	<b>6,00,000/-</b>	<b>5,50,000/-</b>	<b>20,000/-</b>	<b>18,10,000/-</b>

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. Hemant Kaul	Mrs. Smita Gune	Mr. Sanjaya Kulkarni	Mr. Gautam Bhagat	
2.	Other Non-Executive Directors					
	• Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL	NIL
	<b>Total (2)</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
	<b>Total (B)=(1+2)</b>	<b>6,40,000/-</b>	<b>6,00,000/-</b>	<b>5,50,000/-</b>	<b>20,000/-</b>	<b>18,10,000/-</b>
	<b>Total Managerial Remuneration</b>					
	<b>Overall Ceiling as per the Act (per Board meeting )</b>	1,00,000/-	1,00,000/-	1,00,000/-	1,00,000/-	—

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
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	—	—	—
	<b>Total</b>	<b>—</b>	<b>—</b>	<b>—</b>

\*Kindly refer the caption 'Particulars of Employees' of the Board Report.

**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)
Penalty					
Punishment					
Compounding					
<b>A. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

# ANNEXURE 'D' TO BOARD'S REPORT

## Secretarial Audit Report



### SECRETARIAL AUDIT REPORT

#### FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> MARCH 2018

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

To,  
The Members,  
Aspire Home Finance Corporation Limited  
Mumbai

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **Aspire Home Finance Corporation Limited** (hereinafter called the "company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing opinion thereon.

Based on our verifications of the Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, We hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31<sup>st</sup> March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, and Minute Books, Forms and Returns filed and other records maintained by **Aspire Home Finance Corporation Limited** as given in **Annexure I** for the Financial Year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
  - (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder is not applicable to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
    - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
    - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
    - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (vi) The other Laws applicable specifically to the company is Annexed with this Report as **Annexure- II**
- Provisions of Clause (i) and only Sub-Clause (e) of Clause (v) is applicable, to the company.

We have also examined Compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) The National Housing Bank Act, 1987 are also applicable to the Company, as Company is registered under Housing Finance Institution.

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

**We further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors including Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

**We further report that** the company has complied with respect to listing of Non convertible debentures

For **Aabid & Co.**  
**(Mohammad Aabid)**  
Partner  
FCS NO.:6579  
C.P.No.:6625

Place: Mumbai  
Date: 21<sup>st</sup> May, 2018

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



## ANNEXURE – I

### List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the Financial Year ended 31<sup>st</sup> March, 2017.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration committee, Finance and Securities Allotment Committee along with Notices and Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Agenda papers submitted to all the directors / members for the Board Meetings and Committee meetings.
6. Declarations received from the Directors of the Company pursuant to the provisions of Section 164 (1) and 184 (1) of Companies Act, 2013.
7. E-forms filed by the company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
8. Intimations / documents/ reports/ returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement for the issuance and listing of Non-Convertible Debentures during the financial year under report.
9. Intimations / Applications/ documents/ reports filed with the Reserve Bank of India pursuant to the provisions / guidelines of Reserve Bank of India for the issuance of the Commercial Paper during the financial year under report.
10. Intimations / documents / reports / returns filed under the National Housing Bank Act, 1987 during the financial year under report.
11. Statutory Registers viz.
  - Register of Directors' & Key Managerial Personnel (KMP) and their Shareholding
  - Register of Members
  - Register of Charges

## ANNEXURE – II

### List of Applicable Laws to the Company

**Registered office:**

Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400025, Maharashtra, India.

**Corporate office:**

Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400025, Maharashtra, India.

**Under the Major Group and Head:**

- 1) Companies Act, 2013.
- 2) National Housing Bank Act, 1987
- 3) SEBI (Issue and Listing of Debt Securities) Regulations 2008.
- 4) Guidelines issued by Reserve Bank of India for the issuance of Commercial Papers (Money Market Instrument);
- 5) The Maternity Benefit Act, 1961.
- 6) The Payment of Gratuity Act, 1972
- 7) The Maharashtra Shops & Establishment Act, 1972
- 8) The Employee's State Insurance Act, 1948
- 9) Employee's Compensation Act, 1923
- 10) The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975
- 11) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
- 12) The Employees Provident Funds and Miscellaneous Provisions Act, 1952

### **ANNEXURE-III**

To,  
The Members,  
Aspire Home Finance Corporation Limited.

Our report of even date is to be read with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Wherever required, we have obtained Management Representation about the compliance laws, rules and regulations, and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

# ANNEXURE 'E' TO BOARD'S REPORT

## Form No. AOC-2 and Related Party Transactions Policy



### Form No. AOC-2

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

1. Details of contracts or arrangements or transactions not at arm's length basis

NOT APPLICABLE

2. Details of material\* contracts or arrangement or transactions at arm's length basis

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
1	NIL	NIL	NIL	NIL	NIL	NIL

\* Materiality is defined as per Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. i.e. transactions exceeding ten percent of annual turnover as per the last audited financial statements of the Company.

For and on behalf of the Board

Place: Mumbai  
Date: 21<sup>st</sup> May, 2018

**Motilal Oswal**  
Chairman

## Related Party Transactions Policy

### Introduction

The Board of Directors (**"the Board"**) of Aspire Home Finance Corporation Limited (**"the Company" or "AHFCL"**), has adopted the following Related Party Transaction Policy (**"Policy"**) with regards to any contract or arrangement with a Related Party under the applicable provisions of the Companies Act, 2013 read with rules framed thereunder (**the "Act"**).

### Purpose

This Policy is framed as per the requirement of Section 188 and other applicable provisions of the Act and the rules framed thereunder and "Housing Finance Companies –Corporate Governance (National Housing Bank) Directions, 2016" issued by the National Housing Bank (NHB) vide Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated 09th February 2017 and intend to ensure the proper approval and reporting of Transactions between the Company and its Related Parties. Such Transactions are appropriate only if they are in the best interest of the Company and its Members.

### Definitions

**"Turnover"**; as mentioned in the Companies Act, 2013

**"Arm's Length Transaction"** means a transaction between two Related Parties that is conducted as if they were unrelated, so that there is no conflict of interest;

**"Associate"** means an enterprise in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company and the term "Associate Company" shall be interpreted accordingly. For the purpose of this definition, "Significant Influence" means control of at least twenty percent of total share capital, or of business decisions under an agreement.

**"Audit Committee"** or **"Committee"** means Committee of Board of Directors of the Company constituted under provisions of the Companies Act, 2013;

**"Board"** means Board of Directors of the Company;

**"Company Secretary"** means a person who is appointed by the Company to perform the functions of the Company Secretary under provisions of the Companies Act, 2013;

**"Key Managerial Personnel"** means –

- (a) the Chief Executive Officer or the Managing Director or the Manager;
- (b) the Company Secretary;
- (c) the Whole - Time Director(s);
- (d) the Chief Financial Officer;
- (e) such other officer as may be prescribed under Section 2(51) of the Companies Act, 2013.

**"Material Related Party Transaction"** means a transaction with a Related Party in relation to –

- i. sale, purchase or supply of any goods or materials, directly or through appointment of agent exceeding 10% of the Annual Turnover of the Company or ₹ 100 crores, whichever is lower; or
- ii. selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agent, exceeding 10% of Net Worth of the Company or ₹ 100 crores, whichever is lower; or
- iii. leasing of property of any kind exceeding 10% of the Net Worth of the Company or 10% of the Annual Turnover of the Company or ₹ 100 crore, whichever is lower; or
- iv. availing or rendering of any services, directly or through appointment of agent, exceeding 10% of the Annual Turnover of the Company or ₹ 50 crore, whichever is lower, or
- v. appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding ₹ 2.5 lakhs; or



- vi. underwriting the subscription of any securities or derivatives thereof, of the Company exceeding 1% of the Net Worth.

**"Net worth"** means net worth of the Company computed in accordance with Section 2(57) of the Companies Act, 2013 based on the Audited Financial Statements of the preceding Financial Year;

**"Policy"** means Related Party Transaction Policy; "Related Party" means -

- (a) a director or his Relative;
- (b) a Key Managerial Personnel or his Relative;
- (c) a firm, in which a Director, Manager or his Relative is a partner;
- (d) a private company in which a Director or Manager or his relatives is a member or director;
- (e) a public company in which a Director or Manager is a director and holds along with his relatives, more than two per cent of its paid-up share capital;
- (f) any body corporate whose Board of Directors, managing director, or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager unless the advice, directions or instructions are given in a professional capacity;
- (g) any person under whose advice, directions or instructions a Director or Manager is accustomed to act unless the advice, directions or instructions are given in a professional capacity;
- (h) Director or Key Managerial Personnel of the holding company or his relative;
- (i) a Holding Company;
- (j) a Subsidiary Company;
- (k) an Associate Company;
- (l) a Fellow Subsidiary Company;
- (m) a director or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.
- (n) any other person that may be prescribed under Section 2(76) of the Companies Act, 2013;

**"Specified Related Party Transaction"** means transaction with a Related Party if the transaction(s) to be entered into, other than transactions entered into by the Company in its ordinary course of business and the same are on an arm's length basis, is in relation to—

- (a) sale, purchase or supply of any goods or materials;
- (b) selling or otherwise disposing of, or buying, property of any kind;
- (c) leasing of property of any kind;
- (d) availing or rendering of any services;
- (e) appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) underwriting the subscription of any securities or derivatives thereof, of the company.

**"Related Party Transaction"** means any transactions directly or indirectly with Related Parties and it also includes Transactions as specified under clause (a) to (g) of sub-section (1) of Section 188 of the Companies Act, 2013;

**"Relative"** means relative as defined under Section 2(77) of the Companies Act, 2013 and includes anyone who is related to another in any of the following manner –

- (a) they are members of a Hindu Undivided Family ;
- (b) they are husband and wife ;
- (c) father (including step-father)

- (d) mother (including step-mother)
- (e) son (including step-son)
- (f) son's wife
- (g) daughter
- (h) daughter's husband
- (i) brother ( including step-brother); or
- (j) sister (including step-sister)

**“Transaction”** with a Related Party shall be construed to include any contract or arrangement or transaction, whether single or as a group of transaction and for the purpose of applying thresholds laid down in this Policy it shall include previous transaction(s) during the financial year with the said Related Party.

## **Approval of Transaction**

### **Approval of the Audit Committee**

All Related Party Transactions must be reported to the Audit Committee and referred for prior approval by the Committee. Where any Director is considered interested in any transaction with Related Party, such Director shall not be present at the meeting during discussions and voting on the subject matter of the resolution relating to such transaction.

To review a Related Party Transaction, the Committee will be provided with all relevant material information of the Related Party Transaction, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company and to the Related Party, and any other relevant matters. In determining whether to approve a Related Party Transaction, the Committee will consider the factors provided in the Companies Act, 2013.

The Audit Committee may make omnibus approval for related party transactions which are repetitive in nature subject to the following conditions:

- The Audit Committee shall satisfy itself on the need for omnibus approval and that such approval is in the interest of the Company;
- The omnibus approval shall contain the name of the related party(ies), nature and duration of the transaction, maximum amount of transaction that can be entered into, the indicative base price or current contracted price and the formula for variation in the price, if any, and such other conditions, as the Audit Committee may deem fit;

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding INR 1 crore per transaction.

- Omnibus approval shall be valid for a period not exceeding 1 (One) Financial Year and shall require fresh approval after the expiry of such Financial Year;
- Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.
- The Audit Committee shall review the related party transactions entered into by the Company, from time to time, pursuant to each of the omnibus approval;

### **Approval of the Board of Directors of the Company**

In case any related party transactions are referred by the Committee to the Board for its approval due to the transaction being (i) not in the ordinary course of business, or (ii) not at an arm's length price, the Board will consider such factors as, nature of the transaction, material terms, the manner of determining the pricing and the business rationale for entering into such transaction. On such consideration, the Board may approve the transaction or may require such modifications to transaction terms as it deems appropriate under the circumstances. Any member of the Board who has any interest in any related party transaction will rescue himself and abstain from discussion and voting on the approval of the related party transaction

### **Approval of the Shareholders of the Company**

If a related party transaction is (i) a material transaction or (ii) not in the ordinary course of business, or not at arm's length price and exceeds certain thresholds prescribed under the Companies Act, 2013, it shall require shareholders' approval. In such a case, any member of the Company who is a related party, shall not vote on resolution passed for approving such related party transaction.

### **Identification of Related Parties**

Every Director and Key Managerial Personnel is responsible to declare any person or entity that would be regarded as Related Party for the Company in accordance with this Policy on account of his/her being Director or Key Managerial Personnel of the Company. Such declaration shall include disclosure of his/her (and his/her relative's) concern or interest in any company or companies or bodies corporate, firms or such other association of individuals which shall include the shareholding, directorship, membership, partnership, etc.

Company Secretary shall identify other persons or entities that would be regarded as Related Parties on account of their relationship as mentioned in the definition of Related Parties on a half yearly basis based on the information available with him or after making enquiries as may be necessary.

### **Identification of Potential Related Party Transactions**

Every officer of the Company entrusted with the authority to enter into any transaction shall be responsible for providing notice to the Board or Audit Committee, through the Company Secretary Department of the Company of any potential Related Party Transaction involving the Company. The Board / Audit Committee, through the Company Secretary Department of the Company, will determine whether the Transaction does, in fact, constitute a Related Party Transaction requiring compliance with this Policy.

The Company will try and ensure that notice of any potential Related Party Transaction is given well in advance, so that the Audit Committee / the Board has adequate time to obtain and review information about the proposed Transaction.

### **Related Party Transactions not approved under this Policy**

In the event the Company becomes aware of a Related Party Transaction with a Related Party that has not been approved under this Policy prior to its consummation, the matter shall be reviewed by the Committee / Board. The Committee / Board shall consider all of the relevant facts and circumstances regarding the Related Party Transaction, and shall evaluate all options available to the Company, including ratification, revision or termination of the Related Party Transaction. The Committee / Board shall also examine the facts and circumstances pertaining to the failure of reporting such Related Party Transaction to the Committee under this Policy, and shall take any such action it deems appropriate.

In any case, where the Committee / Board determines not to ratify a Related Party Transaction that has been commenced without approval, the Committee / Board, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a Related Party Transaction, the Committee / Board has authority to modify or waive any procedural requirements of this Policy.

### **Exceptions**

Approval of Audit Committee/ Board of Directors/ Members under this Policy shall not be required if the transaction(s) is in the Company's ordinary course of business and the same is on an arm's length basis.

### **Limitation and Amendment**

In the event of any conflict between the provisions of this Policy and of the Act any other statutory enactments, rules, the provisions of such Act or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in Act and / or applicable laws in this regard shall automatically apply to this Policy.

# ANNEXURE 'F' TO BOARD'S REPORT

## Annual Certification



Date: 21<sup>st</sup> May, 2018

The Board of Directors  
Aspire Home Finance Corporation limited  
Motilal Oswal Tower, Rahimtullah Sayani Road,  
Opp. Parel ST Depot, Prabhadevi,  
Mumbai- 400 025

### ANNUAL CERTIFICATION

We the undersigned Anil Sachidanand, Managing Director & CEO and Kalpesh Ojha, Chief Financial Officer hereby certify that for the financial year ended 31<sup>st</sup> March, 2018, we have reviewed Annual accounts, financial statement and the cash flow statement and to the best of our knowledge and belief :

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are no transaction entered into by the company during the year which are fraudulent, illegal or violate the Company's Policies;
4. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of internal control system of the Company and we have disclosed to the auditors and the Audit Committee the deficiencies, of which we are aware, in the design or operation of the internal control system and we have taken the steps to rectify these deficiencies.
5. We further certify that :
  - a. there have been no significant changes in internal control during this year.
  - b. there have been no significant changes in accounting policies during this year except as mentioned in the significant accounting policies and notes to accounts.

**Anil Sachidanand**  
Managing Director & CEO  
DIN No.: 02698182

**Kalpesh Ojha**  
Chief Financial Officer

# INDEPENDENT AUDITOR'S REPORT



## To the Members of Aspire Home Finance Corporation Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of Aspire Home Finance Corporation Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the 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 state of affairs, profit / loss 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 relevant rules issued thereunder.

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.

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

### 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 of the financial statements 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 the 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 are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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.

## 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 2018, 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 in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss and the 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 relevant rules issued thereunder;
- (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'; and
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company did not have any pending litigations as on 31 March 2018 which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018. Corresponding amounts as appearing in the audited financial statements for the year ended 31 March 2017 have been disclosed.

Mumbai  
21 May 2018

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

**Vaibhav Shah**  
Partner

Membership No: 117377



# ANNEXURE 'A'

## To the Independent Auditors' Report



### Aspire Home Finance Corporation Limited

#### Annexure A to the Independent Auditor's Report of even date on financial statements

- (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 program of physical verification of its fixed assets by which all the fixed assets are being verified in a phased manner over a period of three 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. No discrepancies were noticed upon such verification.
- c. According the information and explanations given to us and on the basis of our examination of the records of the Company, we have observed that there are no immovable properties in the name of the Company.
- (ii) The Company is a Housing Finance Company ('HFC'); accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of clause 3(iii) of the Order is not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans, made investments or provided guarantees during the year under section 185 and section 186 of the Act. Accordingly, the provision of clause 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified. Therefore, 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 sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly, the provision of clause 3(vi) of the Order is not applicable to the Company.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other material statutory dues have generally been regularly deposited by the Company with the appropriate authorities, though there has been slight delay during the year in depositing of dues relating to professional tax with the relevant authority. As explained to us the Company did not have any dues on account of sales tax, duty of customs, value added tax or duty of excise for the year ended 31 March 2018.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 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 of income tax, service tax, goods and service tax and other material statutory dues which have not been deposited by the Company on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, or dues to debenture holders. The Company did not have any outstanding borrowings from Government.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of issuance of non-convertible debentures and term loans, by the Company have been applied for the purpose for which they were raised. The Company has not raised any money by way of initial public offer or further public offer during the year.

- (x) According to the information and explanation given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid or provided for managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the provision of clause 3(xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and section 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of equity shares during the year and requirements of section 42 of the Act have been complied with and the amount raised have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records, during the year the Company has not entered into any non-cash transactions with directors or persons connected with him and hence the provision of Section 192 of the Act is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provision of clause 3(xvi) of the Order is not applicable.

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

**Vaibhav Shah**  
Partner  
Membership No: 117377

Mumbai  
21 May 2018

# ANNEXURE 'B'

## To the Independent Auditors' Report



**Aspire Home Finance Corporation Limited**

**Annexure B to the Independent Auditor's Report of even date on the financial statements**

### **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 the Company as of 31 March 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

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

#### **Auditor's responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

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

## **Inherent Limitations of Internal Financial Controls 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 2018, 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 issued by the ICAI.

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

**Vaibhav Shah**  
Partner

Membership No: 117377

Mumbai  
21 May 2018

## Financial Statements

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# BALANCE SHEET

## as at 31 March 2018



(Currency : ₹)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
<b>I. EQUITY AND LIABILITIES:</b>			
<b>(1) Shareholders' funds:</b>			
(a) Share capital	3	5,206,570,515	4,825,019,030
(b) Reserves and surplus	4	2,785,678,862	1,502,634,281
<b>(A)</b>		<b>7,992,249,377</b>	<b>6,327,653,311</b>
<b>(2) Non-current liabilities:</b>			
(a) Long-term borrowings	5	30,329,188,338	34,534,082,913
(b) Long term provisions	7	770,809,695	214,725,772
<b>(B)</b>		<b>31,099,998,033</b>	<b>34,748,808,685</b>
<b>(3) Current liabilities:</b>			
(a) Short-term borrowings	8	324,059,796	243,202,060
(b) Trade payables	9		
(i) total outstanding dues of micro enterprises and small enterprises		–	–
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		19,000,802	129,547,242
(c) Other current liabilities	10	11,350,509,668	5,086,527,998
(d) Short-term provisions	11	42,524,580	68,088,436
<b>(C)</b>		<b>11,736,094,846</b>	<b>5,527,365,736</b>
<b>TOTAL (A+B+C)</b>		<b>50,828,342,256</b>	<b>46,603,827,732</b>
<b>II. ASSETS:</b>			
<b>(1) Non-current assets:</b>			
(a) Fixed assets	12		
(i) Tangible assets		110,402,942	98,851,493
(ii) Intangible assets		22,357,169	12,775,436
(b) Long term loans and advances	13	47,161,389,453	40,347,266,100
(c) Deferred tax assets (net)	6	125,066,284	(35,832,786)
<b>(A)</b>		<b>47,419,215,848</b>	<b>40,423,060,243</b>
<b>(2) Current assets:</b>			
(a) Current investments	14	–	2,798,254,851
(b) Trade receivables	15	75,995,786	90,438,343
(c) Cash and bank balances	16	873,468,221	1,644,006,632
(d) Short-term loans and advances	17	1,744,047,871	1,433,092,834
(e) Other current assets	18	715,614,530	214,974,829
<b>(B)</b>		<b>3,409,126,408</b>	<b>6,180,767,489</b>
<b>TOTAL (A+B)</b>		<b>50,828,342,256</b>	<b>46,603,827,732</b>

Significant accounting policies and notes to financial statements

1 - 61



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

As per our report of even date attached.

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

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Vaibhav Shah**

*Partner*

Membership No: 117377

Mumbai

21 May 2018

**For and on behalf of the Board of Directors of  
Aspire Home Finance Corporation Limited**

**Motilal Oswal**

*Chairman*

DIN: 00024503

Mumbai

21 May 2018

**Anil Sachidanand**

*Managing Director & CEO*

DIN: 02698182

**Kalpesh Ojha**

*Chief Financial Officer*

# STATEMENT OF PROFIT AND LOSS

## for the year ended 31 March 2018



(Currency : ₹)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Income</b>			
Revenue from operations	19	6,463,365,589	4,929,224,544
Other income	20	161,267,703	778,622,824
<b>Total (A)</b>		<b>6,624,633,292</b>	<b>5,707,847,368</b>
<b>Expenses</b>			
Employee benefits	21	544,606,955	404,956,410
Finance cost	22	3,776,289,376	3,498,452,923
Depreciation and amortization expenses	12	64,098,946	32,916,146
Provision for contingencies	23	564,535,326	122,514,410
Other expenses	24	1,189,369,924	392,313,959
<b>Total (B)</b>		<b>6,138,900,527</b>	<b>4,451,153,848</b>
<b>Profit before tax (C) = (A) - (B)</b>		<b>485,732,765</b>	<b>1,256,693,520</b>
<b>Less: Tax expense :</b>			
(1) Current year		331,776,505	397,444,353
(2) Deferred tax (Refer Note : 6)		(160,899,070)	38,356,364
<b>Profit after tax</b>		<b>314,855,330</b>	<b>820,892,803</b>
<b>Earnings per Share:</b>	27		
Basic		0.06	0.19
Diluted		0.06	0.19
Face value per share		1	1
Significant accounting policies and notes to financial statements	1 - 61		

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

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
**Aspire Home Finance Corporation Limited**

**Vaibhav Shah**  
Partner  
Membership No: 117377

**Motilal Oswal**  
Chairman  
DIN: 00024503

**Anil Sachidanand**  
Managing Director & CEO  
DIN: 02698182

**Kalpesh Ojha**  
Chief Financial Officer

Mumbai  
21 May 2018

Mumbai  
21 May 2018

# CASH FLOW STATEMENT

## for the year ended 31 March 2018



(Currency : ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>Cash flows from operating activities</b>		
Net profit before tax	485,732,765	1,256,693,520
Adjustments for:		
Depreciation and amortization	64,098,946	32,916,146
Employee stock option expense	14,609,534	76,552
Utilization of security premium	(184,427,183)	–
Bad Debts written off	715,253,649	–
Provision for contingencies	564,535,326	122,514,410
Profit on sale of investments	(150,089,478)	(757,647,259)
Dividend income	(2,199,589)	(15,398,232)
<b>Operating profit before working capital changes</b>	<b>1,507,513,970</b>	<b>639,155,137</b>
Adjustment for working capital changes:		
Increase/(Decrease) in long-term provisions	1,891,281	10,024,806
Increase/(Decrease) in trade payables	(110,546,440)	12,446,712
Increase/(Decrease) in other current liabilities	989,389,283	2,080,991,983
Increase/(Decrease) in short-term provisions	(35,718,177)	37,167,884
(Increase)/Decrease in long-term loans and advances	(7,529,652,319)	(19,931,413,572)
(Increase)/Decrease in trade receivables	14,442,558	(46,434,096)
(Increase)/Decrease in short-term loans and advances	(310,955,037)	(796,691,579)
(Increase)/Decrease in other current assets	(500,639,701)	(196,091,648)
<b>Cash generated from operations</b>	<b>(5,974,274,582)</b>	<b>(18,190,844,372)</b>
Income taxes paid	(331,689,551)	(464,847,880)
<b>Net cash used in operating activities (A)</b>	<b>(6,305,964,133)</b>	<b>(18,655,692,252)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(85,232,128)	(107,719,440)
Sale of investments	118,089,960,103	154,255,262,297
Purchase of investments	(115,141,615,774)	(154,556,721,367)
Investment in fixed deposits	–	(25,000,000)
Dividend income	2,199,589	15,398,232
<b>Net cash generated from / (used in) investing activities (B)</b>	<b>2,865,311,790</b>	<b>(418,780,279)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares including premium	1,519,558,385	2,017,119,406
Proceeds from borrowings (Net of payments)	1,150,555,548	18,482,320,005
<b>Net cash generated from financing activities (C)</b>	<b>2,670,113,933</b>	<b>20,499,439,411</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>(770,538,410)</b>	<b>1,424,966,881</b>

(Currency : ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash and cash equivalents at the beginning of the year	1,619,006,632	194,039,751
<b>Cash and cash equivalents as at end of the year</b>	<b>848,468,221</b>	<b>1,619,006,632</b>
Components of cash and cash equivalents		
Cash in hand	37,149,991	–
Balance with banks in current accounts	811,318,230	1,569,006,632
Fixed Deposit (maturing within a period of three months)	–	50,000,000
<b>Cash and cash equivalents as at end of the year</b>	<b>848,468,221</b>	<b>1,619,006,632</b>

As per our report of even date attached.

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

For and on behalf of the Board of Directors of  
**Aspire Home Finance Corporation Limited**

**Vaibhav Shah**  
Partner  
Membership No: 117377

**Motilal Oswal**  
Chairman  
DIN: 00024503

**Anil Sachidanand**  
Managing Director & CEO  
DIN: 02698182

Mumbai  
21 May 2018

Mumbai  
21 May 2018

**Kalpesh Ojha**  
Chief Financial Officer

# NOTES TO FINANCIAL STATEMENTS

## for the year ended 31 March 2018



(Currency : ₹)

### 1 Overview

Aspire Home Finance Corporation Limited ("the Company") was incorporated in India on 01 October 2013. The Company is registered with the National Housing Bank under section 29A of the National Housing Bank Act, 1987 with effect from 19 May 2014. The Company is primarily engaged into providing loans for purchase or construction of residential houses.

### 2 Significant accounting policies

#### 2.1 Basis of preparation

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 and guidelines issued by the National Housing Bank ("NHB") from time to time to the extent applicable. 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.

#### 2.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities including contingent liabilities as of the date of the financial statements and the reported amounts of revenues and expenses for the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual results could differ from these estimates. Any revisions to accounting estimates are recognized prospectively in the current and future periods.

#### 2.3 Borrowings and borrowing costs

##### a. Borrowing costs

Borrowing costs include interest and other ancillary borrowing costs. Interest and other related financial charges are recognized as an expense in the period for which they relate as specified in Accounting Standard (AS 16) on "Borrowing Costs". Ancillary costs incurred for arrangement of borrowings such as loan processing fee, arranger fee, stamping expense and rating expense including annual surveillance fees are period costs and amortized over the tenure of the borrowing.

##### b. Zero coupon instrument

The difference between the discounted amount mobilized and redemption value of commercial papers/ zero coupon non - convertible debentures is apportioned on time proportion basis over the life of instruments and charged to the statement of profit and loss / utilised against balance under securities premium account to the extent available.

#### 2.4 Fixed assets and depreciation

##### Tangible fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. The cost of fixed assets comprise purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditure incurred on assets is capitalized only when it increases the future benefit / functioning capability from / of such assets.

Depreciation is charged over the estimated useful life of the fixed assets on a written down value basis in the manner prescribed in schedule II of the Companies Act, 2013.

- Improvements to lease hold premises are charged off over the primary period of lease or its useful life, whichever is lower.
- Assets individually costing less than ₹ 5,000/- are fully depreciated in the year of purchase.
- The Company has estimated 5% residual value at the end of the useful life for all block of assets.
- For assets purchased and sold during the year, depreciation is provided on a pro rata basis by the Company.

### **Intangible fixed assets**

Software and system development expenditure are capitalized at cost of acquisition including cost attributable to bring the same in working condition and the useful life of the same is estimated of 5 years with zero residual value. Any expenses on such software for support and maintenance payable annually are charged to the statement of profit and loss.

### **2.5 Impairment of assets**

The Company assesses at the 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 or the cash generating unit ("CGU"). If such recoverable amount of the asset or the recoverable amount of the CGU 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 revised recoverable amount, subject to maximum of the depreciated historical cost.

### **2.6 Investments**

In accordance with AS - 13 on "Accounting for Investments" and the Guidelines issued by the National Housing Bank ("NHB"), investments expected to mature after twelve months are taken as long-term investment and stated at cost. Provision is recognized only in case of diminution, which is other than temporary in nature. All other investment are recognized as current investments and are valued at lower of cost and fair value. In case of unquoted units of schemes of mutual fund, NAV declared by respective mutual fund is considered as fair value.

### **2.7 Loans and advances: Classification and provisioning**

Housing loans are classified as per the NHB guidelines, into performing and non-performing assets. All loans and other credit exposures where the installments, including interest and other dues are overdue for a period of more than ninety days are classified as non-performing assets in accordance with the prudential norms prescribed by the NHB. The Company is classifying any non-performing assets as sub-standard and doubtful whose installments, including interest and other dues are overdue for a period of 4 to 15 months and more than 15 months respectively as stated 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 management, a higher provision is necessary. The Company maintains general provision for standard assets as per the prudential norms prescribed by the NHB.

### **2.8 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 upon realization as per the NHB guidelines. Repayment of housing loans is by way of Equated Monthly Installments (EMI) comprising principal and interest. Interest is calculated on monthly reducing balance in terms of financing scheme opted by the borrower. 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 and other charges**

- (i) Upfront processing fees are recovered and recognized at the time of disbursement of loan.
- (ii) Other charges such as cheque bounce charges, late payment charges, SOA charges, Foreclosure statement charges are recognized when there is no significant uncertainty as to determination and realization.
- (iii) In case of non-performing asset, fees and other charges are recognized upon realisation as per the NHB guidelines.

#### **c. Income from investments**

- (i) Dividend income on investments is recognized in the statement of profit and loss when the right to receive is established.



(Currency : ₹)

- (ii) Interest income on fixed deposits is recognized on a time proportion basis.

**d. Other income**

- (i) In other cases, income is recognized following accrual principles when there is no significant uncertainty as to determination and realization.

## **2.9 Employee benefits**

### **Defined contribution plans**

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 contributions is recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

### **Gratuity**

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefit is calculated by estimating the amount of future benefit that the 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 benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method which recognizes each period of service that gives rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at present value of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

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

### **Compensated absences**

The employees of the Company are entitled to carry forward their unavailed / unutilized leave for one year subject to a maximum limit as per the Company's policy. The employees are not entitled to encash unavailed / unutilized leave. Accumulating compensated absences are measured based on management estimates.

### **Employee Stock Option Expenses :**

The Employees Stock Options Scheme ("the Scheme") has been established by the company. The Scheme provides that employees are granted an option to subscribe to equity share of the company that vest on the satisfaction of vesting conditions. The options may be exercised within specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The company follows the fair value method to account for its stock based employee compensation plans, till last year company used to follow intrinsic value method.

## **2.10 Income tax**

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).

### **Current tax**

Provision for current income-tax is recognized in accordance with the provisions of Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

### **Deferred tax**

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

(Currency : ₹)

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 / liabilities are recognized only to the extent there is reasonable certainty that the assets / liabilities can be realised 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 realised. Deferred tax assets / liabilities are reviewed as at the each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

### **2.11 Provisions and contingencies**

The Company recognizes provision when there is present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. In cases where the available information indicates that the loss on the contingency is reasonably possible but the amount of loss cannot be reasonably estimated, a disclosure is made in the financial statements. Provisions are reviewed at the balance sheet date and adjusted to reflect the current management estimates. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resource is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements.

### **2.12 Earnings per share (EPS)**

Basic earnings per equity share have been computed by dividing net profit / loss available to the equity share holders for the year by weighted average number of equity shares outstanding during the year. Diluted earnings per equity share have been computed by dividing the net profit available to the equity share holders after giving impact of dilutive potential equity shares for the year by weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

### **2.13 Operating leases**

Payments under lease arrangement, where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are charged to the statement of profit and loss on an agreed term, unless another systematic basis is more appropriate.

### **2.15 Foreign Exchange Transactions :**

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transactions. Transactions remaining unsettled are translated at the exchange rates prevailing on the date of the Balance Sheet, except those covered by forward contract, currency swap contracts. Any gain or losses on account of exchange differences either on settlement or on translation are recognized in the Statement of Profit and Loss. In respect of Forward Exchange Contracts the premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts on reporting dates are recognized in the Statement of Profit and Loss. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as an expense in that year.

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>3 Share capital</b>		
<b>3.1 Authorised :</b>		
10,000,000,000 (previous year: 10,000,000,000) equity shares of Re. 1 each	<b>10,000,000,000</b>	10,000,000,000
	<b>10,000,000,000</b>	<b>10,000,000,000</b>
<b>3.2 Issued, Subscribed and Paid up :</b>		
5,206,570,515 ( previous year: 4,825,019,030) equity shares of Re. 1 each , fully paid-up	<b>5,206,570,515</b>	4,825,019,030
	<b>5,206,570,515</b>	<b>4,825,019,030</b>

**Notes:**

- The Company has only one class of equity shares having a face value of Re. 1 each. Each holder of equity shares is entitled to one vote per share.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding. However, there exists no preferential liability as on 31 March 2018.

**3.3 Movement in share capital :**

	As at 31 March 2018		As at 31 March 2017	
	No of shares	Amount	No of shares	Amount
<b>Equity shares</b>				
Outstanding at the beginning of the year	<b>4,825,019,030</b>	<b>4,825,019,030</b>	3,057,166,790	3,057,166,790
Issued during the year	<b>381,551,485</b>	<b>381,551,485</b>	1,767,852,240	1,767,852,240
Call money	—	—	—	—
<b>Outstanding at the end of the year</b>	<b>5,206,570,515</b>	<b>5,206,570,515</b>	<b>4,825,019,030</b>	<b>4,825,019,030</b>

**3.4 Details of shares held by holding Company / shareholders holding more than 5% shares in the Company**

	As at 31 March 2018		As at 31 March 2017	
	No. of shares	% of holding	No. of shares	% of holding
<b>Motilal Oswal Securities Limited</b>				
Equity share of Re. 1 each fully paid-up	<b>3,987,759,601</b>	<b>76.60%</b>	3,936,035,460	81.58%
<b>Motilal Oswal Financial Services Limited</b>				
Equity share of Re. 1 each fully paid-up	<b>788,508,296</b>	<b>15.14%</b>	738,983,470	15.32%
	<b>4,776,267,897</b>	<b>91.74%</b>	<b>4,675,018,930</b>	<b>96.90%</b>

**Note:** Refer note No. 33 for disclosure relating to employee stock option scheme.

(Currency : ₹)

### 3.5 Shares held by each of the following as at the balance sheet date (in aggregate for entities falling under each category)

Particulars	As at 31 March 2018	As at 31 March 2017
i) Holding Company	3,987,759,601	3,936,035,460
ii) Ultimate Holding Company	—	—
iii) Subsidiaries of Holding Company	192,307,712	20
iv) Subsidiaries of Ultimate Holding Company (other than those included in (iii) above)	848,853,152	738,983,500
	<b>5,028,920,465</b>	<b>4,675,018,980</b>

### 3.6 Shares reserved against the granted options to Employees are 8,89,45,000.

Particulars	As at 31 March 2018	As at 31 March 2017
<b>4 Reserves and surplus</b>		
<b>Statutory reserve *</b>		
Opening balance	248,524,983	84,346,422
Add: Additions during the year	128,542,247	164,178,561
<b>Closing balance</b>	<b>377,067,230</b>	<b>248,524,983</b>
<b>Securities premium</b>		
Opening balance	262,685,335	13,418,169
Add: Securities premium on shares issued during the year	1,138,006,900	249,267,166
Less: Utilised during the year**	(184,427,183)	—
<b>Closing balance</b>	<b>1,216,265,052</b>	<b>262,685,335</b>
<b>Employee Stock Options Scheme Outstanding</b>		
Opening balance	76,552	—
Add: Addition during the year	14,609,534	76,552
<b>Closing balance</b>	<b>14,686,086</b>	<b>76,552</b>
<b>Surplus / (deficit) in statement of profit and loss</b>		
Opening balance	991,347,411	334,633,169
Add: Profit for the year	314,855,330	820,892,803
Less: Transfer to statutory reserve	(128,542,248)	(164,178,561)
<b>Closing balance</b>	<b>1,177,660,494</b>	<b>991,347,411</b>
	<b>2,785,678,862</b>	<b>1,502,634,281</b>

\*As per section 29C of the National Housing Bank Act, 1987 and Section 36(1)(viii) of Income Tax Act, 1961.

\*\* In accordance with Section 52 of the Companies Act 2013 during the year the Company has utilised Securities Premium Account towards Premium on Redemption of Non-Convertible Debenture amounting to ₹ 283,489,890 net of tax of ₹ 99,062,707.

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>5 Long term borrowings</b>		
<b>Secured</b>		
Secured redeemable non-convertible debentures	<b>10,749,000,000</b>	11,749,000,000
Zero coupon debentures	<b>1,300,000,000</b>	1,300,000,000
Term loans from banks	<b>17,858,703,068</b>	15,789,005,256
<b>Unsecured</b>		
Unsecured redeemable non-convertible debentures	<b>7,900,000,000</b>	7,900,000,000
Zero coupon debentures	<b>1,000,000,000</b>	1,000,000,000
	<b>38,807,703,068</b>	<b>37,738,005,256</b>
Less : Current maturities of long term borrowings	<b>(8,478,514,730)</b>	(3,203,922,343)
	<b>30,329,188,338</b>	<b>34,534,082,913</b>

**Security and other terms of debentures are as follows :**

**As at 31 March 2018**

NCD Series	Units	Amount in ₹	Security provided	Charge %
Series A (2015-16)/2	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/3	500	500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/4	150	150,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/5	750	750,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/6	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/7	1,000	1,000,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/8	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/9	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/10	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/4	1,250	1,250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/7	997	997,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2016-17)/10	50	50,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding

(Currency : ₹)

NCD Series	Units	Amount in ₹	Security provided	Charge %
Series C (2016-17)/1	800	800,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/2	200	200,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/3	746	746,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/4	80	80,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/5 & 6	174	174,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/7	691	691,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/8	60	60,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/9	100	100,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/10	51	51,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
<b>Total</b>	<b>12049</b>	<b>12,049,000,000</b>		

**Security and other terms of debentures are as follows :**

**As at 31 March 2017**

NCD Series	Units	Amount in ₹	Security provided	Charge %
Series A (2015-16)/1	1,000	1,000,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2015-16)/2	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/3	500	500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/4	150	150,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding



(Currency : ₹)

NCD Series	Units	Amount in ₹	Security provided	Charge %
Series A (2015-16)/5	750	750,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/6	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/7	1,000	1,000,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/8	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/9	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/10	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/4	1,250	1,250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series A (2016-17)/7	997	997,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding
Series A (2016-17)/10	50	50,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding
Series C (2016-17)/1	800	800,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/2	200	200,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/3	746	746,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/4	80	80,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/5 & 6	174	174,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/7	691	691,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/8	60	60,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time

(Currency : ₹)

NCD Series	Units	Amount in ₹	Security provided	Charge %
Series C (2016-17)/9	100	100,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
Series C (2016-17)/10	51	51,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and Interest amount outstanding at any point of time
<b>Total</b>	<b>13,049</b>	<b>13,049,000,000</b>		

### Terms of repayment of debentures

As at 31 March 2018

Debentures - secured				
Maturity	0-3 years	3-5 years	>5 years	Total
<b>Rate of interest</b>				
10.85%	150,000,000	–	–	150,000,000
10.84%	1,500,000,000	–	–	1,500,000,000
10.84%	1,000,000,000	–	–	1,000,000,000
10.84%	250,000,000	–	–	250,000,000
10.75%	500,000,000	–	–	500,000,000
10.70%	700,000,000	–	–	700,000,000
10.70%	1,250,000,000	–	–	1,250,000,000
10.25%	80,000,000	–	–	80,000,000
10.01%	174,000,000	–	–	174,000,000
10.00%	800,000,000	–	–	800,000,000
10.00%	200,000,000	–	–	200,000,000
10.00%	746,000,000	–	–	746,000,000
10.00%	691,000,000	–	–	691,000,000
9.85%	–	–	997,000,000	997,000,000
9.80%	60,000,000	–	–	60,000,000
9.80%	100,000,000	–	–	100,000,000
9.75%	1,500,000,000	–	–	1,500,000,000
9.55%	51,000,000	–	–	51,000,000
Zero coupon	1,300,000,000	–	–	1,300,000,000
<b>Total</b>	<b>11,052,000,000</b>	<b>–</b>	<b>997,000,000</b>	<b>12,049,000,000</b>

### Terms of repayment of debentures

As at 31 March 2017

Debentures - secured				
Maturity	0-3 years	3-5 years	>5 years	Total
<b>Rate of interest</b>				
11.00%	1,000,000,000	–	–	1,000,000,000
10.75%	–	500,000,000	–	500,000,000
10.85%	150,000,000	–	–	150,000,000

(Currency : ₹)

Debentures - secured				
Maturity	0-3 years	3-5 years	>5 years	Total
10.84%	1,500,000,000	–	–	1,500,000,000
10.84%	1,000,000,000	–	–	1,000,000,000
10.84%	250,000,000	–	–	250,000,000
9.75%	–	1,500,000,000	–	1,500,000,000
10.70%	700,000,000	–	–	700,000,000
10.70%	1,250,000,000	–	–	1,250,000,000
9.85%	–	–	997,000,000	997,000,000
10.00%	800,000,000	–	–	800,000,000
10.00%	200,000,000	–	–	200,000,000
10.00%	746,000,000	–	–	746,000,000
10.25%	80,000,000	–	–	80,000,000
10.01%	174,000,000	–	–	174,000,000
10.00%	691,000,000	–	–	691,000,000
9.80%	60,000,000	–	–	60,000,000
9.80%	100,000,000	–	–	100,000,000
9.55%	51,000,000	–	–	51,000,000
Zero coupon	1,300,000,000	–	–	1,300,000,000
<b>Total</b>	<b>10,052,000,000</b>	<b>2,000,000,000</b>	<b>997,000,000</b>	<b>13,049,000,000</b>

### Terms of repayment of debentures

As at 31 March 2018

Debentures - unsecured				
Maturity	0-3 years	3-5 years	>5 years	Total
<b>Rate of interest</b>				
11.15%	–	500,000,000	–	500,000,000
11.00%	–	300,000,000	–	300,000,000
11.00%	–	200,000,000	–	200,000,000
11.00%	250,000,000	–	–	250,000,000
11.00%	1,000,000,000	–	–	1,000,000,000
11.00%	500,000,000	–	–	500,000,000
11.00%	500,000,000	–	–	500,000,000
11.00%	–	–	500,000,000	500,000,000
10.85%	1,000,000,000	–	–	1,000,000,000
10.82%	150,000,000	–	–	150,000,000
10.50%	500,000,000	–	–	500,000,000
8.65%	–	–	2,500,000,000	2,500,000,000
Zero coupon	1,000,000,000	–	–	1,000,000,000
<b>Total</b>	<b>4,900,000,000</b>	<b>1,000,000,000</b>	<b>3,000,000,000</b>	<b>8,900,000,000</b>

(Currency : ₹)

## Terms of repayment of debentures

As at 31 March 2017

Debentures - unsecured				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
10.82%	150,000,000	–	–	150,000,000
11.00%	–	300,000,000	–	300,000,000
11.00%	–	200,000,000	–	200,000,000
11.15%	–	500,000,000	–	500,000,000
11.00%	250,000,000	–	–	250,000,000
11.00%	1,000,000,000	–	–	1,000,000,000
11.00%	500,000,000	–	–	500,000,000
11.00%	500,000,000	–	–	500,000,000
9.99%	–	–	2,500,000,000	2,500,000,000
10.85%	–	1,000,000,000	–	1,000,000,000
11.00%	–	–	500,000,000	500,000,000
10.50%	500,000,000	–	–	500,000,000
Zero coupon	1,000,000,000	–	–	1,000,000,000
<b>Total</b>	<b>3,900,000,000</b>	<b>2,000,000,000</b>	<b>3,000,000,000</b>	<b>8,900,000,000</b>

## Security and other terms of term loans are as follows :

As at 31 March 2018

Terms of repayment of terms loans				
Term loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
8.25 % to 10.25% annually	9,188,739,525	4,384,797,649	4,285,165,894	17,858,703,068
<b>Total</b>	<b>9,188,739,525</b>	<b>4,384,797,649</b>	<b>4,285,165,894</b>	<b>17,858,703,068</b>

As at 31 March 2017

Terms of repayment of terms loans				
Term loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.				
Maturity	0-3 years	3-5 years	>5 years	Total
Rate of interest				
8.50 % to 11% annually	7,602,544,889	3,802,987,045	4,383,473,323	15,789,005,256
<b>Total</b>	<b>7,602,544,889</b>	<b>3,802,987,045</b>	<b>4,383,473,323</b>	<b>15,789,005,256</b>

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>6 Deferred tax asset / (liability) (net)</b>		
<b>Deferred tax assets</b>		
Provision for gratuity	5,159,324	4,415,552
Provision for standard assets, sub-standard assets and doubtful assets	259,506,228	73,286,285
Provision for compensated absence	3,321,307	3,438,389
Difference between book depreciation and tax depreciation	15,053,246	–
Other employee benefits	187,949	224,046
Gross deferred tax assets	283,228,054	81,364,272
<b>Deferred tax liabilities</b>		
Difference between book depreciation and tax depreciation	–	340,337
Reserve Created u/s 36(1)(viii)	107,429,380	61,910,504
Unamortized borrowing cost	50,732,390	54,946,217
Gross deferred tax liabilities	158,161,770	117,197,058
Net Deferred tax asset / (liability)	125,066,283	(35,832,786)
<b>7 Long-term provisions</b>		
<b>Provision for employee benefits</b>		
Gratuity*	14,358,542	12,357,734
Other employee benefit	537,855	647,382
Other provisions		
(a) Provisions against standard assets**	179,385,195	159,471,360
(b) Provision for sub standard assets**	399,656,086	23,816,117
(c) Provision for doubtful assets**	176,872,017	18,433,179
	770,809,695	214,725,772
*Refer note 30		
**Refer note 31		
<b>8 Short-term borrowings</b>		
<b>Secured</b>		
Loans repayable on demand		
Short term loans from banks*	324,059,796	–
<b>Unsecured</b>		
<b>Other loans and advances</b>		
Commercial Papers (Net off unamortized cost)	–	243,202,060
	324,059,796	243,202,060

\* Secured by way of hypothecation of housing loans given by the Company. These are repayable on demand and carry interest rate of 8.60% to 11.35% per annum.

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>9 Trade payables</b>		
<b>Creditors</b>		
Due to Micro, Small and Medium Enterprises*	—	—
Due to others	19,000,802	129,547,242
	<b>19,000,802</b>	<b>129,547,242</b>
 *Refer note 35		
<b>10 Other current liabilities</b>		
Current maturities of long term borrowings	8,478,514,730	3,203,922,343
Interest accrued but not due on borrowings	2,112,015,485	1,638,000,971
Statutory liabilities	18,926,400	14,814,108
Book overdraft	618,715,582	1,503,664
Salary and bonus payable	34,015,517	70,387,406
Due to Micro, Small and Medium Enterprises*	5,319,028	5,005,697
Due to others	83,002,926	152,893,809
	<b>11,350,509,668</b>	<b>5,086,527,998</b>
 *Refer note 35		
<b>11 Short-term provisions</b>		
Provision for employee benefits		
Gratuity*	406,007	401,027
Other employee benefits	428,775	—
Compensated absences	9,504,656	9,935,242
Other provisions		
Provision for expenses	11,659,834	47,381,180
Provision for taxes ( Net of Advance Tax and Tax Deducted at Source CY ₹ 235,596,374 (PY ₹ 394,397,238))	142,169	330,533
Contingent Provision against standard assets**	6,861,296	5,362,206
Provision for sub standard assets**	8,829,976	799,961
Provision for doubtful assets**	4,691,867	3,878,288
	<b>42,524,580</b>	<b>68,088,436</b>

\*Refer note 30

\*\*Refer note 31



(Currency : ₹)

## 12 Fixed assets

Current Year		Gross block			Depreciation			Net block	
Description of assets	As at 1 April 2017	Additions during the year	Deductions during the year	As at 31 March 2018	For the year	Deductions during the year	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
<b>Tangible assets:</b>									
Computers and data processing units	48,002,416	19,735,082	-	67,737,498	22,918,350	-	45,774,747	21,962,751	25,146,019
Furniture and fixtures	29,402,872	9,582,582	-	38,985,454	7,912,771	-	13,738,136	25,247,318	23,577,507
Electric installations	10,402,040	9,182,070	-	19,584,110	6,259,286	-	7,526,169	12,057,941	9,135,157
Office equipment's	19,130,107	11,300,069	-	30,430,176	6,919,008	-	10,022,088	20,408,088	16,027,027
Motor car	-	1,139,596	-	1,139,596	253,410	-	253,410	886,185	-
Leasehold improvements	33,765,179	20,385,104	-	54,150,283	15,510,228	-	24,309,624	29,840,660	24,965,783
<b>Total tangible assets (a)</b>	<b>140,702,614</b>	<b>71,324,503</b>	<b>-</b>	<b>212,027,117</b>	<b>59,773,054</b>	<b>-</b>	<b>101,624,175</b>	<b>110,402,942</b>	<b>98,851,493</b>
<b>Intangible assets:</b>									
Computer software	16,459,535	13,907,625	-	30,367,160	4,325,892	-	8,009,991	22,357,169	12,775,436
<b>Total intangible assets (b)</b>	<b>16,459,535</b>	<b>13,907,625</b>	<b>-</b>	<b>30,367,160</b>	<b>4,325,892</b>	<b>-</b>	<b>8,009,991</b>	<b>22,357,169</b>	<b>12,775,436</b>
<b>Total (a) + (b) = (c)</b>	<b>157,162,149</b>	<b>85,232,128</b>	<b>-</b>	<b>242,394,277</b>	<b>64,098,946</b>	<b>-</b>	<b>109,634,166</b>	<b>132,760,111</b>	<b>111,626,929</b>

Previous Year		Gross block			Depreciation			Net block	
Description of assets	As at 1 April 2016	Additions during the year	Deductions during the year	As at 31 March 2017	For the year	Deductions during the year	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
<b>Tangible assets:</b>									
Computers and data processing units	20,097,758	28,522,658	618,000	48,002,416	15,669,045	100,624	22,856,397	25,146,019	12,809,782
Furniture and fixtures	9,815,986	19,586,886	-	29,402,872	4,414,587	-	5,825,365	23,577,507	8,405,209
Electric installations	161,741	10,240,299	-	10,402,040	1,252,540	-	1,266,883	9,135,157	147,398
Office equipment's	3,289,977	15,840,130	-	19,130,107	2,624,493	-	3,103,080	16,027,027	2,811,389
Leasehold improvements	10,791,662	22,973,517	-	33,765,179	6,847,730	-	8,799,397	24,965,783	8,839,996
<b>Total tangible assets (a)</b>	<b>44,157,124</b>	<b>97,163,490</b>	<b>618,000</b>	<b>140,702,614</b>	<b>30,808,396</b>	<b>100,624</b>	<b>41,851,123</b>	<b>98,851,493</b>	<b>33,013,774</b>
<b>Intangible assets:</b>									
Computer software	5,285,585	11,173,950	-	16,459,535	2,208,375	-	3,684,099	12,775,436	3,809,861
<b>Total intangible assets (b)</b>	<b>5,285,585</b>	<b>11,173,950</b>	<b>-</b>	<b>16,459,535</b>	<b>2,208,375</b>	<b>-</b>	<b>3,684,099</b>	<b>12,775,436</b>	<b>3,809,861</b>
<b>Total (a) + (b) = (c)</b>	<b>49,442,709</b>	<b>108,337,440</b>	<b>618,000</b>	<b>157,162,149</b>	<b>33,016,770</b>	<b>100,624</b>	<b>45,535,221</b>	<b>111,626,929</b>	<b>36,823,635</b>

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>13 Long-term loans and advances</b>		
<b>Secured, considered good</b>		
<b>Home Loans *</b>		
<b>Loans to others</b>		
Standard assets (considered good)	44,832,634,889	39,829,754,090
Sub standard assets	1,642,463,169	158,774,117
Doubtful assets	481,438,126	73,732,718
<b>Loans to related parties</b>		
Standard assets (considered good)	9,618,400	10,371,175
<b>Unsecured, considered good</b>		
Security deposit	54,616,562	51,267,220
Capital advances	5,240,302	32,514,024
Advance income tax (Net of provision CY ₹ 611,821,879, PY ₹ 214,377,526)	1,192,567	1,467,884
Unamortized borrowing cost	134,185,438	189,384,872
	<b>47,161,389,453</b>	<b>40,347,266,100</b>

\* Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and/or undertaking to create security and/or personal guarantees.

<b>14 Current investments</b>		
<b>Current Investments (Unquoted - at lower of cost or market value)</b>		
Investments in Mutual Funds	—	2,798,254,851
<b>Current Maturity of Long Term Investment (at cost unless otherwise stated)</b>		
Investments in Mutual Funds	—	—
<b>Total</b>	<b>—</b>	<b>2,798,254,851</b>
Aggregate book value of quoted investments	—	—
Aggregate book value of unquoted investments	—	2,798,254,851
Aggregate market value of quoted investments	—	—
Aggregate provision made for diminution in value of investments	—	—
<b>Details of Current Investments</b>		
<b>No of Units</b>		
Reliance medium term fund - direct weekly dividend	—	38,112,154
Reliance money manager fund - direct growth plan growth option	—	—
Motilal Oswal Most Ultra Short Term Bond Fund - Direct Plan-Growth option	—	77,130,737
Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct	—	55,895,345
Invesco India Medium Term Bond Fund - Direct Plan Annual	—	482,959
	<b>—</b>	<b>171,621,194</b>

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Details</b>		
No. of units	–	171,621,194
Total market value of unquoted investment	–	2,799,563,604
Total book value of unquoted investment	–	2,798,254,851
<b>15 Trade receivables</b>		
<b>Unsecured, considered good</b>		
Outstanding for a period less than six months	75,995,786	90,438,343
	<b>75,995,786</b>	<b>90,438,343</b>
<b>16 Cash and bank balances</b>		
Cash and cash equivalents		
Balances with banks (current accounts)	811,318,230	1,569,006,632
Deposits having maturity of less than 3 months	–	50,000,000
Cash in hand	37,149,991	–
	<b>848,468,221</b>	<b>1,619,006,632</b>
Other bank balances		
Deposits having maturity between 3 to 12 months	25,000,000	25,000,000
	<b>873,468,221</b>	<b>1,644,006,632</b>
<b>17 Short-term loans and advances</b>		
<b>Secured, considered good</b>		
<b>Home Loans *</b>		
<b>Loans to others</b>		
Standard assets (considered good)	1,587,225,724	1,337,843,386
Sub standard assets	58,138,007	5,333,071
Doubtful assets	17,055,226	2,476,612
<b>Loans to related parties</b>		
Standard assets (considered good)	936,318	899,665
<b>Unsecured, considered good</b>		
Advance to employees	3,807,092	4,455,845
Loans to staff	3,162,989	877,550
Advance payment of interest	303,372	421,678
Prepaid expenses	2,441,365	1,330,210
Unamortized borrowing cost	64,457,628	66,914,163
Service tax credit receivable	6,342,152	12,540,654
GST Credit receivable	69,960	–
Other advances	108,038	–
	<b>1,744,047,871</b>	<b>1,433,092,834</b>

\* Loans granted by the Company are secured by equitable mortgage/ registered mortgage of the property and/or undertaking to create security and/or personal guarantees.

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>18 Other current assets</b>		
Interest accrued but not due on home loans	309,160,926	162,713,967
Interest accrued but not due on fixed deposits with banks	2,678,177	3,595,440
EMI /Pre EMI receivables on home loans	162,471,506	33,651,085
Insurance claim receivable	9,551,682	15,014,337
Stock of acquire properties (held for sale or disposal)	229,160,890	—
Other receivable from related parties	2,591,349	—
	<b>715,614,530</b>	<b>214,974,829</b>
Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>19 Revenue from operations</b>		
Interest income on loans	5,912,229,773	3,978,614,084
Processing fees	331,373,484	551,861,781
Other operating income	219,762,332	398,748,679
	<b>6,463,365,589</b>	<b>4,929,224,544</b>
<b>20 Other income</b>		
Dividend income on mutual funds	2,199,589	15,398,232
Interest on fixed deposits with banks	8,978,636	5,577,333
Net gain on sale of investments	150,089,478	757,647,259
	<b>161,267,703</b>	<b>778,622,824</b>
<b>21 Employee benefit expenses</b>		
Salaries, wages and bonus	496,805,616	378,705,429
Contribution to provident and other funds	27,261,495	13,438,535
Staff welfare expenses	4,012,030	3,179,379
Gratuity*	2,005,788	9,556,515
Employees Stock Option expenses**	14,522,026	76,552
	<b>544,606,955</b>	<b>404,956,410</b>

\*Refer note 30

\*\* Refer note 33

(Currency : ₹)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
<b>22 Finance costs</b>		
Interest on debentures*	1,942,315,754	2,005,381,881
Interest on term loans/ Cash credit	1,691,276,761	1,159,656,665
Discount on commercial papers	24,859,941	213,140,310
Other borrowing costs	117,836,920	120,274,067
	<b>3,776,289,376</b>	<b>3,498,452,923</b>

\* Amount after adjustment of Premium on Redemption of Non-Convertible Debenture of ₹ 283,489,890 against securities premium account.

<b>23 Provision for contingencies</b>		
Provision on standard assets	21,412,925	81,404,167
Provision on sub standard assets	383,869,984	18,798,776
Provision on doubtful assets	159,252,417	22,311,467
	<b>564,535,326</b>	<b>122,514,410</b>

<b>24 Other expenses</b>		
Legal & professional charges	46,286,041	94,306,989
Commission and brokerage	9,028,909	21,341,636
Valuation charges	25,916,223	45,225,223
Rent	115,901,282	75,063,735
Business promotion expenses	11,179,496	17,684,210
Filing fees	24,335	1,690,600
Printing & stationery	12,731,856	11,665,154
Travelling and conveyance	26,524,838	15,458,859
Computer maintenance & software charges	1,423,960	799,521
Car running expenses	3,005,846	1,108,474
Data processing charges	42,771,691	16,229,769
Bad debts written-off	715,253,649	-
Communication and data charges	24,562,007	13,060,566
Auditor's remuneration (refer note no. 28)	3,877,078	3,930,446
Power and fuel	18,841,289	9,910,203
Insurance	4,441,087	1,943,474
Advertisement and marketing expenses	5,713,650	161,820
Membership & subscription fees	205,080	336,938
Rates & taxes	29,596,356	1,487,320
Corporate Social Responsibility Expense*	14,550,000	4,434,000
Miscellaneous expenses	77,535,252	56,475,022
	<b>1,189,369,924</b>	<b>392,313,959</b>

\* Company is required to contribute to Corporate Social Responsibility (CSR) activity as per CSR Rules under the Companies Act, 2013. During the year Company has spent ₹ 14,550,000 out of required sum of ₹ 14,512,190.

(Currency : ₹)

## 25 Segmental Reporting

The Company is primarily engaged into business of providing loans for purchase or construction of residential houses. Further the Company does not have any separate geographical segment in India. As such there are no separate reportable segment as per AS 17 "Segment Reporting".

## 26 Related parties

### (A) Names of related parties by whom control is exercised

Passionate Investment Management Private Limited	- Ultimate holding Company
Motilal Oswal Financial Services Limited	- Intermediate Holding Company
Motilal Oswal Securities Limited	- Holding Company
Motilal Oswal Investment Advisors Limited	- Fellow Subsidiary Company
Motilal Oswal Wealth Management Private Limited	- Fellow Subsidiary Company

### (B) Key managerial personnel

Motilal Oswal	- Non Executive Director and Chairman
Raamdeo Agrawal	- Non Executive Director
Anil Sachidanand	- Managing Director and Chief Executive Officer
Navin Agarwal	- Non Executive Director

**Transactions with related parties are as enumerated below:**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Transaction during the year</b>		
<b>Reimbursement of expenses by the Company</b>		
Motilal Oswal Securities Limited		
- Sundry expenses	14,032,614	9,165,711
- Rent	69,470,100	44,645,220
Motilal Oswal Financial Services Limited		
- Electricity expense	-	236,184
<b>Employee compensation expense by the Company</b>		
Motilal Oswal Financial Services Limited	1,235,031	-
<b>Employee compensation expense recovery by the Company</b>		
Motilal Oswal Securities Limited	3,935,745	-
Motilal Oswal Financial Services Limited	115,179	-
<b>Loan taken</b>		
Motilal Oswal Securities Limited	27,500,000	-
<b>Loan repaid</b>		
Motilal Oswal Securities Limited	27,500,000	-
<b>Loan repayment received</b>		
Anil Sachidanand	716,121	688,087



(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Arranger fees paid</b>		
Motilal Oswal Wealth Management Limited	–	12,156,000
<b>Remuneration paid including accrual for compensated absences *</b>		
Anil Sachidanand	32,902,270	26,614,074
<b>Interest received</b>		
Anil Sachidanand	438,119	465,833
<b>Customer referral fees received</b>		
Motilal Oswal Securities Limited	–	2,500,000

\*The above figures do not include provision for gratuity to the managing director. Gratuity is actuarially determined for the Company as a whole and separate figure for the managing director is not available.

## 26 Related parties

### (B) Key managerial personnel (Continued)

Transactions with related parties are as enumerated below: (Continued)

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Subscription of equity shares including premium</b>		
Motilal Oswal Securities Limited	300,000,018	1,645,839,067
Motilal Oswal Financial Services Limited	349,999,991	280,000,339
Motilal Oswal Investment Advisors Limited	349,999,991	–
Motilal Oswal Wealth Management Limited	500,000,000	–
Anil Sachidanand	–	17,115,000
Navin Agarwal	–	74,165,000
<b>Closing balance</b>		
<b>Security Deposit</b>		
Motilal Oswal Securities Limited	34,735,050	34,735,050
<b>Balance payable</b>		
Motilal Oswal Securities Limited	32,743,209	94,699,880
Motilal Oswal Financial Services Limited	371,997	494,052
Motilal Oswal Wealth Management Limited	–	12,474,000
<b>Balance Receivable</b>		
Motilal Oswal Securities Limited	2,525,721	2,612,500
Motilal Oswal Financial Services Limited	65,627	–
Anil Sachidanand	10,554,719	11,270,840

(Currency : ₹)

## 27 Earnings per share

In accordance with Accounting Standard 20 on Earnings per share, the computation of earnings per share is set out below:

Particulars	As at 31 March 2018	As at 31 March 2017
Profit available for equity share holders	314,855,330	820,892,803
Weighted average number of equity shares	4,948,054,217	4,296,369,036
Basic earnings per share (₹)	0.06	0.19
Profit available for equity share holders	314,855,330	820,892,803
Weighted average number of shares for basic earning per share	4,948,054,217	4,296,369,036
Dilutive effect of outstanding stock options	26,586,514	11,274,966
Weighted average number of shares for diluted earning per share	4,974,640,731	4,307,644,002
Diluted earnings per share (₹)	0.06	0.19

## 28 Auditor's remuneration:

Particulars	As at 31 March 2018	As at 31 March 2017
As auditor		
Statutory audit	2,050,000	2,000,000
Limited review of quarterly results	1,050,000	1,050,000
	<b>3,100,000</b>	<b>3,050,000</b>
For certification work	477,200	456,320
Out of pocket expenses	56,560	77,284
Service tax / GST*	486,636	693,684
<b>Total</b>	<b>4,120,396</b>	<b>4,277,288</b>

\*Amount includes Service tax / Goods and service tax for which CENVAT credit availed.

## 29 Contingent liabilities and commitments

### a. Contingent liabilities: NIL

### b. Commitments:

Particulars	As at 31 March 2018	As at 31 March 2017
Commitments not provided for :		
- Commitments related to loans sanction but undrawn	804,980,363	2,643,618,485
- Commitments related to loans sanction but partially undrawn	2,012,955,344	2,608,056,331
<b>Total</b>	<b>2,817,935,707</b>	<b>5,251,674,816</b>

(Currency : ₹)

### 30 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

#### A) Defined contribution plan :

Particulars	As at 31 March 2018	As at 31 March 2017
Employer's contribution to provident fund	21,008,072	11,197,346
Employer's contribution to ESIC	6,036,536	2,218,149
Employer's contribution to National Pension Scheme	139,895	—
<b>Total</b>	<b>27,184,503</b>	<b>13,415,495</b>

#### B) Defined benefit plan :

The details of the Company's post-retirement benefit plans for its employees including whole time directors are given below which is as certified by the actuary and relied upon by the auditors.

#### Principal actuarial assumptions at the balance sheet date

Particulars	As at 31 March 2018	As at 31 March 2017
Interest / Discount Rate	6.85%	6.69%
Rate of increase in compensation	13.13%	13.00%
Employee attrition rate (Past Service) (PS)	PS: 0 to 37 : 15.65%	PS: 0 to 37 : 10.73%
Expected average remaining service	5.23	7.53

#### Changes in the present value of the defined benefit obligation are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	12,758,761	3,202,246
Current service cost	14,593,619	3,607,538
Past service cost	710,975	—
Interest cost	853,561	239,848
Benefit paid	—	—
Curtailement cost	—	—
Settlement cost	—	—
Net actuarial gain or loss recognized in the year	(13,821,009)	5,709,129
Present value of obligation at the end of the year	<b>15,095,907</b>	<b>12,758,761</b>

#### Fair value of plan assets

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	—	—
Actual return on plan assets	—	—
Contributions	—	—
Benefit paid	—	—
Fair value of plan assets at end of period	—	—
Funded status (including unrecognized past service cost)	(15,095,907)	(12,758,761)
Excess of actual over estimated return of plan assets	—	—

**Note** - The Company does not have any plan assets as at 31 March 2018 (31 March 2017: ₹ Nil)

(Currency : ₹)

### Experience history

Particulars	As at 31 March 2018	As at 31 March 2017
(Gain)/loss on obligation due to change in assumption	(4,846,002)	3,696,669
Experience (gain)/loss on obligation	(8,975,007)	2,012,460
Actuarial gain/(loss) on plan assets	—	—

### Amounts to be recognized in the balance sheet

Particulars	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the end of the year	15,095,907	12,758,761
Fair value of plan assets at end of period	—	—
Funded status	(15,095,907)	(12,758,761)
Unrecognized actuarial gain/(loss)	—	—
Unrecognized Past Service Cost - non vested benefits	331,358	—
Net assets/(liability) recognized in balance sheet	(14,764,549)	(12,758,761)

### Expense recognized in the statement of profit and loss account

Particulars	As at 31 March 2018	As at 31 March 2017
Current service cost	14,593,619	3,607,538
Interest cost	853,561	239,848
Past service cost (non vested benefits)	662,717	—
Past service cost (vested benefits)	48,258	—
Unrecognized past service cost - non vested benefits	(331,358)	—
Expected return on plan assets	—	—
Net actuarial gain / (loss) recognized for the period	(13,821,009)	5,709,129
<b>Expense recognized in the statement of profit and loss account</b>	<b>2,005,788</b>	<b>9,556,515</b>

### Movements in the liability recognized in balance sheet

Particulars	As at 31 March 2018	As at 31 March 2017
Opening net liability	12,758,761	3,202,246
Expenses recognized	2,005,788	9,556,515
Employer's contributions	—	—
Closing net liability	14,764,549	12,758,761
<b>Closing provisions at the end of the year</b>	<b>14,764,549</b>	<b>12,758,761</b>
Current Liability	406,007	401,027
Non-Current Liability	14,358,542	12,357,734

### Defined benefit plans

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation	14,764,549	12,758,761
Plan assets	(14,764,549)	(12,758,761)
Experience adjustments :		
On plan liabilities	(13,821,009)	5,709,129
On plan assets	—	—

(Currency : ₹)

**31 Provision in respect of standard, sub-standard, doubtful and loss assets are recorded in accordance with Companies policy as stated in note 2.7 :**

Particulars	Housing Loans	Non-Housing Loans
<b>Current Year</b>		
Standard Asset		
Principle outstanding	46,558,459,644	3,162,989
Provisions	186,233,839	12,652
Sub-standard assets		
Principle outstanding	1,718,870,382	—
Provisions	408,486,062	—
Doubtful asset		
Principle outstanding	514,651,339	—
Provisions	181,563,884	—
Total		
Principle outstanding	48,791,981,365	3,162,989
Provisions	776,283,784	12,652
Less:		
Total		
EMI Debtor/Pre EMI interest	162,471,506	—
Provision on the above	7,670,445	—
Net balance		
Principle outstanding	48,629,509,859	3,162,989
Provisions	768,613,339	12,652
<b>Previous Year</b>		
Standard Asset		
Principle outstanding	41,206,342,856	877,550
Provisions	164,830,055	3,510
Sub-standard assets		
Principle outstanding	164,107,188	—
Provisions	24,616,078	—
Doubtful asset		
Principle outstanding	76,209,329	—
Provisions	22,311,467	—
Total		
Principle outstanding	41,446,659,373	877,550
Provisions	211,757,600	3,510
Less:		
Total		
EMI Debtor / Pre EMI interest	(27,474,539)	—
Provision on the above	(114,582)	—

(Currency : ₹)

Particulars	Housing Loans	Non-Housing Loans
Net balance		
Principle outstanding	41,419,184,834	877,550
Provisions	211,643,018	3,510
Investments		
Current Year		
Standard Assets		
Principle outstanding	-	-
Provisions	-	-
Previous Year		
Principle outstanding		
Total outstanding	-	-
Provisions	-	-

## 32 Disclosure pursuant to circular no. NHB CND/DRS/Pol circular 61/2013-14 dated 7 April 2014 issued by NHB.

### Statutory reserve

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Balance at the beginning of the year</b>		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	69,634,252	-
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 under Section 29C of the NHB Act, 1987	178,890,731	84,346,422
<b>Addition / appropriation / withdrawals during the year</b>		
Add:		
a) Amount transferred as per Section 29C of The National Housing Bank Act, 1987.	-	69,634,252
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 under Section 29C of the NHB Act, 1987	128,542,247	94,544,309
Less:		
a) Amount appropriate as per Section 29C of The National Housing Bank Act, 1987.	-	-
b) Amount of withdrawn from special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987.	-	-
<b>Balance at the end of the year</b>		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	69,634,252	69,634,252
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 under Section 29C of the NHB Act, 1987.	307,432,978	178,890,731
<b>Total</b>	<b>377,067,230</b>	<b>248,524,983</b>



### 33 Disclosure relating to Employee stock option scheme

The Company has two stock option schemes:

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2014 - (ESOS - 2014) - Grant I**

The Scheme was approved by Board of Directors on 11 September 2014 and by the shareholders in EGM dated 16 October 2014 for issue of 27,150,000 options representing 27,150,000 Equity shares of Re. 1 each, and same was granted by the nomination and remuneration committee at its meeting held on 13 April 2015.

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2014 (ESOS - 2014) - Grant II**

The Scheme was approved by Board of Directors on 11 September 2014 and by the shareholders in EGM dated 16 October 2014 for issue of 2,050,000 options representing 2,050,000 Equity shares of Re. 1 each and same was granted by the nomination and remuneration committee at its meeting held on 23 September 2015.

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2016) - Grant I**

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 07 July 2016 for issue of 36,200,000 options representing 36,200,000 Equity shares of Re. 1 each and same was granted by the nomination and remuneration committee at its meeting held on 27 December 2016.

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2016) - Grant II**

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 07 July 2016 for issue of 1,000,000 options representing 1,000,000 Equity shares of Re. 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 17 February 2017.

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2016) - Grant III**

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 7 July 2016 for issue of 1,550,000 options representing 1,550,000 Equity shares of Re. 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 25 April 2017.

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2017) - Grant I**

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 7,385,000 options representing 7,385,000 Equity shares of Re. 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 23 June 2017.

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2017) - Grant II**

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 1,050,000 options representing 1,050,000 Equity shares of Re. 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 22 January 2018.

**Aspire Home Finance Corporation Limited - Employees' Stock Option Scheme 2016 (ESOS-2017) - Grant H-I (Issued to Holding Company and Group Company Employees)**

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 29,390,000 options representing 29,390,000 Equity shares of Re. 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 23 June 2017.

(Currency : ₹)

The activity in the (ESOS 2014), (ESOS 2016) (ESOS 2017) during the year ended 31 March 2018 and 31 March 2017 is set below:

<b>Equity Shares</b>	<b>As at 31 March 2018 In Numbers</b>	<b>Weighted Average Exercise price</b>	<b>As at 31 March 2017 In Numbers</b>	<b>Weighted Average Exercise price</b>
The AHFCL (ESOS 2014) - Grant I : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	27,150,000	1.00	27,150,000	1.00
Add: Granted	-	-	-	-
Less: Exercised	15,900,000	1.00	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	11,250,000	1.00	27,150,000	1.00
Exercisable at the end of the year	150,000		8,145,000	
The AHFCL (ESOS 2014) - Grant II : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	2,050,000	1.00	2,050,000	1.00
Add: Granted	-	-	-	-
Less: Exercised	930,000	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	1,120,000	1.00	2,050,000	1.00
Exercisable at the end of the year	300,000	-	615,000	-
The AHFCL (ESOS 2016) - Grant I : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	36,200,000	1.60	-	-
Add: Granted	-	-	36,200,000	1.60
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	36,200,000	1.60	36,200,000	1.60
Exercisable at the end of the year	-	-	-	-
The AHFCL (ESOS 2016) - Grant II : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	1,000,000	1.60	-	-
Add: Granted	-	-	1,000,000	1.60
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	1,000,000	1.60	1,000,000	1.60
Exercisable at the end of the year	-	-	-	-

(Currency : ₹)

Equity Shares	As at 31 March 2018 In Numbers	Weighted Average Exercise price	As at 31 March 2017 In Numbers	Weighted Average Exercise price
The AHFCL (ESOS 2016) - Grant III : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	-	-	-	-
Add: Granted	1,550,000	1.60	-	-
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	1,550,000	1.60	-	-
Exercisable at the end of the year	-	-	-	-
The AHFCL (ESOS 2017) - Grant I : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	-	-	-	-
Add: Granted	7,385,000	1.60	-	-
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	7,385,000	1.60	-	-
Exercisable at the end of the year	-	-	-	-
The AHFCL (ESOS 2017) - Grant II : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	-	-	-	-
Add: Granted	1,050,000	5.80	-	-
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	1,050,000	5.80	-	-
Exercisable at the end of the year	-	-	-	-
The AHFCL (ESOS 2017) - Grant H-I : (Face value of Re. 1 each) *				
Option outstanding at the beginning of the year.	-	-	-	-
Add: Granted	29,390,000	1.60	-	-
Less: Exercised	-	-	-	-
Less: Lapsed	-	-	-	-
Option outstanding, end of the year	29,390,000	1.60	-	-
Exercisable at the end of the year	-	-	-	-

(Currency : ₹)

### Employees' Stock Options Scheme (ESOS) :

Effective 1 April 2017, the Company has changed its accounting policy for ESOPs valuation from intrinsic value method to fair value method for more appropriate presentation of financial statements. The change is applied retrospectively, accordingly accumulated expense of ₹ 14,333,271/- has been debited to the Statement of profit and loss of the year ended 31 March 2018. Had the Company continued to use the earlier method of accounting profit before tax would have been higher by ₹ 12,713,577/- for the year ended 31st March 2018.

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant II	ESOS 2016 - Grant III	ESOS 2017 - Grant I	ESOS 2017 - Grant II	ESOS 2017 - Grant H-I
Date of grant	13 April 2015	23 September 2015	27 December 2016	17 February 2017	25 April 2017	23 June 2017	22 January 2018	23 June 2017
Date of board approval	11 September 2014	11 September 2014	29 April 2016	29 April 2016	29 April 2016	25 April 2017	25 April 2017	25 April 2017
Date of shareholders' approval	16 October 2014	16 October 2014	07 July 2016	07 July 2016	07 July 2016	25 May 2017	25 May 2017	25 May 2017
Number of options granted	27,150,000	2,050,000	36,200,000	1,000,000	1,550,000	7,385,000	1,050,000	29,390,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	30 April 2016, 30 April 2017, 30 April 2019 *	30 September 2016, 30 September 2017, 30 September 2019 *	01 January 2019*, 01 January 2020*, 01 January 2021*, 01 January 2022*	01 March 2019, 01 March 2020, 01 March 2021, 01 March 2022.	01 March 2019, 01 March 2020, 01 March 2021, 01 March 2022.	01 July 2019, 01 July 2020, 01 July 2021, 01 July 2022	01 January 2020, 01 January 2021, 01 January 2022, 01 January 2023	01 July 2018, 01 July 2019, 01 July 2020, 01 July 2021, 01 July 2022
Vesting pattern	30:30:40	30:30:40	10:20:30:40	10:20:30:40	10:20:30:40	10:20:30:40	10:20:30:40	10:17:25:32:15
<b>Weighted average remaining contractual life</b>								
Granted but not vested	1.08 year (PY 0.66 years)	1.50 years (PY 1.08 years)	2.76 years (PY 3.26 Years)	2.92 years (PY 3.42 years)	3.09 years (PY NA)	3.26 years (PY NA)	3.76 years (PY NA)	2.51 years (PY NA)
Vested but not exercised	-0.92 year (PY 0.08 year)	-0.50 year (PY 0.50 Year)	NA (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)
Weighted average share price at the date of exercise for stock options exercised during the year *	Re. 1.00	Re. 1.00	NA (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)
Exercise period	Within a period of 6 months from the date of vesting or in case of resignation, the options shall be exercised within 6 months from the date of resignation or such extended period as may be decided by the Nomination and Remuneration Committee.							

(Currency : ₹)

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant II	ESOS 2016 - Grant III	ESOS 2017 - Grant I	ESOS 2017 - Grant II	ESOS 2017 - Grant H-I
Vesting conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding/subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.							
Weighted average fair value of options as on beginning of the current year / grant date	Re. 0.39	Re. 0.36	Re. 0.68	Re. 0.71	Re. 0.75	Re. 0.76	Re. 0.44	Re. 0.70

\* The exercise period of the Grant I & II of AHFCL ESOS 2014 and Grant I of ESOS 2016 has been extended from 6 months to 1 year pursuant to the resolution passed by the nomination and remuneration committee at its meeting held on 22 January 2018.

### Exercise pricing formula

#### The exercise pricing formula for AHFCL ESOS 2014, AHFCL ESOS 2016 and AHFCL ESOS 2017 are as under:

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company which would be prepared by the management from time to time having regard to the future potential and prospects of the Company.

The said committee shall in its absolute discretion, have the authority to grant the options at such discount / premium as it may deem fit.

### Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2014- Grant I, ESOS 2014-Grant II, ESOS 2016 - Grant I, ESOS 2016- Grant II, ESOS 2016- Grant III, ESOS 2017- Grant I, ESOS 2017- Grant II and ESOS 2017- Grant H-I as on the date of grant viz. April 13, 2015, September 23, 2015, December 27, 2016 February 17, 2017, April 25, 2017, June 23, 2017, January 22, 2018 are as follow :

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant II	ESOS 2016 - Grant III	ESOS 2017 - Grant I	ESOS 2017 - Grant II	ESOS 2017 - Grant H-I
Risk-free interest rate	8.40%	7.72%	6.97%	6.97%	6.79%	6.79%	6.79%	6.79%
Expected volatility of share price *	40%	40%	40%	40%	40%	40%	40%	40%
The weighted average price of equity share as on grant date	Re. 1	Re. 1	₹ 1.60	₹ 1.60	₹ 1.60	₹ 1.60	₹ 5.80	₹ 1.60

\* Holding company share price volatility has been considered since shares of AHFCL are not listed.

(Currency : ₹)

### 34 Operating leases

The Company has taken a car under operating leases. Gross rental expenses charged for the year ended 31 March 2018 aggregated ₹ 316,998/- (PY ₹ 862,984/-) which has been included under the head other expenses - Rent in the Statement of Profit and Loss.

The Company has taken various offices on operating lease for the period which ranges from 12 months to 60 months with an option to renew the lease by mutual consent on mutually agreeable terms. Gross rental expenses charged for the year ended 31 March 2018 aggregated ₹ 111,163,794 /- (PY ₹ 67,767,357/-) which has been included under the head other expenses - Rent in the Statement of Profit and Loss.

Expected future minimum commitments during the non-cancellable period under the lease arrangements are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
Within one year	2,112,171	1,706,760
Later than one year but not later than five years	3,372,401	605,880
Later than five years	—	—

### 35 Details of dues to micro, small and medium enterprises

The company has sent letters to suppliers to confirm whether they are covered under Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006) as well as they have filled required memorandum with prescribed authorities. Out of the letters sent to the parties, some confirmation have been received till date of finalisation of Balance Sheet. Based on the confirmations received, the outstanding amounts payable to vendors covered under Micro, Small and Medium Enterprises Development Act 2006 are given below.

Particulars	As at 31 March 2018	As at 31 March 2017
1. The principal amount remaining unpaid at the end of the year.	5,319,028	5,005,697
2. The interest amount remaining unpaid at the end of the year.	—	—
3. The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	—	—
4. 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 Micro Small and Medium Enterprise Development Act, 2006.	—	—
5. The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	—	—
6. The amount of interest accrued and remaining unpaid at the end of accounting year	—	—
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	—	—
The balance of MSMED parties as at the end of the year	5,319,028	5,005,697



(Currency : ₹)

**36 Disclosure pursuant to circular no. NHB/ND/DRS/POL-No.35/2010-11 dated October 11, 2010 and Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB**

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

Particulars	As at 31 March 2018	As at 31 March 2017
CRAR (%)	<b>37.78%</b>	31.37%
CRAR - Tier I Capital (%)	<b>35.52%</b>	28.05%
CRAR - Tier II Capital (%)	<b>2.26%</b>	3.32%
Amount of subordinated debt raised as Tier - II Capital (considered for Tier - II capital - ₹ 3000 lakhs)	<b>500,000,000</b>	500,000,000
Amount raised by issue of perpetual debt Instruments	—	—

**II. Exposure to Real estate sector**

Particulars	As at 31 March 2018	As at 31 March 2017
<b>Category</b>		
<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 the borrower or that is rented;		
Housing Loan up to ₹ 15 Lacs	<b>35,929,916,908</b>	28,799,268,437
Housing Loan more than ₹ 15 Lacs	<b>12,689,038,233</b>	12,619,916,395
<b>(ii) Commercial real estate:</b>		
Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.)	—	—
Exposure would also include non-fund based (NFB) limits;		
<b>(iii) Investment in mortgage backed securities (MBS) and other securitised exposures:</b>		
(a) Residential	—	—
(b) Commercial real estate	—	—
<b>b) Indirect exposure</b>		
Fund based and non fund based exposures on National Housing bank (NHB) and Housing Finance Companies (HFCs)	—	—

(Currency : ₹)

### III. Asset liability management

#### Maturity pattern of certain items of asset and liabilities - As at 31 March 2018

Pattern	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	51.85	7.69	53.28	69.79	162.65	606.02	438.48	260.36	106.72	61.43	1,818.28
Market Borrowings	-	25.00	90.00	305.00	115.00	1,060.20	100.00	349.70	50.00	-	2,094.90
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances*	19.38	12.71	12.84	39.23	82.15	376.37	443.36	498.42	800.24	2,604.66	4,889.36
Investments	-	-	-	-	-	-	-	-	-	-	-
Foreign Currency Asset	-	-	-	-	-	-	-	-	-	-	-

#### Maturity pattern of certain items of asset and liabilities - As at 31 March 2017

Pattern	1 day to 30-31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 to 7 years	Over 7 to 10 years	Over 10 years	Total
<b>Liabilities</b>											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	7.27	7.56	27.68	57.47	120.42	500.21	419.19	241.10	140.04	57.97	1,578.90
Market Borrowings	-	100.00	-	-	-	1,295.20	400.00	349.70	50.00	-	2,194.90
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
<b>Assets</b>											
Advances*	15.79	10.25	10.37	31.73	66.52	300.94	344.90	361.50	595.22	2,404.70	4,141.92
Investments	279.83	-	-	-	-	-	-	-	-	-	279.83

\* Advances does not include personal loan given to employees.

(Currency : ₹)

### 37 Disclosure pursuant to Notification No. NHB.HFC.DIR.1/CMD/2010 dated June 10, 2010 issued by NHB

#### I Penalty

Particulars	As at 31 March 2018	As at 31 March 2017
Penalty if any levied by National Housing Bank	—	—
<b>Total</b>	<b>—</b>	<b>—</b>

#### II Adverse remarks

Particulars	As at 31 March 2018	As at 31 March 2017
Adverse remarks if any given by National Housing Bank	—	—

#### III % of outstanding loans granted against collateral gold jewellery to their outstanding total assets.

Particulars	As at 31 March 2018	As at 31 March 2017
Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets	—	—

### 38 Disclosure Pursuant to Notification No. 244/ 2017 dated March 30, 2017 issued by Central Government for Specified Bank Notes

#### Current year:

The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8th November 2016 to 30th December 2016 have not been made since they do not pertain to the financial year ended 31 March 2018.

#### Previous year:

The details of the Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 are as below (as per MCA Notification G.S.R. 307 (E) dated 30th March 2017 :

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	NIL	NIL	NIL
(+) Permitted receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in Banks	NIL	NIL	NIL
Closing cash in hand as on 30.12.2016	NIL	NIL	NIL

\*During the period from 8 November 2016 to 30 December 2016, there were 376 borrowers who had directly deposited cash amounting to ₹ 7,913,269 in the Company's collection accounts held with banks.

(Currency : ₹)

### 39 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Investments

Particulars	As at 31 March 2018	As at 31 March 2017
<b>(a) Value of Investments</b>		
(I) Gross value of investments		
(a) In India	–	171,621,194
(a) Outside India	–	–
(II) Provisions for Depreciation		
(a) In India	–	–
(a) Outside India	–	–
(III) Net value of investments		
(a) In India	–	171,621,194
(a) Outside India	–	–
<b>(b) Movements of provisions held towards depreciation in investments</b>		
(I) Opening balance	–	–
(II) Add : Provisions made during the year	–	–
(III) Less : Write-off/ Written- back of excess provisions during the year	–	–
(IV) Closing balance	–	–

### 40 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Single borrower/ Group borrower limit exceeded by HFC

Particulars	As at 31 March 2018	As at 31 March 2017
Amount outstanding for Single borrower limit	–	–
Amount outstanding for Group borrower limit	–	–

### 41 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Provisions and Contingencies

Particulars	As at 31 March 2018	As at 31 March 2017
1. Provisions for depreciation on investment	–	–
2. Provisions made towards income tax (net of reversal of tax of earlier year)	331,776,505	397,444,353
3. Provisions towards NPAs	543,122,401	41,110,243
3. Provisions for standard assets	21,412,925	81,404,167
4. Other provision and contingencies		
Gratuity	2,005,788	9,556,515
Compensated absence	(430,586)	7,787,366
Provision for expenses	11,659,834	47,381,180

(Currency : ₹)

**42 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for concentration of NPAs**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Exposure to top ten NPA accounts	<b>24,501,028</b>	<b>24,569,333</b>

**43 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for sector wise NPA's Provisions and Contingencies**

Particulars	As at 31 March 2018	As at 31 March 2017
A. Housing Loans: (in %) ( out of total advances in that sector)		
(I) Individuals	<b>4.52%</b>	0.58%
(II) Builders / Project Loans		
(III) Corporates		
B. Non - Housing Loans: (in %) (out of total advances in that sector)		
(I) Individuals	—	—
(II) Builders / Project Loans		
(III) Corporates		

**44 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for movement of NPAs**

Particulars	As at 31 March 2018	As at 31 March 2017
(I) Net NPAs to Net Advances (%)	<b>3.32%</b>	0.47%
(II) Movement of Gross NPAs		
(a) Opening Balance	<b>240,316,517</b>	38,824,970
(b) Additions during the year	<b>2,075,986,571</b>	211,447,271
(c) Reduction during the year	<b>117,208,560</b>	9,955,724
(d) Closing balance	<b>2,199,094,528</b>	240,316,517
(III) Movement of Net NPAs		
(a) Opening Balance	<b>193,388,972</b>	33,001,224
(b) Additions during the year	<b>1,519,068,556</b>	168,850,113
(c) Reduction during the year	<b>96,254,677</b>	8,462,365
(d) Closing balance	<b>1,616,202,851</b>	193,388,972
(III) Movement of provisions for NPAs		
(a) Opening Balance	<b>46,927,545</b>	5,823,746
(b) Additions during the year	<b>535,964,132</b>	41,103,799
(c) Write-off / write back of excess provision	—	—
(d) Closing balance	<b>582,891,677</b>	46,927,545

(Currency : ₹)

**45 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for overseas assets**

Particulars	As at 31 March 2018	As at 31 March 2017
Overseas assets	–	–

**46 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for customer complaints**

Particulars	As at 31 March 2018	As at 31 March 2017
(a) No. of complaints pending at the beginning of the year	1	–
(b) No. of complaints received during the year	33	37
(c) No. of complaints redressed during the year	33	36
(d) No. of complaints pending at the end of the year	1	1

**47 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Exposure to Capital Market**

Particulars	As at 31 March 2018	As at 31 March 2017
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	–	–
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	–	–
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	–	–
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	–	–
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	–	–
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	–	–
(vii) bridge loans to companies against expected equity flows / issues;	–	–
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	–	–
Total Exposure to Capital Market	–	–

(Currency : ₹)

**48 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Assignment transactions undertaken by HFCs**

Particulars	As at 31 March 2018	As at 31 March 2017
No. of accounts	—	—
Aggregate value ( net of provision) of accounts assigned	—	—
Aggregate consideration	—	—
Additional consideration realized in respect of accounts transferred in earlier years	—	—
Aggregate gain/loss over net book value	—	—

**49 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB**

**A) Securitisation**

Particulars	No. / Amount
(I) No of SPVs sponsored by the HFC for securitisation transactions	—
(II) Total amount if securitised assets as per books of the SPVs sponsored	—
(III) Total amount of exposure retained by the HFC towards the MRR as on date of balance sheet	—
(a) Off-balance sheet exposure towards credit enhancements	—
(b) On balance sheet exposures towards credit enhancements	—
(IV) Amount of exposures to securitisation transactions other than MRR	—
(a) Off-balance sheet exposure towards credit enhancements	—
(i) Exposure to own securitisations	—
(ii) Exposure to third party securitisations	—
(b) On balance sheet exposures towards credit enhancements	—
(i) Exposure to own securitisations	—
(ii) Exposure to third party securitisations	—

**B) Details of financial assets sold to securitisation / reconstruction company for asset reconstruction**

Particulars	As at 31 March 2018	As at 31 March 2017
(I) No. of accounts	—	—
(II) Aggregate value (net of provisions) of accounts sold to SC / RC	—	—
(III) Aggregate consideration	—	—
(IV) Additional consideration realized in respect of accounts transferred in earlier years	—	—
(V) Aggregate gain/loss over net book value	—	—



(Currency : ₹)

**C) Details of assignment transactions undertaken by HFCs**

Particulars	As at 31 March 2018	As at 31 March 2017
(I) No. of accounts	–	–
(II) Aggregate value (net of provisions) of accounts sold to SC / RC	–	–
(III) Aggregate consideration	–	–
(IV) Additional consideration realized in respect of accounts transferred in earlier years	–	–
(V) Aggregate gain/loss over net book value	–	–

**D) Details of non-performing financial assets purchased / sold**

**(i) Details of non-performing financial assets purchased:**

Particulars	As at 31 March 2018	As at 31 March 2017
(I) No. of accounts purchased during the year	–	–
(II) Aggregate outstanding	–	–
(III) Of these, number of accounts restructured during the year	–	–
(IV) Aggregate outstanding	–	–

**(ii) Details of non-performing financial assets purchased:**

Particulars	As at 31 March 2018	As at 31 March 2017
(I) No. of accounts sold	–	–
(II) Aggregate outstanding	–	–
(III) Aggregate consideration received	–	–

**50 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for registration obtained from other financial regulators**

Particulars	As at 31 March 2018	As at 31 March 2017
Registration from other financial regulator if any	–	–

**51 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for unsecured advances**

Particulars	As at 31 March 2018	As at 31 March 2017
Amount of unsecured advances given against rights, licenses, authorisations etc.	–	–

**52 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for details of financing parent company products**

Particulars	As at 31 March 2018	As at 31 March 2017
Details of financing of parent company products if any	–	–

(Currency : ₹)

**53 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of Public Deposits**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Deposits of twenty largest depositors	–	–
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	–	–

**54 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of Loans & Advances**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Loans & Advances to twenty largest borrowers	54,700,430	55,083,816
Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC	0.11%	0.13%

**55 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Concentration of all Exposure (including off-balance sheet exposure)**

Particulars	As at 31 March 2018	As at 31 March 2017
Total Exposure to twenty largest borrowers / customers	54,898,964	55,090,591
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers.	0.11%	0.12%

**56 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for Forward rate agreement / Interest rate swap**

Particulars	As at 31 March 2018	As at 31 March 2017
(I) The notional principal of swap agreements	–	–
(II) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	–	–
(III) Collateral required by the HFC upon entering into swaps	–	–
(IV) Concentration of credit risk arising from the swaps.	–	–
(V) The fair value of the swap book	–	–

**57 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB**

**A) For Exchange traded interest rate derivative**

Particulars	As at 31 March 2018	As at 31 March 2017
(I) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument wise)	–	–
(II) Notional principal amount of exchange traded IR derivatives outstanding (Instrument-wise)	–	–

(Currency : ₹)

Particulars	As at 31 March 2018	As at 31 March 2017
(III) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	–	–
(IV) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	–	–

## B) For Disclosure on Risk exposure in derivative

Particulars	As at 31 March 2018	As at 31 March 2017
(I) Derivatives (Notional Principal Amount)	–	–
(II) Marked to Market Positions (1)		
(a) Assets	–	–
(b) Liability	–	–
(III) Credit exposure	–	–
(IV) Unhedged exposure	–	–

## 58 Expenditure in foreign currency

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Other borrowing cost - processing fees paid on NCD	–	10,642,700

## 59 Disclosure Pursuant to Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016 dated February 9, 2017 issued by NHB for rating assigned by rating agency during the year

Nature of borrowing	Rating / Outlook	
	ICRA	CRISIL
<b>Short Term</b>		
Commercial paper	[ICRA]A1+	CRISIL A1+
<b>Long Term</b>		
Non-Convertible Debentures	"[ICRA]AA-" with Negative Outlook	CRISIL A+/Stable
Bank Borrowings	"[ICRA]AA-" with Negative Outlook	CRISIL A+/Stable

**Note:** ICRA has also assigned "[ICRA]AA-" with Negative Outlook rating for the Sub-ordinate Debt Programme (Non-Convertible Debentures) and "PP-MLD [ICRA]AA-" with Negative Outlook rating for the Market Linked Debenture programme.

(Currency : ₹)

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

Particulars	Housing Loans	Non-Housing Loans
<b>Current Year</b>		
Standard Asset		
Total outstanding	46,430,415,331	3,162,989
Provisions	185,721,661	12,652
Sub-standard assets		
Total outstanding	1,700,601,176	—
Provisions	405,745,681	—
Doubtful assets - Category I		
Total outstanding	434,392,245	—
Provisions	108,560,711	—
Doubtful assets - Category II		
Total outstanding	64,101,107	—
Provisions	68,585,286	—
Doubtful assets - Category III		
Total outstanding	—	—
Provisions	—	—
Loss assets		
Total outstanding	—	—
Provisions	—	—
Total		
Total outstanding	48,629,509,859	3,162,989
Provisions	768,613,339	12,652

**Previous Year**

Standard Asset		
Total outstanding	41,212,519,402	877,550
Provisions	164,830,055	3,510
Sub-standard assets		
Total outstanding	164,107,188	—
Provisions	24,616,078	—
Doubtful assets - Category I		
Total outstanding	76,209,329	—
Provisions	22,311,467	—

(Currency : ₹)

Particulars	Housing Loans	Non-Housing Loans
Doubtful assets - Category II		
Total outstanding	—	—
Provisions	—	—
Doubtful assets - Category III		
Total outstanding	—	—
Provisions	—	—
Loss assets		
Total outstanding	—	—
Provisions	—	—
Total		
Total outstanding	41,452,835,919	877,550
Provisions	211,757,601	3,510

**Note :** For above disclosure interest accrued but no due has not been considered.

**61** The previous year figures have been regrouped / re-classified, wherever necessary to confirm the current presentation.

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

For and on behalf of the Board of Directors of  
**Aspire Home Finance Corporation Limited**

**Vaibhav Shah**  
Partner  
Membership No: 117377

**Motilal Oswal**  
Chairman  
DIN: 00024503

**Anil Sachidanand**  
Managing Director & CEO  
DIN: 02698182

Mumbai  
21 May 2018

Mumbai  
21 May 2018

**Kalpesh Ojha**  
Chief Financial Officer





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