THE POWER OF 1

MOTILAL OSWAL HOME LOANS

Annual Report 2018-19

THE POWER OF 1

'Aspire Home Finance Corporation Ltd.' is now **'Motilal Oswal Home Finance Ltd.'** As a result of this change, all businesses of the group will now operate under ONE brand name.

This **'Power of 1'** branding will bring with itself many advantages. With a customer base of over 20 lac across the globe, ₹ 1 lac crores+ Assets Under Management, presence in over 600 cities / 2400 outlets and a market cap of almost ₹ 12000 crores, Motilal Oswal is one of the largest brands in financial services. The rebranding of Aspire to Motilal Oswal Home Finance would not only help in terms of greater business efficiencies with Motilal Oswal Group, it would also help build greater trust and recall among customers, prospects and stakeholders. What's more, with one brand across the group, there will also be greater interaction of people and exchange of knowledge & ideas – the most important capital in our business.

With a strong process based culture and the induction of new management, the home finance business has been seeing a turnaround after a few challenging quarters. We are sure this move will help make our newest business bigger and better in the years to come.

Here's looking forward to move ahead with the **Power of 1** and make the most of the Indian affordable housing finance opportunity.

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Corporate Information

Board of Directors

Mr. Motilal Oswal – Chairman & Non-Executive Director
Mr. Raamdeo Agrawal – Non-Executive Director
Mr. Navin Agarwal- Non-Executive Director
Mr. Sanjay Athalye - Managing Director & CEO
Mrs. Smita Gune - Independent Director
Mr. Sanjaya Kulkarni - Independent Director
Mrs. Rekha Shah – Independent Director

Details of the Committees of the Board

AUDIT COMMITTEE
Mrs. Smita Gune - Chairperson
Mr. Motilal Oswal - Member
Mrs. Rekha Shah - Member

NOMINATION AND REMUNERATION COMMITTEE
Mr. Sanjaya Kulkarni - Chairman
Mr. Motilal Oswal - Member
Mrs. Smita Gune - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE
Mr. Motilal Oswal - Chairman
Mr. Raamdeo Agrawal - Member
Mr. Navin Agarwal - Member

RISK MANAGEMENT COMMITTEE
Mr. Motilal Oswal - Chairman
Mrs. Smita Gune - Member
Mr. Navin Agarwal – Member

Business Heads

Chief Business Officer
Ms. Valli Sekar

Credit Head
Mr. G. Srinivasan

Chief Financial Officer

Mr. Shailbhadra Shah

Company Secretary & Compliance Officer

Ms. Shivani Chouhan

Registered & Corporate Office

Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai- 400 025

Banks/FIs

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	State Bank of India
Canara Bank	DCB Bank
Axis Bank	Lakshmi Vilas Bank
Bank of Baroda	Vijaya Bank
Union Bank of India	Bajaj Finance Limited
Federal Bank	ICICI Bank
IDBI Bank	SBM Bank (Mauritius) Ltd.

Statutory Auditor

M/s. BSR & Co. LLP, Chartered Accountants
Lodha Excelus, 5th Floor, Apollo Mills Compound, N.M. Joshi Marg, Mahalaxmi, Mumbai- 400 011

Internal Auditor

Aneja Associates, Chartered Accountants
301, Peninsula Towers, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai-400013

Registrar & Transfer Agent

Link Intime India Pvt Limited
C 101, 247 Park, L. B. S. Marg, Vikhroli (West)
Mumbai - 400083

Debenture Trustees

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

BEACON TRUSTEESHIP LIMITED
4 C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (E), Mumbai - 400 051
Direct: 022 26558759 Mobile: 8999389079

Message from Chairman

Dear Shareholders,

FY 19 was a challenging for the markets as NBFC liquidity crises took center stage. India's leading infrastructure finance company defaulted on payments to lenders, impacting the credit markets. As a result, HFCs and NBFCs had to face liquidity pressures, leading to deceleration in growth rates from elevated levels in the past several years. The same issues have pushed the HFCs and NBFCs to take prudent measures like securitisation and maintaining on-balance sheet liquidity buffers.

Structurally and fundamentally, the potential for housing segment growth continues to remain robust with favourable demographic drivers like urbanization, nuclearisation of families, rising disposable income and working age population. Although, GST, RERA and demonetization had some short-term impact on growth, the longer term ramifications of these structural measures are expected to be positive for the economy in general and for the affordable housing sector in particular. More recently, the government implemented GST rate cuts for affordable housing space from 8% to 1% along with extension of tax waivers by a year on profits of affordable housing developers. This, coupled with long-term benefits of RERA, gradual improvement in liquidity and political stability augur well for the housing finance space.

Our company largely remained un-affected by the liquidity crisis prevalent in the industry. However, our efforts during the year were concentrated in re-building the organisation in terms of processes, systems, manpower, culture and structure to arrest asset quality concerns and create foundation for strong and sustainable growth. In order to make these necessary changes we adopted a conservative approach in our disbursements which stood at ₹ 290 crores in FY2019. Loan book stood at ~₹ 4,357 crores across 52,000 families as of March 2019. Macro-economic events like demonetization, RERA and GST and absence of the vertical structure earlier led to surge in NPAs. From the learnings of the past, we have now built a vertical organization comprising sales, credit, collection and legal. We now have an in-house collection team of 400+ officers. Also, investments in technology in the form of collection applications and geo-tagging feature have enabled the efficient capturing of efforts put in by collections team. We have strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138 and arbitration cases. The implementation of cluster level credit layer along with 5 layer credit approvals and differentiated pricing methodology for loans will bear fruits in new loan book. The business model has successfully transitioned from branch based model to vertical model. After implementing all these changes, the home finance business is now better aligned with the culture of MOFSL group. Hence, we have changed the name from Aspire Home Finance Corporation Ltd to "Motilal Oswal Home Finance" which should yield multiple benefits, going forward.

I believe the year gone by has been transformational in terms of learnings and changes brought about and will help us build a strong foundation for sustainable growth. I see the company becoming better, emerging stronger and well positioned now to take advantage of the long term opportunities provided by the sector. I sincerely thank all the employees for their utmost commitment towards employees in this journey. I also thank all the stake-holders who have shown support and rendered well-wishes for the company. I have no doubts that the new financial year will bring its own challenges and opportunities for Motilal Oswal Home Finance and that this fine team will be up and running to face them.

Motilal Oswal
CHAIRMAN

Our Journey

2019

- New MD & CEO with Chief Business Officer onboarded
- Senior Management Team with all functional heads (Risk, Credit, Technical, Legal, Collections) in place.
- Majority of stress recognition and higher provisioning done.
- Name changed from Aspire Home Finance to "Motilal Oswal Home Finance" with effect from 28th May, 2019
- Awarded the Customer Excellence Award at the India CX SUMMIT & AWARDS, 2019,
- Awarded "Digital Excellence in Urban Finance" at the Digital Customer Excellence Awards, 2019
- Loan book of ₹ 4,357 crore with 52,000+ live accounts.
- Capital Infusion of ₹ 200 crore in FY19, taking the total cumulative Capital Infusion to ₹ 850 crore.

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 7th National Conference and Game Changers Awards, 2017.
- Expanded to 6 new states with a presence 121 locations with staff count of 1049
- Provided subsidy to 1348 customers cumulatively under CLSS scheme of PMAY
- Loan book of ₹4,365 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"

2018

- Collection and legal team in place
- ₹4,863 crs loan book
- Capital infusion by MOFSL of ₹150 crores

2016

- Awarded "Finnoviti 2016" for MALA program
- Rating Upgrade by ICRA to AA- Loan Book at ₹2,088 crs with 20,435 live accounts
- Present at 51 locations with Staff Count of ~500
- PAT for year at ₹35.89 crs
- Apr - June 2016
- 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

Chairman and Non-Executive Director

Mr. Motilal Oswal is the Chairman and Managing Director of Motilal Oswal Financial Services Limited (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. RAAMDEO AGARAWAL

Non-Executive Director

Mr. Raamdeo Agarawal is the Joint Managing Director of MOFSL. Mr. Agrawal 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.

MR. NAVIN AGARWAL

Non-Executive Director

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

MR. SANJAY ATHALYE

Managing Director and Chief Executive Officer

Mr. Athalye has been into Mortgage Finance industry for more than two decades. He has varied experience in SME, Home Finance, Infrastructure, Construction Finance and Micro Finance. Prior to joining MOHFL, he has worked with Indostar Capital as "Chief Risk Officer". His domain expertise is into Credit Risk, Operational Risk, Collections & Fraud Control, Compliance, Risk Management, oversight on Market Risk etc. In his earlier stints, he has worked in several leadership roles with Reliance Capital Limited, Centurion Bank of Punjab Limited, IDBI Bank Limited, ICICI Bank and Reliance Telecom Limited.

MS. SMITA GUNE

Independent Director

Mrs. Smita Gune is finance professional with over 30 years of 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 Limited and Arvind Brands Limited 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.

MR. SANJAYA KULKARNI

Independent Director

Mr. Sanjaya Kulkarni is an engineer from IIT Mumbai and has done MBA from IIM Ahmedabad. He 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.

MS. REKHA SHAH

Independent Director

Ms. Rekha Shah is the founder of Analyze N Control, which is actively involved in providing solutions w.r.t. Process Automation, Compliance, Surveillance and AML Risk Management to the Broking industry. She has done her Business Management from one of the leading Business Schools of India; JBIMS (Jamnalal Bajaj Institute of Management Studies). Further, she also holds a graduation degree from Narsee Monjee College of Commerce and Economics, University of Mumbai and possess an enriched experience of more than 18 years in Broking Industry. She worked with various well known Indian business houses like Tata Group, Intermediaries such as Vadodara Stock Exchange, UTI Securities (erstwhile), Kotak Securities, JM Morgan Stanley (erstwhile), etc. and has also given training sessions.

Key Strategic Initiatives

Pursuing High Quality Growth

- Rich understanding from 60,000 accounts
- Complete structure of regional/ cluster credit managers reporting to national credit head, along with independent business legal/valuation/technical teams
- Focus on Self Employed Assessed Income along-with Salaried.
- 85% of the customers reside in self occupied homes
- Focus on Self-construction (lower delinquency) loans as compared to new purchase
- No Builder Loans, no plot loans, and no plot + construction loans
- Focus on only completed properties (Minimum construction stage to be at 85%)
- 100% Direct Sourcing Model
- Focus on improving TAT and enhancing customer delight
- Risk audit of 100% files by real-time risk team (RTRM)
- Digitization and automation is the way forward
- Robust collection and rigorous legal to be the back-bone of business
- Enhanced risk control and EWS model for the company
- Diversified liability mix with strong Asset Liability Management (ALM)

Our Presence

113 Locations across 9 states

Key Highlights

Business Performance

- New MD & CEO on boarded with career risk and credit background
- Senior management team with all key function heads is now in place.
- Organisation structure has been altered to move from a Branch banking model to a Vertical organisation with strong checks and balances to pursue a healthy growth.
- Name changed from Aspire Home Finance to 'Motilal Oswal Home Finance' with effect from 28th May, 2019. This name change is likely to yield multiple benefits.
- There was strong support from parent (Motilal Oswal Financial Services), in FY19 capital infusion from parent was ₹ 2 bn taking total cumulative capital infusion from sponsor to ₹ 8.5 bn resulting into lower leverage (Debt/Equity ratio) of 4.3x.
- Limited borrowing repayments till March 2020, equity infusion, strong undrawn borrowing lines and ALM place us in comfortable liquidity situation.
- Strong improvement in collection efficiency.
- Robust risk and credit process and policy measures set have resulted in ZERO delinquencies in new book sourced in FY19.
- Asset quality deterioration in FY19 was on account of seasoning of legacy portfolio. However, proactive clean up of the legacy book, expected positive trends in disbursements in coming years along with improvement in collection efficiency in FY19, augur well for future asset quality and profitability outlook.

Financial Highlights

- Loan book stands at ₹ 4,357 crores as on 31st March,2019
- In Q4 FY19 MOHF was back in profit (₹ 8 crores) after posting losses in earlier three quarters on account of higher provisioning and discretionary write offs post seasoning of legacy book.
- NIM – 4.8%, NNPA – 7.18%
- Provision coverage (including standard provisioning) – 43%
- Debt to Equity – 4.3x
- Cost to income – 43%
- Capital adequacy (as per NHB norms) – 29%

Key Statistics

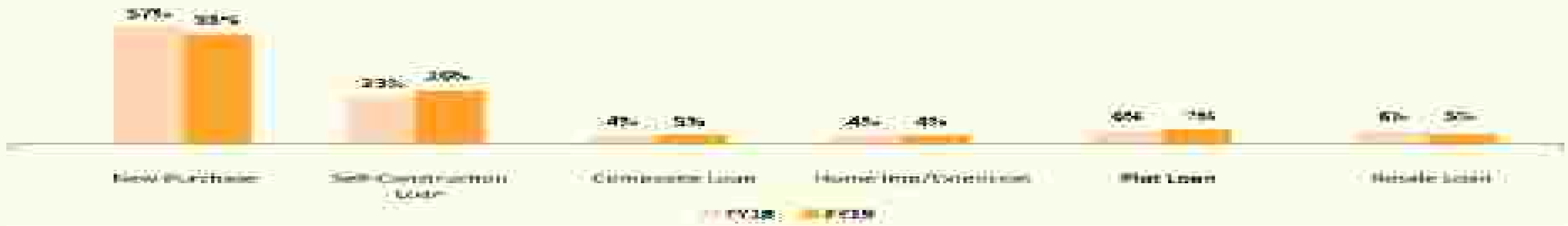
- Motilal Oswal Home Finance has offices at 113 locations across 9 States
- Total staff count of 1273 employees.

Loan Book Analysis

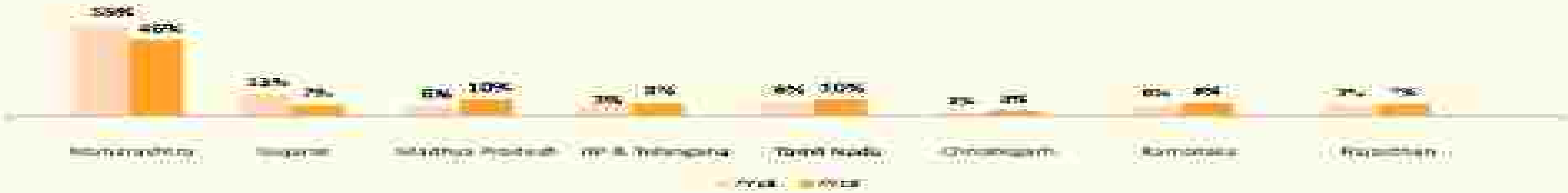
State wise loan book mix

Balanced customer mix (%)

Loan book - Product mix



State wise disbursement mix



Management Discussion & Analysis

MANAGEMENT DISCUSSION & ANALYSIS

Indian Economy Overview

The Fiscal Year of 2019 (FY19) marked the completion of National Democratic Alliance (NDA) government's 5 year term, with the nation-wide election results favouring majority for NDA government. The government's thrust was more on digital initiatives and financial inclusion on the forefront. However, India's speedy journey in terms of political and economic reforms faced national as well as international road-blocks in FY2019. Global trade war concerns between US and China made the global markets volatile. However, trade deal talks and the expected chances of reaching an agreement eased the concerns towards the end of the year. At the domestic level, rupee faced volatility due to tightening of US rates and hovering crude oil prices. This was followed by the default of IL&FS which had a ripple effect on Non-Banking Finance Companies (NBFCs) and mid-caps, contributing to liquidity issues. However, the central bank and the government were prompt enough to stabilize the panic selling in the credit markets with open market operation (OMO). RBI during the year, hiked the policy rates by 50 bps followed by a rate cut of 25 bps in February. Also, Reserve Bank of India (RBI) announced its second rate cut of FY20 to the tune of 25 bps with a view to strengthen domestic growth impulses by spurring investments that remained sluggish. From a global perspective, until last month of FY2019, there was a continuous shift in stance by major central banks across the globe. For instance, until the end of last year, the US Fed was likely to hike rates at least twice this year. Also, European Central Bank (ECB) remained adamant on withdrawing its stimulus program. This hawkish stance was seen to completely shift to dovish. The US Fed has now kept its rates steady and signalled that there would be no hikes for the rest of the year. The ECB, citing the sustained economic slowdown in the bloc, has announced a fresh round of stimulus in order to boost the ailing economy. These measures have seen and would further see a shift of Foreign Institutional Investors (FII) flows from major economies to emerging markets.

On the macro-economic front, the pace of domestic economic activity saw a deceleration for three consecutive quarters till December 2018 due to a muted consumption patterns in public and private. However, the gross fixed capital formation (GFCF) growth continued to remain in double-digits for the year. The GFCF to GDP ratio reported a rise to 33.1% till December 2018 as against 31.8% in the previous year, supported primarily by the government's thrust on the road sector and affordable housing. The cumulative Consumer Price Index inflation declined to 3.4% in FY19 compared with 3.6 % in FY18. The CPI inflation has witnessed a consistent fall from 5.9% in FY15 to 4.9% in FY16, 4.5% in FY17, 3.6% in FY2018 and further down to 3.4% in FY2019.

Structurally, India's future outlook remains optimistic with various fundamentals in favour. Firstly, in the coming years India is poised to gradually become the world's youngest workforce after overtaking China. This combined with an increase in productivity will hugely benefit the economy. Although, International Monetary Fund (IMF) has softened the growth rate to 7.3% for FY20 from 7.5% citing weaker global outlook, it continues to maintain the fastest growing status for India.

Housing Finance Industry Overview

As per ICRA's report, the total outstanding housing credit as on December 2018 stood at ₹ 18.2 lakh crores which grew at ~10% from FY2018. Out of the total outstanding credit, Housing Finance Companies (HFCs) contributed ₹ 6.7 lakh crores. The share of HFCs in the credit portfolio witnessed a slight dip to 37% from 38% in FY18, mainly on account of muted growth of ~6.4%. The dip in growth owed to liquidity crisis during second and third quarter of the year which limited the pace of disbursements. Also, the HFCs resorted to higher activity in securitisation of assets to maintain the liquidity balance. The stagnant growth in HFCs was opportune by banks which grew their housing portfolio at ~11.6% between FY2018 and December 2019. On the front of affordable housing finance, the credit growth continued its growth momentum at ~17% between FY2018 and December 2018 showing relatively less impact from liquidity issues. This was majorly due to NHB's liquidity support and robust demand.

Although, the liquidity issues put some brakes on the disbursements by HFCs, the demand side has continued to remain robust with positive consumer sentiments. With short term blips caused by demonetization becoming the matter of past, Real Estate Regulation & Development Act (RERA) has helped in lifting the trust factor of 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. More recently, the government implemented GST rate cuts for under-construction projects to 5% from 12%. Also, in a major push to stated objective of "Housing For All by 2022", the government has reduced GST to 1% for affordable housing segment. The lower tax burden on home consumers is expected to push the demand and consumer sentiments in the long-term.

On the structural front, the factors like urbanization, migration of population, nuclearisation of families, rising working age population, and the emotions associated with owning a home will continue to aid the growth in the housing finance sector. As per ICRA, over the medium and long term it is expected the industry to grow in the range of 14-16% driven by growth in affordable housing space and easing out of liquidity concerns.

Encouraging demand to pull more suppliers: The government's focus on 'Housing for All by 2022' has been undeterred in the last five years. Also, the housing finance industry has been able to report a growth of 14-16% CAGR over the last five years. This has made the housing finance space a center for traction with many new players entering the market. The affordable housing space has seen a special traction mainly on account of robust demand and large untapped market. Pradhan Mantri Awas Yojana Urban (PMAY) which was launched in 2015 targeted the creation of 20 million houses by 2022. Under the same, "Credit Linked Subsidy Scheme" (CLSS) for economically weaker sections and lower income groups, opened the doors for customers who remained away from owning a house. Resultantly, there have been large numbers of new entrants in the market. Of late, 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 register CAGR of 30-50% over the next 3-5 year period thereby outpacing the industry.

Governments' impetus on housing space to further open up the market: The government continued to focus on adding to more benefits for boosting housing and affordable housing space. The interim budget waived the tax on notional rent and extended the tax benefit period for affordable housing. Also, on the developer's front, the interim budget for 2020 extended the tax benefit period for players developing affordable housing projects for one more year till March 2020. Also, the budget proposed to extend the period of exemption from notional rent tax on unsold inventories, from one to two years, from the end of the year in which the project is completed.

The government implemented cut in GST rates in FY19 after the one which took place in FY18. The GST rate for premium houses was slashed to 5% from 12% whereas for affordable houses, the rates have dropped down to 1% from 8%. Although, there are no benefits of input credit tax for developers under these rates, the overall cuts on the consumer side stands positive.

Progress under PMAY since 2014 (Major states)

States	Project Proposal Considered	Investments in Projects (₹ crore)	Central Assistance Sanctioned (₹ Crore)	Central Assistance Released (₹ Crore)	Houses Sanctioned	Houses Grounded for Construction	Houses Completed	Houses Occupied
Andhra Pradesh	575	69,159	18,730	5,059	12,43,449	8,23,576	2,07,887	1,56,216
Bihar	379	12,555	3,956	1,253	2,54,443	1,20,109	36,512	45,202
Chhattisgarh	1,203	9,216	3,294	1,092	2,32,143	1,14,388	44,950	43,451
Goa	10	93	11	10	803	444	444	444
Gujarat	743	40,984	8,172	4,849	4,79,988	3,94,279	2,27,036	2,29,293
Haryana	655	24,703	4,080	412	2,57,668	32,456	13,113	13,264
Himachal Pradesh	101	439	152	62	8,314	5,850	2,048	1,870
Jammu & Kashmir	208	1,848	228	104	34,309	14,744	4,094	3,261
Jharkhand	332	10,747	2,478	1,067	1,66,956	1,09,348	40,791	40,836
Karnataka	1,792	52,811	9,043	2,798	5,74,076	2,53,576	1,20,965	1,21,684
Kerala	437	4,491	1,893	994	1,21,896	73,054	42,104	41,761
Madhya Pradesh	1,282	34,061	10,503	5,568	6,81,361	4,77,487	2,20,568	2,23,147
Maharashtra	801	79,945	13,924	3,814	9,28,845	2,59,261	1,83,030	1,99,764
Odisha	833	3,074	2,306	716	1,41,092	76,211	44,328	42,078
Punjab	548	2,361	833	334	54,704	32,864	12,729	12,344
Rajasthan	345	10,233	2,847	864	1,74,942	97,663	57,303	57,383
Tamil Nadu	2,478	31,540	9,557	3,031	6,24,458	4,42,344	1,98,609	1,86,912

States	Project Proposal Considered	Investments in Projects (₹ crore)	Central Assistance Sanctioned (₹ Crore)	Central Assistance Released (₹ Crore)	Houses Sanctioned	Houses Grounded for Construction	Houses Completed	Houses Occupied
Telangana	244	17,001	3,798	1,544	2,08,423	1,66,148	43,303	34,142
Uttar Pradesh	2,909	49,321	17,621	5,770	11,49,881	4,52,746	1,55,201	1,53,930
Uttrakhand	143	2,213	608	298	33,471	15,304	8,321	8,791
West Bengal	561	15,409	5,388	2,320	3,45,822	2,17,857	1,31,845	1,31,669
Total	**16,079**	**4,54,226**	**1,18,932**	**42,180**	**77,01,844**	**41,81,567**	**18,15,487**	**17,50,050**

Source: MHUPA as on 25th March, 2019

CLSS, GST, RERA, Benami Act provided standardization and accountability: The short term slowdown in housing space due to demonetization and RERA can be considered to be a matter of past with its long term benefits gradually picking up to show. GST and RERA has been so far successful in bringing standardization with respect to the taxes in relation to real estate transactions and increase the accountability for developers respectively. Under RERA builders need to register themselves and projects which have more than eight apartments. Consumers are also charged by carpet area instead of super built up area. Moreover, buyers now have access to 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.

Furthermore, developers can have easier access to institutional credits through the infrastructure status. The infrastructure status has enabled to 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.

Stable Asset Quality: As per ICRA's report, the GNPA for all HFCs stood at 1.4% as on December 2018 while the same was 1.1% as on March 2018. On the front of affordable housing space, the GNPA stood at 1.8%. However, there has been a rise in GNPAs of new –affordable housing HFCs which stands at 5%. Increased competition, focus on riskier products like Loans Against Property (LAP), Builder loans etc. will test the quality of housing credit portfolio. The collection efficiencies were tested during the times of demonetization. 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.

Asset Liability Management: The year witnessed default of IL&FS which had an impact on the liquidity positions of many HFCs and NBFCs. HFCs thereafter focused more on raising long tenure funds and availed assignment routes as well. As a result, the share of Commercial Papers (CPs) declined significantly to 3% as on December 2018 from the range of 10-12% between March 2018 and September 2018. The CP borrowings were primarily refinanced by raising long-term funds from banks. Subsequently, the bank funding share witnessed an increase to 24% as on December 31, 2018 from 20-21% between March, 2018 and September, 2019. Also, securitisation share increased to 12% from 9-10% during the same period. With the increased transaction volumes for securitisation in FY19, the share of securitisation as a funding source is likely to go up further.

Outlook on profitability continues to be bright: FY19 witnessed a slight drop in profitability ratios for HFCs owing to lower disbursements and interest spreads. The overall Return on Equity (RoE) has come down to 16% as on December 2018 from 18% in March 2018. However, with ease in liquidity issues and increase in interest rates by most of the HFCs, the ROEs outlook is expected to remain stable in the long term.

Motilal Oswal Home Finance Limited

Motilal Oswal Home Finance Ltd. (formerly known as Aspire Home Finance Corporation Ltd.) major focus has been to provide home loans to individuals and families for purchase, construction and extension. (MOHFL) also provides loans for repair and renovation of houses and home loans to families in the self-employed category where formal income proofs. Credit Bureaus reports are not easily available, and the repayment capacity of such families are appraised based on their cash flows and Internal Score Cards.

MOHFL had signed an MOU with National Housing Bank (NHB) which is the Central Nodal Agency under the Pradhan Mantri Awas Yojana (PMAY) for the Credit Linked Subsidy Scheme (CLSS). MOHFL has applied various economically weaker sections of the society to claim subsidy under this scheme.

With a view to enable uniform processing of credit risk assessment, MOHFL has adopted a credit score methodology. The pricing of each loan is linked to the credit score. This methodology enables MOHFL to offer finer interest rates to deserving families, where credit risk is low and charge a higher rate of interest where credit risk is high. The credit score parameters , risk weightage and rate of interest bands are reviewed timely ,modified in lines with the changing risk profile of the customers and aligned with the prevailing market ratios respectively.

Business Presence

MOHFL is operating in nine states - Maharashtra, Gujarat, Madhya Pradesh, Karnataka, Rajasthan, Chhattisgarh, Tamil Nadu, Telangana and Andhra Pradesh. MOHFL now have 113 Branch offices across these nine states.

Disbursements

MOHFL's disbursements remained on a conservative scale as efforts were concentrated on re-building the processes. The cautious calibration of disbursements continued on the back of elevated NPAs. During the year, MOHFL disbursed loans amounting to ₹ 290 crores for home purchase, construction, repair and renovation. The foundations necessary for strong growth like independent collection and legal organization are now well in place. These efforts are expected to fructify, supporting sustainable growth, going forward. Cumulative disbursements as at March 31, 2019 stood at ₹ 6,331 crores.

Loans

MOHFL's total outstanding loans in FY19 remained stable at ₹ 4,357 Crores in the year of conservative disbursements. Loans to total assets stood at 90 % as at March 31, 2019 with average LTV of the book is ~60%. The average lending rate for FY19 stood at 13.4%. Average ticket size is ₹ 8.5 lacs, with loans extended to more than ~52,500 families, as MOHFL is focused on the affordable housing segment. The overall FOIR during the year remained at a comfortable level of 43%.

Credit underwriting

The loan approval process at MOHF is in 5 layers of approval process based on ticket size of the loan. Approvals of lending proposals are carried out by various authorities from Cluster Credit Head to National Credit Head. Approvals beyond certain limits are refered to the Chief Risk officer. Additional layer of in house technical makes underwriting process more robust. There is a Dedicated Risk Containment Unit (RCU) in the Company to minimize fraud related to income documents, profile and collateral. We have Real Time Risk Management (RTRM) team which tracks every loan on all the end to end parameters.

Recoveries and Provision for Contingencies

MOHF gross NPAs (under Ind-AS) as at March 31, 2019 were ₹ 405 Crores and it carries NPA provisions of ₹ 175 Crores. We have also written off loans worth ₹ 290 crore in FY19 as a conservative policy. We expect the recoveries from write off book as well as from NPA book, given the robust collections and legal team now in place. MOHFL's Provision Coverage Ratio is 43% including both standard and NPA provisioning. As per IndAS MOHFL standard provision stands at 1.93%.

We have infused ₹ 200 crores during the year and this takes the total capital infused to ₹ 850 crores. This also represents the conviction we have over our efforts to revive this business. The asset quality deterioration witnessed in FY18 had a spill-over effect in FY19. Macro-economic events like demonetization, RERA and GST and absence of the collection engine coupled with lack of vertical structure earlier led to surge in NPAs.

MOHFL now has robust legal and risk unit in place. MOHFL has been successful in using SARFAESI act and there has been meaningful progress in number of filed cases. With strong collection team, MOHFL has now been able to take the collection efficiency to 95%+ with evident improvement, going forward. MOHFL will remain committed in directing the efforts to recover the written-off pool.

Borrowed Funds

MOHFL 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. MOHFL 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.

To minimize the risk arising on account of mismatches if any, MOHFL 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.

MOHFL continued to borrow for both long and short-term from the banking sector at competitive rates. MOHFL raised fresh loans from banks / NBFCs aggregating to ₹ 150 Crores during the year and repaid loans aggregating to ₹ 362 Crores. Term loans are secured by way of hypothecation over loan receivables. Outstanding balance of term loans was ₹ 1524 Crores as at March 31, 2019.

The outstanding balance of NCDs as at March 31, 2019 was ₹ 2,045 crores. Out of which ₹ 1,396 Crores NCDs are secured by way of hypothecation over loan receivables. MOHFL NCDs are rated "(ICRA) A+" with Stable outlook indicating adequate degree of safety regarding timely servicing of financial obligations.

Total 27 banks extended credit lines and NCDs were allotted to 59 institutions as of March 2019. The average cost of borrowing for MOHFL stood at 10.25% in FY19.

MOHFL has available credit lines of ₹ 750 crores, investments of ₹ 50 crores and "Nil" short term loans or commercial papers as on 31st March 2019. Nil reliance on CPs helped MOHFL to remain immune from the liquidity issues prevalent in the industry.

The outstanding subordinated debt as at March 31, 2019 stood at ₹ 50 crores. The debt is subordinated to present and future senior indebtedness of the Company and is rated [ICRA] A+ Stable indicating highest degree of safety regarding timely servicing of financial obligations. Based on the balance term to maturity, as at March 31, 2019 ₹ 20 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.

MOHFL total borrowings as at March 31, 2019 of ₹ 3,571 crores were within the permissible limits of 16 times of net owned funds. MOHFL has debt to equity ratio of 4.3x in FY19. MOHFL Capital Adequacy Ratio as at March 31, 2019 was 29.20%. The Capital Adequacy on account of Tier I Capital was 27.46% while the Capital Adequacy on account of the Tier II Capital was 1.74%.

Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI)

The Government of India has set up the Central Registry of Securitization Asset Reconstruction and Security Interest of India (CERSAI) under section 21 of the SARFAESI Act, 2002 to have a central database of all mortgages created by lending institutions. The objective of this registry is to compile and maintain data relating to all transactions secured by mortgages. All Banks & HFCs which fall under the purview of SARFAESI Act are required to register with CERSAI and submit the data in respect of all properties mortgaged in its favour. The lending institutions are required to pay fees for uploading of the data of mortgage. MOHF is ensuring timely submission of information at CERSAI portal and is notified as a Financial institution by Ministry of Finance (Department of Financial Services)

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.

During the year, the Company has further strengthened the collateral risk management framework by creating in-house independent functions for property valuation and legal opinion. The company has developed Real Time Risk Management (RTRM) process for every sanctioned file to be audited on real-time basis prior to disbursal. The company has put in place a Risk Containment Unit (RCU) to scrutinize the genuineness of every loan proposal prior to disbursal. The company continues to invest in technology as a significant contributor to effective risk management in retail lending business.

The Company continuously monitors loan portfolio and 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 dynamic. Key sectors are analysed in detail to suggest strategies, considering both risks and opportunities. Corrective action, if required, is taken well in advance.

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 optimize its capital needs through growth, by achieving highest returns on capital employed while managing risks appropriately.

MANAGEMENT DISCUSSION & ANALYSIS
(Contd..)

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.

Internal Audit and Control

MOHFL has an adequate system of internal control in place which has been designed to provide a reasonable assurance with regard to maintaining proper accounting controls, monitoring of operations, protecting assets from unauthorized use or losses, compliance with regulations and for ensuring reliability of financial reporting. MOHFL has documented procedures covering all financial and operating functions.

MOHFL has robust internal audit programme, where the internal auditors, an independent Audit 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.

Collection / Legal organisation

MOHFL has set up an in-house collection team of 450+ officers. Also, the investments in technology in the form of collection applications and geo-tagging feature have enabled the efficient capturing of efforts put in by collections team. MOHFL has strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138.

IT Audit and Security

An information system is the backbone of MOHFL business. MOHFL has implemented application software 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 MOHFL across its branches.

The Information System of MOHFL 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 MOHFL operations on its IT system, MOHFL also takes initiative in maintaining adequate control for data integrity and its confidentiality. The Application Software and IT System of MOHFL are upgraded from time to time. MOHFL has rolled out Pre sales, Sales, Collection and Customer application.

MOHFL has made investments in digital initiatives to reduce operating costs and turnaround time, and to improve customer experience. Our digital initiatives include apps for sales, credit, collection and vendors. Also, MOHFL has online payment gateways like (Net-banking / Debit cards / Wallets / UPI) to provide utmost convenience to the customers.

Human Resource

Management team has been strengthened with new CEO taking the charge of the company. Also, FY19 witnessed various modifications and changes in Heads of Credit, Technical, Collections, Operations, HR, Business Process & Quality and Compliance. The transition of the organisation from a Branch banking model to a Vertical organisation coupled with re-writing of processes to ensure quality growth. Critical functions such as Sales, Credit, Operations and Collections are being driven by independent heads. A captive Technical and Legal organisation has been created to provide strong foundation. With the high level of commitment and loyalty by staff members and the parent group, MOHFL is confident to face the challenges of all the adverse conditions while emerging out as a winner.

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.

With all the learnings from the past and subsequent corrective measures, MOHFL is poised to opportune from India's growing demand for affordable housing. FY18 and FY19 have been years of consolidation with conservative approach

MANAGEMENT DISCUSSION & ANALYSIS
(Contd..)

in terms of growth. Nevertheless, MOHFL has successfully built its independent departments of sales, credit, collection, legal, compliance and risk. The mutually exclusive operations of these departments will ensure prioritization of 'quality' growth in future. The outlook remains stable and safeguarded with plans to grow the loan book in the range of 5-10%.

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

BOARD'S REPORT

To,
The Members
Motilal Oswal Home Finance Limited

The Directors of your Company have the pleasure in presenting the Sixth Board's Report together with the Audited Financial Statements for the financial year ended March 31, 2019.

Financial Results

Summary of Financial Results for the year ended March 31, 2019 is as under:

(Amount in ₹)

Sr. No.	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
1	**Gross Income**	**6,48,41,36,971**	**6,70,75,20,602**
2	Income Before interest, depreciation and tax	1,85,58,38,412	4,29,22,24,158
3	Interest	3,92,43,00,107	3,98,03,63,445
4	Depreciation	4,69,00,619	6,40,98,946
5	**Net Profit/(Loss) Before Tax**	**(2,11,53,62,314)**	**24,77,61,768**
6	Tax	(74,67,36,708)	5,56,27,842
7	**Net Profit/(Loss) After Tax**	**(1,36,88,25,606)**	**19,21,33,925**
8	Other comprehensive income	1,17,72,512	89,91,396
9	**Balance available for appropriation**	**(1,35,70,53,094)**	**20,11,25,321**
10	Transfer to Special Reserve u/s 29C of the NHB Act, 1987	–	12,85,42,247
11	**Surplus carried to Balance Sheet**	**(1,35,70,53,094)**	**7,25,83,074**

Dividend

The Board of Directors of the Company have not recommended payment of dividend for the Financial Year 2018-19.

Information on the State of Affairs of the Company

The information on the State of Affairs of the Company has been given as part of Management Discussion & Analysis Report forming part of Annual Report of the Company.

Review of Business Operations and Future Prospects

During the year under review, your Company earned the gross income of ₹ 648.41 crore as against ₹ 670.75 crores in the previous year. The total expenditure during the year under review was ₹ 859.97 as against ₹ 645.97 crore in the previous year. The Net Loss after tax was ₹ 135.71 as against Profit of ₹ 20.11 crores 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 Finance Institution enabling credit access to low and middle income segment for purchasing and acquiring affordable housing units.

Change of Name of the Company

The shareholders of the Company at an Extra-Ordinary General Meeting ("EGM") held on May 24, 2019 had approved the proposal for change name of the Company from "Aspire Home Finance Corporation Limited" to "Motilal Oswal Home Finance Limited". Further, the Registrar of Companies ("ROC") has issued new Certificate of Incorporation approving the change of name of the Company to Motilal Oswal Home Finance Limited w.e.f. May 28, 2019.

Share Capital

The Authorised share capital of the Company as on March 31, 2019 is ₹ 10,00,00,00,000/- (Rupees One Thousand Crores) divided into 10,00,00,00,000 (One Thousand Crores) Equity Shares of ₹ 1/- each.

During the year under review, the Company has allotted following additional equity shares:

On Preferential Basis

- 80,00,00,000 (Eighty Crore) Equity shares of ₹ 1/- each for cash at a premium of ₹ 1.50/- per share.

Under Employee Stock Option Scheme:

- 21,22,000 (Twenty One Lakh Twenty Two Thousand) Equity shares of ₹ 1/- each for cash at a premium of ₹ 0.60/- per share under Employee Stock Option Scheme (ESOS).

Pursuant to the allotment of the Equity Shares, the paid up Equity Share Capital of the Company as on March 31, 2019 is ₹ 6,00,86,92,515/- (Rupees Six Hundred Crores Eighty Six Lakhs Ninety Two Thousand Five Hundred Fifteen Only).

Credit Ratings

The Company's borrowings enjoy the following Credit Ratings.

Nature of Borrowing	Rating / Outlook	
	ICRA	CRISIL
Short Term		
Commercial Paper	"[ICRA]A1+"	CRISIL A1+
Long Term		
Market Linked NCDs	"PP-MLD [ICRA] A+" with Stable outlook"	CRISIL PP-MLD AA+/Stable
Non-Convertible Debentures	[ICRA]A+(Stable)	CRISIL AA-/Stable (Upgraded from 'CRISIL A+/Stable')
Bank Borrowings	[ICRA]A+(Stable)	CRISIL AA-/Stable (Upgraded from "CRISIL A+/Stable")

Debentures

During the year under review, the Company has raised ₹ 866.38 Crore through Non-Convertible Debentures ("NCDs") on a private placement basis. As on March 31, 2019, the outstanding NCDs stood at ₹ 2,544.28 Crore.

The NCDs issued by the Company are listed on wholesale Debt Market segment of the BSE Limited.

Credit Rating assigned to the NCDs and Market Linked NCDs are mentioned above.

As at March 31, 2019, there was no NCDs amount or interest thereon, remaining unclaimed or unpaid.

Debenture Trustee

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

Milestone Trusteeship Services Private Limited

CoWrks Worli, PS56, 3rd Floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 030
Direct: +91 22 62888119, Mobile: +91 9029969213
Website: www.milestonetrustee.in

Beacon Trusteeship Limited

4 C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (E), Mumbai - 400 051.
Direct: 022 26558759 Mobile: 8999389079
Website: http://beacontrustee.co.in/

Disbursement

During the year, the Company disbursed the Housing loan amounting to the tune of ₹ 290 Crores.

Commercial Paper

During the year, the Company issued Commercial Paper (CP), amounting to ₹ 450 Crores. There are no outstanding CP as on March 31, 2019. The CP are rated "[ICRA] A1+" and CRISIL A1+ indicating that instrument have very strong degree of safety regarding timely payment of financial obligation.

Loans From Banks / Financial Institutions

During the year under review, the Company has availed Term Loans facilities of ₹ 150 Crore from various banks / financial institutions. As on March 31, 2019, the outstanding loans stood at ₹ 1,324.32 Crore.

Public Deposits

During the year under review, the Company has not accepted any deposits from the public and the Company has passed a resolution in the Financial Year for non-acceptance of Public Deposits.

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 the NHB Directions, 2010, as amended from time to time. The recognition of NPA and provision on Standard and Non-Performing Loans is made as per the prudential norms prescribed in the Housing Finance Companies (NHB) Directions, 2010 as amended. Additional provisions (over and above the prudential norms) is made as per the NPA Management, Write Off and Settlement Policy approved by the Board of Directors in their Board Meeting held on May 10, 2019.

NHB vide NHB (ND)/DRS/Policy Circular No.88/2017-18 dated April 16, 2018 and circular number NHB (ND) / DRS / Policy Circular No.89/2017-18 dated June 14, 2018 captioned implementation of Indian Accounting Standards (IND AS) directed all the Housing Finance Companies (HFC's) to comply with the provisions of IND-AS as notified by the Ministry of Corporate Affairs (MCA) with effect from April 1, 2018 and also directed to follow the provisions of paragraph 24 of the Housing Finance Companies (NHB) Directions, 2010 ("Directions") on Accounting Standards, in terms of which the Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India, in so far as they are not inconsistent with any of the Directions. The NHB circular requires HFCs to adopt sound methodologies, systems / procedures, commensurate with the size, complexity, risk, profile etc. specific to them while implementing Ind-AS. The provisioning for NPA under regulatory norms stands at ₹ 273.73 Crores vis-à-vis provisioning under Ind-AS at ₹ 174.93 Crores. Accordingly NNPA as per regulatory norms is 2.99 % vis-à-vis 7.18 % under Ind-AS.

IND-AS is a set of accounting norms developed by Indian authorities, which converge with the International Financial Reporting Standards (IFRS).

However, for regulatory and supervisory purposes, including various kinds of reporting to the NHB, the Company continues to follow the provisions of National Housing Bank Act 1987 and Housing Finance Companies (NHB) Directions 2010, including framework on prudential norms, and other related circulars issued in this regard by NHB from time to time.

Risk Management Framework

The Risk Management Framework has been given as a part of Management Discussion & Analysis report forming part of this Annual Report.

National Housing Bank Guidelines

The Company has complied with the provisions of the Housing Finance Companies (NHB) Directions, 2010, as prescribed by NHB and has been in compliance with the various Circulars, Notifications and Guidelines issued by National Housing Bank (NHB) from time to time. The Circulars and the Notifications issued by NHB are also placed before the Audit Committee / Board of Directors at regular intervals to update the Committee/ Board members on the compliance of the same.

During the year under report, as per NHB policy circular No. NHB (ND)/DRS/Policy Circular No.87/ 2017-18 dated February 6, 2018, the Company has executed an agreement with Information Utility i.e., National e-Governance Services Limited (NeSL) for submission of Financial Information and information relating to Assets in relation to which any security interest has been created.

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. This 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. MOHFL has complied with the said provisions and accordingly NHB has not levied any penalty on MOHFL during the year.

Capital Adequacy Ratio

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 March 31, 2019 was 29.20%. Tier I and Tier II capital adequacy ratios as of March 31, 2019 were at 27.46% and 1.74%, respectively.

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

Your company has not transferred any amount to Special Reserve during the reporting period of the Company, as per the requirement of the Section 29C of the National Housing Bank Act, 1987 due to loss.

Holding / Subsidiary Company

During the year under review, the Company has no Subsidiary Company. However, the Company becomes a direct subsidiary of Motilal Oswal Financial Services Limited w.e.f. August 21, 2018 as result of amalgamation of Motilal Oswal Securities Limited with Motilal Oswal Financial Services Limited, pursuant to the order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.

Board of Directors

The composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("Act") with an appropriate combination of Executive, Non-Executive and Independent Directors.

The Board consist of following Members:

Sr. No.	Name of Director	Designation
1	Mr. Motilal Oswal	Chairman
2	Mr. Sanjay Athalye	Managing Director & Chief Executive Officer
3	Mr. Raamdeo Agarawal	Non-Executive Director
4	Mr. Navin Agarwal	Non-Executive Director
5	Mr. Sanjaya Kulkarni	Independent Director
6	Mrs. Smita Gune	Independent Director
7	Mrs. Rekha Shah	Independent Director

The Board of Directors at its meeting held on August 17, 2018 and Members at the Extra Ordinary General Meeting ("EGM") held on November 27, 2018 have approved the re-appointment of Mr. Hemant Kaul and Mrs. Smita Gune as an Independent Director of the Company for the period of 3 years commencing from October 16, 2018 to October 15, 2021 and of Mr. Sanjaya Kulkarni for the period of 3 years commencing from January 15, 2019 to January 14, 2022.

The Board of Directors at its meeting held on October 30, 2018 and Members at the EGM held on November 27, 2018 have approved the appointment of Mrs. Rekha Shah as an Independent Director of the Company for the period of 3 years commencing from October 30, 2018 to October 29, 2021.

Further, the Board of Directors at its meeting held on September 17, 2018 and Members at the EGM held on November 27, 2018 have approved the appointment of Mr. Sanjay Athalye as a Managing Director & Chief Executive Officer of the Company for the period of 3 years commencing from September 17, 2018 to September 16, 2021, post resignation of Mr. Anil Sachidanand from the position of Managing Director & Chief Executive Officer w.e.f. August 17, 2018.

Mr. Hemant Kaul and Mr. Gautam Bhagat have resigned from the position of Independent Director of the Company w.e.f closing of business hours of February 15, 2019 and May 10, 2019, respectively.

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the independent

Director(s) shall be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Raamdeo Agarawal, Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The details of Mr. Raamdeo Agarawal is provided in the Notice of the ensuing AGM of the Company.

The resolution for the re-appointment of Mr. Raamdeo Agarawal as detailed in the Notice of the ensuing AGM would be placed for your approval at the ensuing AGM.

Key Managerial Personnel

The Company has appointed Mr. Sanjay Athalye as Managing Director & Chief Executive Officer of the Company w.e.f. September 17, 2018 post resignation of Mr. Anil Sachidanand w.e.f. August 17, 2018. Further, the Company has also appointed Mr. Shalibhadra Shah as Chief Financial Officer and Ms. Shivani Chauhan as a Company Secretary & Compliance Officer of the w.e.f. May 10, 2019 post resignation of Mr. Kalpesh Ojha as Chief Financial Officer and Mr. Mayank Jain as Company Secretary & Compliance Officer of the Company w.e.f. October 15, 2018 and January 28, 2019, respectively.

The Company has the following Key Managerial Personnel:

1. Mr. Sanjay Athalye – Managing Director & Chief Executive Officer
2. Mr. Shalibhadra Shah – Chief Financial Officer
3. Ms. Shivani Chauhan – Company Secretary and Compliance Officer

Performance Evaluation

Pursuant to the provisions of section 134(3)(p) of the Act and Schedule IV of the Act, the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as Transparency, Performance, etc.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the Executive Directors and Non-Executive Directors.

The same was discussed in the Board Meeting followed by the meeting of Independent Directors, at which the performance of the Board, its Committee(s) and individual Directors was also discussed.

Employee Stock Option Scheme (ESOS)

Members of the Company have approved various Employee Stock Option schemes for attracting, retaining and rewarding Employees of the Company and its holding/subsidiary companies. Nomination and Remuneration Committee of the Company has granted the options to the eligible employees of the Company and MOFSL Group Companies, as detailed hereunder:-

Sr. No.	Particulars	MOHFL "ESOS 2014"	MOHFL "ESOS 2016"	MOHFL "ESOS 2017"
a)	Options granted	Refer to the Note No. 45 of the Financial Statements		
b)	The Pricing formula			
c)	Options vested			
d)	Options exercised			

The Employee Stock Option Schemes are administered by the Nomination and Remuneration Committee of the Board of the Company, in accordance with the applicable regulations.

Corporate Social Responsibility

The Company recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy, in accordance with the requirements of the provisions of Section 135 of the Act. The Company has constituted a Corporate Social Responsibility Committee.

The Corporate Social Responsibility Committee consists of the following Members:

Sr. No.	Name of the Member	Designation in the Committee
1	Mr. Motilal Oswal	Member
2	Mr. Navin Agarwal	Member
3	Mr. Sanjaya Kulkarni	Member

The Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at https://motilaloswalhf.com/uploads/pdf/governance/CSR_Policy.pdf

An Annual Report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) has been appended as "Annexure 1" to this Report. The Company has made contribution through Motilal Oswal Foundation, a not-for-profit charitable company incorporated under Section 25 of the Companies Act, 1956.

Terms of reference of the Corporate Social Responsibility Committee:-

(a) 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

(b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a)

(c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

(d) Update the Board on the implementation of various programmes and initiatives.

Audit Committee

The Audit Committee consists of the following Members:

Sr. No.	Name of the Member	Designation in the Committee
1	Mrs. Smita Gupte	Chairperson
2	Mr. Motilal Oswal	Member
3	Ms. Rekha Shah*	Member

* Audit Committee was re-constituted by the Board of Directors of the Company at their meeting held on May 10, 2019 by inducting Ms. Rekha Shah as a Member of the Committee.

Terms of reference of the Audit Committee:-

(a) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

(b) review and monitor the auditor's independence and performance, and effectiveness of audit process;

(c) examination of the Financial Statement and the auditors' report thereon;

(d) approval or any subsequent modification of transactions of the company with related parties;

(e) scrutiny of inter-corporate loans and investments;

(f) valuation of undertakings or assets of the company, wherever it is necessary;

(g) evaluation of internal financial controls and risk management systems;

(h) monitoring the end use of funds raised through public offers and related matters;

(i) Additional Terms of reference approved by the Board as mentioned below:

  (i) To assist the Board in its responsibility for disclosure in relation to risk management in the annual report.

  (ii) To carryout Periodic review, monitor, assess the quality and effectiveness of the Risk Management plan and ensure that the risk policies and strategies are effectively managed and the risk taken are within the agreed tolerance and appetite levels.

  (iii) To review interest rate of the Company and liquidity management framework market (including funding, liquidity & treasury) and policies, processes and systems used to manage exposures.

  (iv) To review and provide feedback to Management on the categories of risk MOHFL faces, particularly credit, and operational risk, the exposures in each category, significant concentrations within those risk categories, the metrics used to monitor the exposures and Management's views on the acceptable and appropriate levels of those risk exposures. The other risk management responsibility to include:

  - Analysis of the vendor payments amounting to ₹ 5 lakhs and above per quarter to single vendor (including but not limited to Brokerage & Commission, vendors for due diligence, sourcing vendors etc.)

- To implement and set up the Risk / Fraud Containment unit to guard MOHFL against any deliberate attempt to commit any fraud resulting in financial and reputation loss.
- To analyse and implement controls to detect revenue leakage in any form or the other.

(vi) To perform hind signing audit to identify if the policies and procedures of MOHFL has been complied and implemented which includes underwriting policies and other SOPs.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of the following Members:

Sr. No.	Name of the Member	Designation in the Committee
1	Mr. Sanjaya Kulkarni	Chairman
2	Mr. Motilal Oswal	Member
3	Mrs. Smita Gune	Member

Terms of reference of the Nomination and Remuneration Committee:-

a) Formulate criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.

b) Carry out performance evaluation of all Directors.

c) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.

d) Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. The policy shall be referred as Nomination and Remuneration policy.

e) To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.

f) To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.

Company's policy relating to Directors appointment, payment of remuneration and discharge of their duties

The salient features of Nomination and Remuneration Policy of the Company are as follows:

- Formulation of criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company
- Appointment and removal of Directors, Key Managerial Personnel and senior management personnel
- Performance evaluation of all Director

The Nomination and Remuneration Policy is available on the website of the Company at https://www.motilaloswalhf.com/uploads/pdf/governance/Nomination_and_Remuneration_Policy.pdf

Stakeholders Relationship Committee

The Members are informed that pursuant to the provisions of Section 178(5) of the Act, since the number of shareholders, debenture-holders, deposit-holders and any other security holders of the Company has exceeded one thousand, the Board of Directors at their meeting held on May 10, 2019 has constitute a Stakeholders Relationship Committee.

The Stakeholders Relationship Committee consists of the following Members:

Sr. No.	Name of the Member	Designation in the Committee
1	Mr. Motilal Oswal	Chairman
2	Mr. Raamdeo Agarawal	Member
3	Mr. Navin Agarwal	Member

Terms of reference of the Stakeholders Relationship Committee:-

(a) To address requests / resolve grievances of security holders including complaints related to transfer / transmission of securities, non-receipt of balance sheet, non receipt of declared dividends / interests, etc.;

(b) To monitor and transfer the amounts / shares transferable to Investor Education and Protection Fund ("IEPF");
(c) Taking decision on waiver of requirement of obtaining the Succession Certificate /Probate of Will on case to case basis;
(d) To address the remat / demat requests of security holders for rematerialisation / dematerialisation of securities;
(e) To issue duplicate share/debenture certificate(s) reported lost, defaced or destroyed as per the laid down procedure and to resolve the grievances of security holders of the Company;
(f) Attending to complaints of security holders routed by SEBI (SCORES)/Stock Exchanges / RBI or any other Regulatory Authorities;
(g) Any other matters that can facilitate better investor services and relations.

Vigil Mechanism / Whistle Blower Policy

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act (as amended from time to time), the Company has framed Vigil Mechanism / Whistle Blower Policy ("Policy") to enable directors and employees to report genuine concerns or grievances, significant deviations from key management policies and reports any non-compliance and wrong practices, e.g., unethical behavior, fraud, violation of law, inappropriate behavior / conduct, etc.

The functioning of the Vigil Mechanism is reviewed by the Audit Committee from time to time. None of the Directors or employees have been denied access to the Audit Committee of the Board.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

The Policy framed by the Company is in compliance with the requirements of the Act and same is available on the website of the Company at https://www.motilaloswalhf.com/uploads/pdf/governance/MOHFL_WHISTLEBLOWER_POLICY_VER_1.1.pdf

Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, pursuant to provisions of the Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors of the Company.

Disclosure on Maintenance of Cost Records

The Company engaged in Housing Finance activity during the year under review is not required to maintain cost records in accordance with the provisions of the Act.

Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Workplace

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and the right to work with dignity.

During the year under review, the Company has received no complaint in this regard.

Further, the Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

The provisions of Section 186 of the Act, except sub section (1), is not applicable to Housing Finance Companies. Hence the said provision is not applicable to the Motilal Oswal Home Finance Limited.

Number of Board Meetings

During the period under review, the Board met Six times i.e. on May 21, 2018, August 17, 2018, September 17, 2018; October 30, 2018, December 06, 2018 and January 15, 2019.

The maximum gap between any two meetings was not more than one hundred and twenty days. The required quorum was present at all the above meetings. The meetings of the Board are generally held at the Registered Office of the Company.

Directors' Responsibility Statement:

In accordance with the provisions of Section 134(5) of the Act, the Board of Directors confirm that, to the best of its knowledge and belief:

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the loss of the Company for that period;

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

(d) the Directors have prepared the annual accounts on a going concern basis;

(e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;

(f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Internal Financial Controls

The Internal Financial Controls with reference to Financial Statements as designed and implemented by the Company are adequate. The Internal Financial Control procedure adopted by the Company are adequate for safeguarding its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information. During the year under review, the Internal Financial Controls were operating effectively and no material or serious observation has been received from the Auditors of the Company for inefficiency or inadequacy of such controls.

Statutory Auditors

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their First Annual General Meeting ("AGM") held on August 9, 2014 had appointed M/s. BSR & CO. LLP, Chartered Accountants (Firm Registration No. 101248W/W-100022), as the Statutory Auditors of the Company for a term of five years i.e. from the conclusion of First AGM till the conclusion of the Sixth AGM.

Since, the term of M/s. BSR & CO. LLP is completing at the ensuing AGM, the Board of Directors at their meeting held on May 10, 2019 have approved the appointment of M/s. Walker Chandiok & Co., Chartered Accountant (Firm Registration No. 001076N/N500013), as Statutory Auditors of the Company for a term of five years from i.e. from the conclusion of Sixth AGM till the conclusion of the Eleventh AGM, subject to the approval of the shareholders at the ensuing AGM.

The resolution for the appointment of M/s. Walker Chandiok & Co. as Statutory Auditor of the Company as detailed in the Notice of the ensuing AGM would be placed for your approval at the ensuing AGM.

Mr. Vaibhav Shah, Partner, M/s. BSR & CO. LLP has signed the Audited Financial Statements of the Company.

The Board of Directors places on record their appreciation for the professional services rendered by M/s. BSR & CO. LLP, during their tenure as the Statutory Auditors of the Company.

Statutory Auditors' Report

The Statutory Auditors' Report issued by M/s. BSR & CO. LLP for the year under review does not contain any qualification, reservations or adverse remarks. The Notes to the Accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act. Further, pursuant to Section 143(12) of the Act, the Statutory Auditors of the Company have not reported any instances of frauds committed in the Company by its officers or employees.

Internal Auditor

Internal Audit for the year ended March 31, 2019 was done by M/s. Aneja Associates, Chartered Accountants and Internal Audit report in accordance with internal audit program for the year was placed before the Audit Committee.

Secretarial Audit Report

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time), the Company had appointed M/s. Aabid & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the FY 2018-19.

The Secretarial Audit Report is appended as "Annexure 2" to this Annual Report.

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report.

Compliance of Secretarial Standards

The Company complies with all applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

Extract of Annual Return as required and prescribed under Section 92(3) of the Act and Rules made thereunder

The Section 134(3)(a) of the Act has been amended vide notification of Section 36 of the Companies (Amendment), 2017 with effective from July 31, 2018 by the Ministry of Corporate Affairs which requires company to provide "the web address, if any, where annual return referred to in Section 92(3) has been placed". Further, as the amendment to Section 92(3) of the Act vide provisions of Section 23 of the Companies (Amendment), 2017 is not yet notified by the MCA as on date of this Report, the extract of Annual Return in MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as "Annexure 3" to this Annual Report.

Particulars of contracts or arrangements made with related parties

The Board of Directors has approved the policy on transactions with related parties ("RPT Policy"), pursuant to the recommendation of the Audit Committee. In line with the requirements of the Act, the Company has formulated the RPT Policy which is also available on the Company's website at https://www.motilaloswalhf.com/uploads/pdf/governance/MOHFL-related-party-transactions-policy.pdf

All related party transactions entered into during the FY 2018-19 were on an arm's length basis and in the ordinary course of business.

All Related Party Transactions were placed before the Audit Committee for prior approval. Prior omnibus approval of the Audit Committee is obtained for the transactions which are of unforeseen or repetitive in nature. The details of all such related party transactions entered into pursuant to the omnibus approval of the Committee, were placed before the Audit Committee on a quarterly basis for its review.

The Directors draw attention of the Members to Note No. 42 to the Financial Statements which sets out related party disclosures.

During the year under review, there were no material contracts or arrangements or transactions entered into by the Company with related parties and accordingly Form AOC-2 is not applicable.

Dematerialisation of Shares

The Ministry of Corporate Affairs vide notification dated September 10, 2018 has mandated every unlisted public company to issue the securities only in dematerialised form and facilitate dematerialisation of all its existing securities in accordance with provisions of the Depositories Act, 1996 and regulations made there under.

Accordingly, the Company has provided facility to dematerialize share held by the shareholders in physical form.

As on March 31, 2019, out of the Company's total paid-up Equity Share Capital comprising of 6,00,86,92,515 Equity Shares, 5,99,19,82,505 shares are in demat form and remaining 1,67,10,010 shares are in physical form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialization.

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

In accordance with the provisions of Section 197(12) of the Act, the ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are forming part of this report and has been appended as "Annexure 4" to this Annual Report.

In terms of first proviso to Section 136 of the Act, the Report and Financial Statements are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

In accordance with the provisions of Section 197 of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the annexure pertaining to the names and other particulars of employees is available for inspection at the Registered Office of the Company during the business hours on working days of the Company up to the date of the ensuing AGM. Any shareholder interested in obtaining a copy of the said Annexure may write to the Company Secretary & Compliance Officer in this regard.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Nomination and Remuneration Policy of the Company.

Significant and material orders passed by the Regulators or Courts

There are no significant material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its operations in future.

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 and the date of this report.

Conservation of Energy, Technology absorption and foreign exchange earnings and outgo

Considering the Company's housing finance activities during the year under review, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to the Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

There were no foreign exchange earnings and outgo during the year under review.

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 May 10, 2019 and the copy of the said certificate is appended as 'Annexure 5' to the Board's report.

Acknowledgement

The Directors express their sincere gratitude to the National Housing Bank, Securities and Exchange Board of India, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's Bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, resulting in successful performance during the year.

For and on behalf of the Board
Motilal Oswal Home Finance Limited
(Formerly Aspire Home Finance Corporation Limited)

Motilal Oswal
Chairman
DIN: 00024503

Place: Mumbai
Date: May 10, 2019

ANNEXURE 1 TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")

Annual Report on Corporate Social Responsibility ("CSR")

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

The Company recognizes its responsibilities towards society and strongly intends to contribute towards development of knowledge based economy. Accordingly, the Company intends to carry out initiatives for supporting education. The Company's endeavor is to provide liberal arts education at low cost, providing education to children from different background etc. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at https://www.motilaloswalhf.com/uploads/pdf/governance/CSR_Policy.pdf

2) Composition of CSR Committee:

The Composition of CSR Committee is disclosed in the Board's Report.

3) Average Net Profit of the Company for the last three financial years is ₹ 87,88,96,650

4) Prescribed CSR expenditure (two per cent. of the amount as in item 3 above) : ₹ 1,75,77,933

5) Details of CSR spent during the financial year.

(a) Total amount to be spent for the financial year : ₹ 1,75,78,000

(b) Amount unspent – Nil

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

(Amount in ₹)

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Location of the project/program	Amount Outlay (budget) Project or programs wise	Amount spent on project or programs, Sub heads – (a) direct expenditure & (b) Overheads*	Cumulative expenditure up to the reporting period	Amount Spent – Direct or through implementing Agency
1	Kalinga Institute of Social Sciences	Education	Bhubaneswar, Odisha	1,75,77,933	1,75,78,000	3,20,12,000	Motilal Oswal Foundation

* Amount Spent on the project is direct expenditure

6) Responsibility Statement:

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

For and on behalf of Board of
Motilal Oswal Home Finance Limited
(Formerly Aspire Home Finance Corporation Limited)

Motilal Oswal
Chairman of the Board and CSR Committee
DIN: 00024503

ANNEXURE 2 TO BOARD'S REPORT

Secretarial Audit Report

Secretarial Audit Report

For the Financial year ended 31st March, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Motilal Oswal Home Finance Limited
Mumbai

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate practices by **Motilal Oswal Home Finance 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 31st March, 2019 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 **Motilal Oswal Home finance Limited** as given in **Annexure – I** for the Financial Year ended on 31st March, 2019 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; **(Not applicable during the audit period)**

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

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; **(Not applicable during the audit period)**

  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / The Securities and Exchange Board of India (Share Based Employees Benefits) Regulations, 2014; **(Not applicable during the audit period)**

  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; **(Not applicable during the audit period)** and

  h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **(Not applicable during the audit period)**

(vi) The other laws applicable specifically to the company is Annexed with this Report as **Annexure – II**.

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) Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations, 2015 to the extent applicable to the Company.

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

ANNEXURE 2 TO BOARD'S REPORT
(Contd..)

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 Company has complied with respect to listing of non-convertible debentures.

We further report that during the audit period, the following specific events were held:

1. Mr. Anil Sachidanand has resigned from the position of Managing Director and Chief Executive Officer w.e.f. 17th August, 2018.
2. Mr. Kalpesh Kumar Ojha has resigned from the position of Chief Financial Officer w.e.f. 15th October, 2018.
3. Mr. Sanjay Athalye was appointed as a Managing Director and Chief Executive Officer w.e.f. 17th September, 2018.
4. Mrs. Rekha Utsav Shah was appointed as an independent director w.e.f. 30th October, 2018.
5. Mr. Hemant Kaul has resigned from the position of Independent Director w.e.f. 15th February, 2019.
6. On November 30, 2018, the Company has issued 400,000,000 Equity shares of Face Value of ₹ 1/- at a premium of ₹ 1.5/- per share aggregating to ₹ 100,00,00,000 on preferential basis.
7. On December 31, 2018, the Company has issued 400,000,000 Equity shares of Face Value of ₹ 1/- at a premium of ₹ 1.5/- per share aggregating to ₹ 100,00,00,000 on preferential basis.
8. During the financial year 2018-19, Company has issued a 21,22,500 Equity Shares of ₹ 1.00/- each for cash at a premium of ₹ 0.60/- to its employees as per Employee Stock Option Scheme.
9. During the financial year company issue a following non-convertible Debentures-

Date of Allotment	Amount (in ₹)
24/08/2018	2,500,000,000
28/09/2018	2,000,000,000
19/10/2018	250,000,000
31/10/2018	109,000,000
15/11/2018	43,000,000
28/11/2018	111,000,000
21/12/2018	154,000,000
02/01/2019	108,000,000
09/01/2019	66,000,000
16/01/2019	29,000,000
29/01/2019	3,000,000,000
04/02/2019	63,000,000
18/02/2019	100,000,000
20/03/2019	50,000,000
29/03/2019	34,000,000

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.

For **Aabid & Co**
Company Secretaries

Mohammed Aabid
Partner
Membership No.: F6579
COP No.: 6625

Place: Mumbai
Date: May 2, 2019

ANNEXURE 2 TO BOARD'S REPORT
(Contd..)

ANNEXURE – I

LIST OF DOCUMENTS VERIFIED

1. Memorandum & Articles of Association of the Company
2. Annual Report for the Financial Year ended 31st March, 2019.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, 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 (2) and 184 (1) of Companies Act, 2013.
7. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Regulations for the issuance and listing of Non-Convertible Debentures during the financial year under report.
8. Intimations / documents / reports / returns filed under the National Housing Bank Act, 1987 during the financial year under report.
9. 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.
10. Statutory Registers under Companies Act, 2013

ANNEXURE – II

LIST OF OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY

1. The National Housing Bank Act, 1987 and all the Rules, Regulations, Circulars, Directions and Guidelines prescribed thereunder and the Housing Finance Companies (NHB) Directions, 2010 and Housing Finance Company Issuance of Non-Convertible Debentures on Private Placements (NHB) Directions, 2014 for Housing Finance Companies.
2. Credit Information Companies (Regulation) Act, 2005 and Rules.
3. The Maternity Benefit Act, 1961.
4. The Payment of Gratuity Act, 1972.
5. The Maharashtra Shops & Establishment Act, 1972
6. The Employee's State Insurance Act, 1948.
7. Employee's Compensation Act, 1923.
8. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
9. The Employees Provident Funds and Miscellaneous Provisions Act, 1952
10. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975

ANNEXURE – III

To,
The Members,
Motilal Oswal Home Finance 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. This 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 3 TO BOARD'S REPORT

Form No. MGT-9

Extract of Annual Return

As on the financial year ended on March 31, 2019

[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	October 1, 2013
iii)	Name of the Company	Motilal Oswal Home Finance 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. Tel: +91 22 4718 9999 / 6272 9898 Fax: +91 22 5036 2365 Email: hfquery@motilaloswal.com
vi)	Whether listed company	Yes**
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 49186000 Fax:+91 22 49186060 E-mail: rnt.helpdesk@linkintime.co.in

* Name of the Company is changed from "Aspire Home Finance Corporation Limited" to "Motilal Oswal Home Finance Limited" with effect from May 28, 2019

** Non-Convertible Debentures of the Company are listed on BSE Limited

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 / 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.	Motilal Oswal Financial Services Limited Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400 025	L67190MH2005PLC153397	Holding	80.49	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 (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	0	8,50,00,000	8,50,00,000	1.63	20	0	20	0.00	(1.63)
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	5,02,89,20,485	5,02,89,20,485	96.59	5,88,89,20,465	0	5,88,89,20,465	98.01	1.42
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-	**0**	**5,11,39,20,485**	**5,11,39,20,485**	**98.22**	**5,88,89,20,485**	**0**	**5,88,89,20,485**	**98.01**	**(0.21)**
(2) Foreign	0	0	0	0	0	0	0	0	0
a) NRIs -	0	0	0	0	0	0	0	0	0
Individuals	0	0	0	0	0	0	0	0	0
b) Other -	0	0	0	0	0	0	0	0	0
Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
Sub-total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**5,11,39,20,485**	**5,11,39,20,485**	**98.22**	**5,88,89,20,485**	**0**	**5,88,89,20,485**	**98.01**	**(0.21)**
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture									
Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
(2) Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0.00	6,10,250	0	6,10,250	0.01	0.01
ii) Overseas	0		0	0	0.00	0	0	0	0.00

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2018]				No. of Shares held at the end of the year [As on March 31, 2019]				% 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	0	29,30,020	29,30,020	0.07	27,84,260	36,10,010	63,94,270	0.11	0.04
ii) Individual Shareholders holding nominal share capital in excess of ₹ 1 Lakh	0	7,79,00,010	7,79,00,010	1.50	8,44,52,510	1,29,00,000	9,73,52,510	1.62	0.12
c) Others:									
Trust	0	1,08,20,000	1,08,20,000	0.21	1,08,20,000	0	1,08,20,000	0.18	(0.03)
Hindu Undivided Family	0	0	0	0.00	45,45,000	0	45,45,000	0.07	0.07
Non Resident Indian	0	0	0	0.00	50,000	0	50,000	0.00	0.00
Sub-total (B) (2):-	0	9,26,50,030	9,26,50,030	1.78	10,30,62,020	1,67,10,010	11,97,72,030	1.99	0.21
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	9,26,50,030	9,26,50,030	1.78	10,30,62,020	1,67,10,010	11,97,72,030	1.99	0.21
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	NIL	5,20,65,70,515	5,20,65,70,515	100.00	5,99,19,82,505	1,67,10,010	6,00,86,92,515	100.00	NIL

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2018)			Shareholding at the end of the Year (As on March 31, 2019)			% 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*	3,86,77,29,601	74.31	0.00	0	0.00	0.00	(74.31)
2.	Motilal Oswal Financial Services Limited	78,85,38,294	15.14	0.00	4,83,62,47,397	80.48	0.00	65.34
3.	Motilal Oswal Finvest Limited	0	0.00	0.00	60,00,00,000	9.99	0.00	9.99
4.	Motilal Oswal Wealth Management Limited	19,22,07,702	3.69	0.00	19,22,07,702	3.20	0.00	(0.49)
5.	Motilal Oswal Investment Advisors Limited	6,03,44,834	1.16	0.00	26,03,44,834	4.33	0.00	3.17
6.	MOPE Investment Advisors Private Limited	10	0.00	0.00	10	0.00	0.00	0
7.	Motilal Oswal Asset Management Company Limited	10	0.00	0.00	10	0.00	0.00	0
8.	Motilal Oswal Real Estate Investment Advisors II Private Limited	10	0.00	0.00	10	0.00	0.00	0
9.	Mr. Motilal Oswal	10	0.00	0.00	10	0.00	0.00	0.00
10.	Mr. Raamdeo Agrawal	10	0.00	0.00	10	0.00	0.00	0.00
	Total	5,02,89,20,485	96.59	0.00	5,88,89,20,465	98.01	0.00	1.42

ANNEXURE 3 TO BOARD'S REPORT
(Contd..)

* Motilal Oswal Securities Limited has been amalgamated with Motilal Oswal Financial Services Limited w.e.f. August 21, 2018 pursuant to the order Dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai bench.

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

Sl. No.	Name & type of transaction	Shareholding at the beginning of the year (as on April 1, 2018)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares held	% of total shares of the company	Date of transaction*	No. of shares	No. of shares	% of total shares of the company
1	Motilal Oswal Securities Limited**						
	At the beginning of the year	3,98,77,59,601	76.59				
	Transfer			August 21, 2018	3,98,77,59,601	0	0.00
	At the end of the year					0	0.00
2	Motilal Oswal Financial Services Limited						
	At the beginning of the year	78,85,08,296	15.14				
	Transfer			August 21, 2018	3,98,77,59,601	4,77,62,67,897	91.74
	Transfer			September 7, 2018	6,00,00,000	4,83,62,67,897	92.88
	At the end of the year					4,83,62,67,897	80.51
3	Motilal Oswal Finvest Limited						
	At the beginning of the year	0	0.00				
	Allotment			November 30, 2018	40,00,00,000	40,00,00,000	7.13
	Allotment			December 31, 2018	20,00,00,000	60,00,00,000	9.99
	At the end of the year					60,00,00,000	9.99
4	Motilal Oswal Wealth Management Limited						
	At the beginning of the year	19,23,07,702	3.69				
	At the end of the year					19,23,07,702	3.20
5	Motilal Oswal Investment Advisors Ltd						
	At the beginning of the year	4,03,44,836	0.77				
	Allotment			December 31, 2018	20,00,00,000	24,03,44,836	4.00
	At the end of the year					24,03,44,836	4.00

* Date of the transfer has been considered as the date on which the beneficiary position was provided by the depositories to the Company.

** Motilal Oswal Securities Limited has been amalgamated with Motilal Oswal Financial Services Limited w.e.f. August 21, 2018 pursuant to the order Dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai bench.

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

Sl. No.	Name & Type of transaction	Shareholding at the beginning of the year (as on April 1, 2018)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares held	% of total shares of the company	Date of transaction*	No. of shares	No. of shares	% of total shares of the company
1	Mr. Anil Emmanuel						
	At the beginning of the year	8,30,00,000	1.43				
	Transfer			September 7, 2018	4,30,00,000	2,50,00,000	0.46
	Transfer			January 25, 2019	1,20,00,000	1,30,00,000	0.25
	At the end of the year					1,30,00,000	0.22
2	Like Minded Wealth Creation Trust						
	At the beginning of the year	1,56,25,000	0.31				
	At the end of the year					1,00,00,000	0.18
3	Mr. Satish Kotian						
	At the beginning of the year	42,00,000	0.08				
	At the end of the year					42,00,000	0.07
4	Mr. Rajpal C. Ojha						
	At the beginning of the year	24,00,000	0.05				
	At the end of the year					24,00,000	0.04
5	Ms. Reena Jain						
	At the beginning of the year	0	0.00				
	Transfer			January 25, 2019	20,00,000	20,00,000	0.03
	Transfer			February 6, 2019	(50,000)	19,50,000	0.03
	At the end of the year					19,50,000	0.03
6	Mr. Uttam C Jain						
	At the beginning of the year	0	0.00				
	Transfer			January 25, 2019	20,00,000	20,00,000	0.03
	Transfer			March 22, 2019	(2,00,000)	18,00,000	0.03
	At the end of the year					18,00,000	0.03
7	Uttam C Jain (HUF)						
	At the beginning of the year	0	0.00				
	Transfer			January 25, 2019	20,00,000	20,00,000	0.03
	Transfer			March 8, 2019	(23,000)	19,77,000	0.03
	Transfer			March 22, 2019	(5,41,000)	14,36,000	0.02
	At the end of the year					14,36,000	0.02
8	Ms. P Anitha						
	At the beginning of the year	0	0.00				

Sl. No.	Name & Type of transaction	Shareholding at the beginning of the year (as on April 1, 2018)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares held	% of total shares of the company	Date of transaction*	No. of shares	No. of shares	% of total shares of the company
	Transfer			January 25, 2019	10,00,000	10,00,000	0.02
	At the end of the year					10,00,000	0.02
9	Fatehchand C. Jain (HUF)						
	At the beginning of the year	0	0.00				
	Transfer			January 25, 2019	10,00,000	10,00,000	0.02
	At the end of the year					10,00,000	0.02
10	Pram Kumar C. Jain (HUF)						
	At the beginning of the year	0	0.00				
	Transfer			January 25, 2019	10,00,000	10,00,000	0.02
	At the end of the year					10,00,000	0.02

* Date of the transfer has been considered as the date on which the beneficiary position was provided by the depositories to the Company.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name & Type of transaction	Shareholding at the beginning of the year (as on April 1, 2018)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares held	% of total shares of the company	Date of transaction*	No. of shares	No of shares	% of total shares of the company
1	Mr. Motilal Oswal (Chairman & Non Executive Director)						
	At the beginning of the year	10	0.00				
	At the end of the year					10	0.00
2	Mr. Sanjay Athalye** (Managing Director & Chief Executive Officer)						
	At the beginning of the year	5	0.00				
	At the end of the year					5	0.00
3	Mr. Raamdeo Agarawal (Non-Executive Director)						
	At the beginning of the year	10	0.00				
	At the end of the year					10	0.00
4	Mr. Navin Agarwal (Non-Executive Director)						
	At the beginning of the year	6,30,20,610	1.25				
	At the end of the year					6,30,20,610	1.08

ANNEXURE 3 TO BOARD'S REPORT
(Contd..)

Sl. No.	Name & Type of transaction	Shareholding at the beginning of the year (as on April 1, 2018)		Transactions during the year		Cumulative Shareholding during the year (April 1, 2018 to March 31, 2019)	
		No. of shares held	% of total shares of the company	Date of transaction*	No. of shares	No of shares	% of total shares of the company
5	Mr. Sanjaya Kulkarni (Independent Director)						
	At the beginning of the year	0	0.00				
	At the end of the year					0	0.00
6	Mr. Gautam Bhagat (Independent Director)						
	At the beginning of the year	0	0.00				
	At the end of the year					0	0.00
7	Mrs. Smita Dube (Independent Director)						
	At the beginning of the year	0	0.00				
	At the end of the year					0	0.00
8	Mrs. Rekha Shah*** (Independent Director)						
	At the beginning of the year	0	0.00				
	At the end of the year					0	0.00

* Date of the transfer has been considered as the date on which the beneficiary position was provided by the depositories to the Company.

** Appointed as Managing Director & Chief Executive Officer of the Company w.e.f. September 17, 2018.

*** Appointed as an Independent Director of the Company w.e.f. October 30, 2018

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
Indebtedness at the beginning of the financial year				
i) Principal Amount	29,90,77,03,068	9,22,40,59,796	–	39,13,17,62,864
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
Total (i+ii+iii)	**31,34,52,22,019**	**9,89,85,56,330**	**–**	**41,24,37,78,349**
Change in Indebtedness during the financial year				
• Addition	8,39,45,77,568	6,50,00,00,000	–	14,89,45,77,568
• Reduction	10,11,77,75,391	7,92,00,00,000	–	18,03,77,75,391
Net Change	**(1,72,31,77,822)**	**(1,42,00,00,000)**	**–**	**(3,14,31,77,822)**
Indebtedness at the end of the financial year				
i) Principal Amount	28,20,59,72,420	7,48,00,00,000	–	35,68,59,72,420
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	98,70,49,299	32,99,02,055	–	1,31,69,51,354
Total (i+ii+iii)	**29,19,30,41,719**	**7,80,99,02,055**	**–**	**37,00,29,43,774**

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

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

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD / WTD / Manager and KMP		Total Amount
		Mr. Anil Sachidanand* (Managing Director & Chief Executive Officer)	Mr. Sanjay Athalye# (Managing Director & Chief Executive Officer)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	81,36,370	88,93,934	1,70,30,304
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	6,31,845	21,600	6,53,445
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	75,00,000	75,00,000
3.	Sweat Equity	–	–	–
4.	Commission			
	– as % of profit			
	– others, specify, Bonus	–	–	–
5.	Others, please specify- Bonus	–	–	–
	Total (A)	**87,68,215**	**89,15,534**	**1,76,83,749**
	Ceiling as per the Act	**As per Sec 197 of Companies Act, 2013**		

* Resigned from the position of Managing Director and Chief Executive Officer w.e.f. August 17, 2018

\# Appointed as a Managing Director and Chief Executive Officer w.e.f. September 17, 2018

Remuneration to Other Directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Mrs. Smita Gaise	Mr. Sanjaya Kulkarni	Mr. Gautam Bhagat*	Mr. Hemant Kaul**	Mrs. Rekha Shah#	
1.	Independent Directors						
	• Fee for attending board/ committee meetings	2,10,000	1,20,000	1,00,000	1,60,000	40,000	6,30,000
	• Commission	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–
	Total (1)	**2,10,000**	**1,30,000**	**1,00,000**	**1,60,000**	**40,000**	**6,30,000**
2.	Other Non-Executive Directors						
	• Fee for attending board/ committee meetings	–	–	–	–	–	–
	• Commission	–	–	–	–	–	–
	• Others, please specify	–	–	–	–	–	–
	Total (2)	–	–	–	–	–	–
	Total (B)=(1+2)	**2,10,000**	**1,20,000**	**1,00,000**	**1,60,000**	**40,000**	**6,30,000**
	Total Managerial Remuneration						
	Overall Ceiling as per the Act (per Board meeting)						**1,00,000**

** Resigned from the position of Independent Director w.e.f. February 13, 2019

* Resigned from the position of Independent Director w.e.f. May 10, 2019

\# Appointed as an Independent Director w.e.f. October 30, 2018

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				Total
		Mr. Anil Sachidanand (CEO)*	Mr. Sanjay Athalye (CEO)#	Mr. Kalpesh Ojha (CFO)@	Mr. Mayank Jain (CS)$	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	48,44,368	5,34,023	53,78,391
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	50,911	50,911
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961	–	–	–	–	–
2.	Stock Option	–	–	–	–	–
3.	Sweat Equity	–	–	–	–	–
4.	Commission					
	- as % of profit					
	- others, specify	–	–	–	–	–
5.	Others, please Specify	–	–	–	–	–
	Total	–	–	48,44,368	5,84,934.6	54,29,302.6

* Resigned from the position of Managing Director and Chief Executive Officer w.e.f. August 17, 2018

\# Appointed as a Managing Director and Chief Executive Officer w.e.f. September 17, 2018

@ Resigned from the position of Chief Financial Officer w.e.f. October 12, 2018

$ Resigned from the position of Company Secretary w.e.f. January 28, 2019

VII. Penalties / Punishment / Compounding of Offences (Under Companies Act, 2013): None

For and on behalf of the Board of
Motilal Oswal Home Finance Limited
(Formerly Aspire Home Finance Corporation Limited)

Motilal Oswal
Chairman
DIN: 00024503

Place: Mumbai
Date: May 10, 2019

ANNEXURE 4 TO BOARD'S REPORT

Statement of Disclosure of Remuneration

Statement of Disclosure of Remuneration under Section 197 of Companies Act, 2013 and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) Ratio of the remuneration of each Executive Director to the median remuneration of the Employees of the Company for the financial year 2018-19, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2018-19.

Sr. No.	Name of Director/KMP	Designation	Ratio of Remuneration of each Director to median remuneration of Employees@	Percentage Increase in Remuneration@
1.	Mr. Sanjay Athalye*	Managing Director and Chief Executive Officer	41.02:1	–
2.	Mr. Shalibhadra Shah#	Chief Financial Officer	NA	–
3.	Ms. Shivani Chauhan#	Company Secretary and Compliance Officer	NA	–

* Mr. Sanjay Athalye was appointed as Managing Director and Chief Executive Officer of the Company w.e.f. September 17, 2018 and hence it is not feasible to calculate the % increase in their managerial remuneration.

\# Mr. Shalibhadra Shah was appointed as a Chief Financial Officer and Ms. Shivani Chauhan was appointed as Company Secretary & Compliance Officer of the Company w.e.f. May 10, 2019 and hence it is not feasible to calculate the % increase in their managerial remuneration.

@ For the purpose of determining the ratio of remuneration and percentage increase in remuneration of Directors, only remuneration of Executive Director is considered.

(ii) The percentage increase in the median remuneration of employees for the financial year under review was 5%.

(iii) The Company has 1243 permanent employees as on March 31, 2019.

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

Particulars	% Increase in Remuneration
Employees other than Managerial Personnel	5%
Managerial Personnel	Mr. Sanjay Athalye* – NA

* Mr. Sanjay Athalye was appointed as Managing Director and Chief Executive Officer of the Company w.e.f. September 17, 2018 and hence it is not feasible to calculate the % increase in their managerial remuneration.

There are no exceptional circumstances for the increase in managerial remuneration.

(v) It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company.

For and on behalf of Board of
Motilal Oswal Home Finance Limited
(Formerly Aspire Home Finance Corporation Limited)

Motilal Oswal
Chairman
DIN: 00024503

Place: Mumbai
Date: May 10, 2019

ANNEXURE 5 TO BOARD'S REPORT
Annual Certification

To
The Board of Directors
Motilal Oswal Home Finance Limited

Dear Sir / Madam,

A. We have reviewed the Financial Statements read with the cash flow statement of Motilal Oswal Financial Services Limited for the year ended March 31, 2019 and that to the best of our knowledge and belief:

   – these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   – 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.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or proposed to taken to rectifying these deficiencies.

D. We have indicated to the Auditors and the Audit Committee:

   1. that there were no significant changes in internal controls over financial reporting during the period;
   2. that there were no significant changes in accounting policies made during the period and
   3. that there were no instances of significant fraud of which we have become aware.

Sanjay Athalye
Managing Director & Chief Executive Officer
DIN: 07653678

Shalibhadra Shah
Chief Financial Officer

Place: Mumbai
Date: May 10, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Motilal Oswal Home Finance Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Motilal Oswal Home Finance Limited (the "Company"), which comprise the balance sheet as at 31 March 2019, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (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 2019, the loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Description of Key Audit Matter

Key audit matter	How the matter was addressed in our audit
Transition date accounting policies	
Refer to the accounting policies in the Financial Statements: Significant Accounting Policies- "Basis of preparation" and "Note 2.5) to the Financial Statements: Transition date choices and application"	
Adoption of new accounting framework (Ind AS) Effective 1 April 2018, the Company adopted the Indian Accounting Standards ("Ind AS") notified by the Ministry of Corporate Affairs with the transition date of 1 April 2017. The following are the major impact areas for the Company upon transition: – Classification and measurement of financial assets and financial liabilities – Measurement of loan losses (expected credit losses) – Accounting for loan fees and costs The migration to the new accounting framework (Ind AS) is a complicated process involving multiple decision points upon transition. Ind AS 101, First Time Adoption prescribes choices and exemptions for first time application of Ind AS principles at the transition date. We identified transition date accounting as a key audit matter because of significant degree of management judgment and application on the areas noted above.	Our key audit procedures included: **Design / controls** • Assessed the design, implementation and operating effectiveness of key internal controls over management's evaluation of transition date choices and exemptions availed in line with the principles under Ind AS 101 **Substantive tests** • Evaluated management's transition date choices and exemptions for compliance / acceptability under Ind AS 101 • Understood the methodology implemented by management to give impact on the transition. • Assessed the accuracy of the computations. • Assessed areas of significant estimates and management judgment in line with principles under Ind AS. • Compared the industry practice for various assumptions used by management in areas such as expected credit loss model, classification of financial instruments, etc.

Key audit matter	How the matter was addressed in our audit
Impairment of loans and advances to customers **Charge: INR 62,47,84,646 for year ended 31 March 2019** **Provision: INR 1,75,00,81,082 at 31 March 2019**	
Refer to the accounting policies in "Note 3.1 (ii) to the Financial Statements: Impairment", "Note 2(iv)(b) to the Financial Statements: Significant Accounting Policies- Use of estimates" and "Note 7 to the Financial Statements: Loans"	
Subjective estimate Recognition and measurement of impairment of loans and advances involve significant management judgement. With the applicability of Ind AS 109, credit loss assessment is now based on expected credit loss (ECL) model. The Company's impairment allowance is derived from estimates including the historical default and loss ratios. Management exercises judgement in determining the quantum of loss based on a range of factors. The most significant areas are: - Loan staging criteria - Calculation of probability of default/loss given default - Consideration of probability weighted scenarios and forward looking macro-economic factors There is a large increase in the data inputs required by the ECL model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	Our audit procedures included: **Design / controls** • Evaluated the appropriateness of the impairment principles based on the requirements of Ind AS 109, our business understanding and industry practice. • Understood management's new / revised processes, systems and controls implemented in relation to impairment allowance process. • Assessed the design and implementation of key internal financial controls over loan impairment process used to calculate the impairment charge. • We used our modelling specialist to test the model methodology and reasonableness of assumptions used. • Tested management review controls over measurement of impairment allowances and disclosures in financial statements. **Substantive tests** • We focused on appropriate application of accounting principles, validating completeness and accuracy of the data and reasonableness of assumptions used in the model. • Test of details over of calculation of impairment allowance for assessing the completeness, accuracy and relevance of data. • Model calculations were tested through re-performance where possible. • The appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, economic factors, the period of historical loss rates used, loss emergence periods and the valuation of recovery assets and collateral.

Key audit matter	How the matter was addressed in our audit
Information technology	
Information technology (IT) systems and controls The Company's key financial accounting and reporting processes are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses one system for its overall financial reporting. During the previous year, we had identified that certain controls over the Company's user access rights management and change management processes required improvements. We have focused on user access management, change management, segregation of duties, system reconciliation controls and system application controls over key financial accounting and reporting systems.	Our audit procedures to assess the IT system access management included the following: **General IT controls / user access management** • We tested a sample of key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. • We tested the design and operating effectiveness of key controls over user access management which includes granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties.

Key audit matter	How the matter was addressed in our audit
	• For a selected group of key controls over financial and reporting system, we independently performed procedures to determine that these control remained unchanged during the year or were changed following the standard change management process. • Evaluating the design, implementation and operating effectiveness of the significant accounts related IT automated controls which are relevant to the accuracy of system calculation, and the consistency of data transmission. • Other areas that were independently assessed included password policies, security configurations, system interface controls, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment. Based on the procedures performed above, we continue to identify areas where the Company's general IT controls need improvement, particularly in relation to user access rights change management. As a consequence, a range of other procedures, were performed as follows: • where inappropriate access was identified, we understood the nature of the access, and, where possible, obtained additional evidence on the appropriateness of the activities performed. • additional substantive testing was performed on specific year-end reconciliations (i.e. bank account reconciliations). • a list of users' access permissions was obtained and manually compared to other access lists where segregation of duties was deemed to be of higher risk, for example users having access to core systems.

Other Information

The Company's management and the Board of Directors are responsible for the other information. The other information comprises management's discussion & analysis, the Board of Directors' report and additional disclosures as required under various directions issued by the National Housing Bank included in the Company's annual report, but does not include the financial statements and our auditor's report thereon. These other information are expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Management's responsibility for the Financial Statements

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

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

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

Auditor's responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

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

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

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

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

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

e) On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(B) 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 has disclosed the impact of pending litigation as at 31 March 2019 on its financial position in its financial statements - Refer Note 36 to the financial statements;

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

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

(C) With respect to the matter to be included in the Auditor's Report under section 197(16):

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

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

Vaibhav Shah
Partner
Membership No: 117377

Mumbai
10 May 2019

Motilal Oswal Home Finance 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, 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 2019.

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

b) According to the information and explanations given to us, there are no dues of income tax, service tax, and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute, by the Company except as mentioned below:

Name of Statute	Nature of Dues	Amount	Relevant period	Forum
Income Tax Act, 1961	Income Tax	₹ 626,160	Assessment Year 2016-17	CIT Appeal

(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.

ANNEXURE 'A'
(Contd..)

(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 complied with provisions of section 42 of the Act with regard to issuance of equity shares and non-convertible debenture on private placement basis during the year 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
10 May 2019

ANNEXURE 'B'
To the Independent Auditors' Report

Annexure B to the Independent Auditor's Report of even date on the financial statements of Motilal Oswal Home Finance Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

Opinion

We have audited the internal financial controls with reference to financial statements of Motilal Oswal Home Finance Limited (the "Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the "Act").

Auditor's Responsibility

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

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

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

Meaning of Internal Financial controls with reference to Financial Statements

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

ANNEXURE 'B'
(Contd..)

Inherent Limitations of Internal Financial controls with reference to Financial Statements

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

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

Vaibhav Shah
Partner
Membership No: 117377

Mumbai
30 May 2019

Financial Statements

BALANCE SHEET
as at 31 March 2019

(Currency : ₹)

Particulars		Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
I. ASSETS					
(I) Financial Assets					
(a) Cash and cash equivalents		4	**799,662,881**	848,448,220	1,569,004,631
(b) Bank balances other than (a) above		5	**25,884,255**	27,678,177	28,595,440
(c) Receivables		6			
(i) Trade receivables			**24,488,264**	75,995,784	90,438,343
(d) Loans		7	**42,131,000,807**	47,290,152,536	40,802,202,838
(e) Investments		8	**506,381,148**	–	2,799,563,604
(f) Other Financial assets		9	**572,103,731**	461,251,200	124,678,882
Total financial assets	**(A)**		**44,059,518,086**	**48,703,855,919**	**45,264,485,738**
(II) Non-financial Assets					
(a) Current tax assets (Net)		10	**22,083,110**	1,172,567	1,467,884
(b) Deferred tax assets (Net)		11	**1,198,720,187**	465,852,238	293,695,896
(c) Property, Plant and Equipment		12	**109,844,774**	110,402,942	98,851,493
(d) Other intangible assets		13	**32,046,419**	22,357,169	12,775,436
(e) Other Non-financial assets		14	**258,609,201**	243,668,080	46,806,566
Total Non- Financial Assets	**(B)**		**1,621,303,691**	**843,470,996**	**453,497,275**
Total Assets	**(C) = (A) +(B)**		**45,680,821,777**	**49,547,026,915**	**45,717,983,013**
II. LIABILITIES AND EQUITY					
(I) Financial liabilities					
(a) Payables		15			
(I) Trade Payables					
(i) total outstanding dues of micro enterprises and small enterprises			**–**	–	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			**34,604,477**	19,000,798	129,547,242
(II) Other Payables					
(i) total outstanding dues of micro enterprises and small enterprises			**–**	–	5,005,697
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			**–**	–	–
(b) Debt Securities		16	**20,561,100,798**	20,851,572,120	21,806,446,231
(c) Borrowings (Other than Debt Securities)		17	**15,305,541,789**	18,714,038,084	15,929,721,769
(d) Other Financial liabilities		18	**1,457,011,450**	2,292,860,754	1,861,790,832
Total financial liabilities	**(D)**		**37,358,258,514**	**41,877,471,756**	**39,752,711,771**

BALANCE SHEET
(Contd..)

(Currency : ₹)

Particulars		Note No.	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(II) Non-Financial Liabilities					
(a) Current tax liabilities (Net)		19	–	142,169	330,533
(b) Provisions		20	**27,561,373**	36,895,649	70,722,565
(c) Other Non-financial liabilities		21	**28,948,170**	25,791,358	16,190,686
Total Non-Financial Liabilities	**(E)**		**56,509,543**	**62,829,176**	**87,243,784**
(III) EQUITY					
(a) Equity Share capital		22	**6,008,692,515**	5,206,570,515	4,825,019,030
(b) Other Equity		23	**2,257,361,205**	2,400,155,468	1,053,008,428
Total Equity	**(F)**		**8,266,053,720**	**7,606,725,983**	**5,878,027,458**
TOTAL LIABILITIES AND EQUITY (G) = (D)+(E)+(F)			**45,680,821,777**	**49,547,026,916**	**45,717,983,013**

Significant accounting policies 3

Notes to financial statements 4-50

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
10 May 2019

For and on behalf of the Board of Directors of
Motilal Oswal Home Finance Limited
CIN: U65923MH2013PLC248741

Sanjay Athalye
Managing Director & CEO
DIN: 07650678

Navin Agarwal
Director
DIN: 00024561

Shivani Chauhan
Company Secretary

Shalibhadra Shah
Chief Financial Officer

Mumbai
10 May 2019

STATEMENT OF PROFIT AND LOSS
for the year ended 31 March 2019

(Currency : ₹)

Particulars		Note No.	For the year ended 31 March 2019	For the year ended 31 March 2018
Revenue from operations		24		
Interest income			6,285,769,691	6,332,812,700
Net gain on fair value changes (Realised/ Unrealised)			62,641,190	148,780,725
Fees and commission income			135,726,090	223,727,587
Total Revenue from operations	(I)		6,484,136,971	6,705,321,012
Other income		25		
Dividend			–	2,199,590
Total Other income	(II)		–	2,199,590
Total income	III = (I+II)		6,484,136,971	6,707,520,602
Expenses				
Finance cost		26	4,040,645,741	4,102,019,134
Employee benefits expenses		27	437,348,930	505,381,151
Depreciation and amortization expenses		12	44,900,619	64,095,940
Impairment on financial instruments		28	624,784,646	654,538,334
Other expenses		29	3,252,119,349	1,133,724,277
Total Expenses	(IV)		8,599,699,285	6,459,758,834
Profit/(Loss) before tax	(III-IV)		(2,115,562,314)	247,761,768
Less: Tax expense :		30		
(1) Current tax			(7,529,715)	232,713,798
(2) Deferred tax			(739,206,593)	(177,085,955)
Profit/(Loss) for the year			(1,368,826,006)	192,133,925
Other comprehensive income		31		
(A) Items that will not be reclassified to profit & loss				
(i) Actuarial gain / (loss) on post retirement benefit plans			18,111,556	13,821,009
Tax impact on the above			(6,339,044)	(4,829,613)
Other comprehensive income			11,772,512	8,991,396
Total comprehensive income for the year			(1,357,053,494)	201,125,321
Earnings per share:		32		
Basic			(0.25)	0.04
Diluted			(0.25)	0.04
Face value per share			1	1
Significant accounting policies		3		
Notes to Financial statements		4-56		

STATEMENT OF PROFIT AND LOSS
(Contd..)

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
Motilal Oswal Home Finance Limited
CIN: U65923MH2013PLC248741

Vaibhav Shah
Partner
Membership No.: 117377

Sanjay Athalye
Managing Director & CEO
DIN: 07650678

Navin Agarwal
Director
DIN: 00024561

Shivani Chouhan
Company Secretary

Shalibhadra Shah
Chief Financial Officer

Mumbai
10 May 2019

Mumbai
10 May 2019

STATEMENT OF CASH FLOWS
for the year ended 31 March 2019

(Currency : ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
CASH FLOW FROM OPERATING ACTIVITIES :		
Profit / (Loss) before tax:	**(2,115,562,314)**	**247,761,768**
Adjustments :		
Depreciation and amortisation	**44,900,619**	64,098,748
Net (gain) /loss on sale of property, plant and equipments	**543,510**	
Employee share option Scheme	**12,985,632**	8,014,818
Net (gain) /loss on financial asset measured at FVTPL	**(62,641,190)**	(148,780,725)
Impairment for financial instruments	**624,784,646**	456,535,326
Bad Debts written off	**2,898,381,374**	715,253,449
Operating profit before working capital changes	**1,403,392,276**	**1,342,883,782**
Adjustments for (increase) / decrease in operating assets:		
(Increase) / Decrease in Other Bank Balances	**1,793,922**	55,917,263
(Increase) / Decrease in Trade receivables	**51,510,522**	14,442,598
(Increase) / Decrease in Loans	**1,635,995,709**	(8,059,748,673)
(Increase) / Decrease in Other financial assets	**(110,852,831)**	(336,572,318)
(Increase) / Decrease in Other non-financial assets	**(14,943,122)**	(196,859,613)
Increase / (Decrease) in Debt securities issued	**(490,471,322)**	(956,074,110)
Increase / (Decrease) in Borrowings other than debt securities	**(2,208,496,298)**	2,764,316,314
Increase / (Decrease) in Non-financial liabilities	**3,156,832**	9,600,442
Increase / (Decrease) in Other Financial Liability - Interest accrued but not due on borrowings and Book Overdraft	**(835,849,304)**	411,069,922
Increase / (Decrease) in Provision for expenses	**8,777,240**	(20,005,887)
Increase / (Decrease) in Trade payables	**16,603,678**	(115,552,137)
Cash generated from operations	**(2,943,774,680)**	(6,413,445,938)
Less : Income taxes paid (net of refunds)	**13,502,997**	232,626,845
Net cash inflow / (outflow) from operating activities	**(1,553,885,371)**	**(5,103,208,993)**
CASH FLOW FROM INVESTING ACTIVITIES :		
Sale of property, plant and equipments	**446,220**	
Sale of investment measured at FVTPL		1,308,253
Purchase of property, plant and equipments	**(55,021,430)**	(85,232,128)
(Purchase) / Sale of mutual funds and bonds	**(443,739,958)**	2,947,635,572
Net cash inflow / (outflow) from investing activities	**(498,315,168)**	**2,863,112,197**
CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of share capital	**802,122,000**	381,551,465
Share Premium on issue of share capital	**1,201,273,200**	1,138,006,900
Increase / (decrease) in Non-controlling interest		
Net cash inflow / (outflow) from financing activities	**2,003,395,200**	**1,519,558,365**
NET INCREASE / (DECREASE) IN CASH AND BANK BALANCES	**(48,805,339)**	**(720,538,411)**
Add : Cash and cash equivalents at beginning of the year	**848,468,220**	1,569,006,631
Cash and cash equivalents at end of the year	**799,662,881**	**848,468,220**

STATEMENT OF CASH FLOWS
(Contd..)

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
10 May 2019

For and on behalf of the Board of Directors of
Motilal Oswal Home Finance Limited
CIN: U65923MH2013PLC248741

Sanjay Athalye
Managing Director & CEO
DIN: 07650678

Navin Agarwal
Director
DIN: 00024561

Shivani Chauhan
Company Secretary

Shalibhadra Shah
Chief Financial Officer

Mumbai
10 May 2019

STATEMENT OF CHANGES IN EQUITY

(Currency : ₹)

A. Equity share capital

	Number	Amount
Balance as at 1 April 2017	4,825,019,030	4,825,019,030
Changes in equity share capital during 2017-18	381,551,485	381,551,485
Balance as at 31 March 2018	5,206,570,515	5,206,570,515
Balance as at 1 April 2018	5,206,570,515	5,206,570,515
Changes in equity share capital during 2018-19	802,122,000	802,122,000
Balance as at 31 March 2019	6,008,692,515	6,008,692,515

B. Other equity

Particulars	Other Equity					Total equity attributable to equity holders of the Company
	Reserves & Surplus					
	Securities Premium	Statutory reserve	ESOS Outstanding Account	Other comprehensive income	Retained earnings	
Balance as at April 1, 2018	1,403,412,321	377,067,230	11,966,000	5,277,265	602,432,652	2,400,155,468
Profit for the period	–	–	–	–	(1,368,525,606)	(1,368,525,606)
Actuarial gain / loss during the year (Net of Taxes)	–	–	–	11,772,511	–	11,772,511
Total comprehensive income for the period	1,403,412,321	377,067,230	11,966,000	17,049,776	(766,092,954)	1,043,102,373
Transfer to general reserve	–	–	–	–	–	–
Exercise of stock options (refer note no. 29)	–	–	12,985,632	–	–	12,985,632
Securities Premium issued during the year	1,202,018,721	–	–	–	–	1,202,018,721
Transfer of Share Premium on account of issue of shares	–	–	(745,521)	–	–	(745,521)
Balance as at 31 March 2019	2,605,431,042	377,067,230	24,206,111	17,049,776	(766,092,954)	2,257,361,205

Particulars	Other Equity					Total equity attributable to equity holders of the Company
	Reserves & Surplus					
	Securities Premium	Statutory reserve	ESOS Outstanding Account	Other comprehensive income	Retained Earnings	
Balance as at April 1, 2017	262,685,335	248,524,983	6,671,267	(3,714,131)	538,840,974	1,053,008,428
Profit for the period	–	–	–	–	192,133,925	192,133,925
Actuarial Gain / Loss during the year (Net of Taxes)	–	–	–	8,991,396	–	8,991,396
Total comprehensive income for the period	262,685,335	248,524,983	6,671,267	5,277,265	730,974,899	1,254,133,749
Transfer to general reserve	–	–	–	–	–	–
Add: Tf. to Special Reserve u/s 29C of the NHB Act, 1987	–	128,542,247	–	–	(128,542,247)	–
ESOS exercised	–	–	8,014,819	–	–	8,014,819
Securities Premium issued during the year	1,140,726,986	–	–	–	–	1,140,726,986
Transfer of Share Premium on account of issue of shares	–	–	(2,720,086)	–	–	(2,720,086)
Balance as at March 31, 2018	1,403,412,321	377,067,230	11,966,000	5,277,265	602,432,652	2,400,155,468

STATEMENT OF CHANGES IN EQUITY
(Contd..)

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
10 May 2019

For and on behalf of the Board of Directors of
Motilal Oswal Home Finance Limited
CIN: U65923MH2013PLC248741

Sanjay Athalye
Managing Director & CEO
DIN: 07650678

Navin Agarwal
Director
DIN: 00024561

Shivani Chauhan
Company Secretary

Shalibhadra Shah
Chief Financial Officer

Mumbai
10 May 2019

(Currency : ₹)

Summary of Significant Accounting Policies and Other Explanatory Information

Note 1 : Corporate information

Motilal Oswal Home Finance Limited ("MOHFL" or "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.

MOHFL is primarily engaged into providing loans for purchase or construction of residential houses.

Note 2 : Basis of Preparation

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(i) Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules 2015 as amended by the Companies (Indian Accounting Standards) Rules 2016. The Company has adopted Ind AS from April 01, 2018 with effective transition date of April 01, 2017 and accordingly, these financial statements together with the comparative reporting periods have been prepared in accordance with the recognition and measurement principles as laid down in Ind AS prescribed under section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued thereunder and the other accounting principles generally accepted in India.

The transition to Ind AS has been carried out from the erstwhile Accounting standards notified under the Act read with Rule 7 of the Companies (Accounts) Rule 2014 (as amended), guidelines issued by the National Housing Board ("the NHB") and other generally accepted accounting principles in India (collectively referred to as "the Previous GAAP"). Accordingly, the impact of transition has been recorded in the opening reserves as at April 01, 2017 and corresponding adjustments pertaining to comparative periods as presented in these financial statements have been restated / reclassified in order to conform to the current year presentation.

The financial statements have been drawn up on the basis of Ind AS that are applicable to the Company as at March 31, 2019 based on the 'Press Release' issued by the Ministry of Company Affairs on January 18, 2016. Any application guidance / clarifications / directions issued by the NHB or other regulators are implemented as and when they are issued / applicable.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- Certain financial assets and financial liabilities are measured at fair value (refer accounting policy regarding financial instruments);
- Assets held for sale – measured at fair value less cost to sell;
- Defined benefit plans – plan assets measured at fair value; and
- Share based payment determined on fair value of options.

(iii) Functional and presentation currency

The financial statements are presented in Indian rupee (INR), which is MOHFL's functional and presentation currency.

(iv) Use of estimates and judgments.

The preparation of financial statements requires management to make judgements, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgements based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the following notes:

(a) **Provision and contingent liability:** On an ongoing basis, Company reviews pending cases, claims by third

(Currency : ₹)

parties and other contingencies. For contingent losses that are considered probable, an estimated loss is provided in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are neither provided nor disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

(b) **Allowance for impairment of financial asset:** The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(c) **Recognition of deferred tax assets:** Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized. Further details are disclosed in note 11.

(d) **Share based payment:** The Company accounts for share based payments by measuring and recognizing as compensation expense the fair value of all share-based payment awards made to employees based on grant date fair values. The determination of fair value involves a number of significant estimates. The Company uses the Black Scholes option pricing model to estimate the fair value of employee stock options which requires a number of assumptions to determine the model inputs. These include the expected volatility of Company's stock and employee exercise behavior which are based on historical data as well as expectations of future developments over the term of the option. As share based payment expense is based on awards ultimately expected to vest, Management's estimate of exercise is based on historical experience but actual exercise could differ materially as a result of voluntary employee actions and involuntary actions which would result in significant change in share based payment expense amounts in the future.

(e) **Determination of the estimated useful lives of tangible assets:** Useful lives of property, plant and equipment are taken as prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II and in case of intangible assets, they are estimated by management based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

(f) **Recognition and measurement of defined benefit obligations:** The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note 40.

(g) **Determining whether an arrangement contains a lease:** In determining whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease date if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement.

(h) **Effective interest rate:** The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioural life of the financial asset to the gross carrying amount of the financial asset. This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.

(i) **Business model assessment:** Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. Monitoring is part of the Company's continuous

(Currency : ₹)

assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

(v) Measurement of fair values:

The Company's accounting policies and disclosures require the measurement of fair values for, both financial and non-financial assets and liabilities.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Note 3 : Summary of Significant Accounting Policies

3.1 Financial Instrument

(i) Initial recognition and measurement

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date.

At initial recognition, the Company measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees, commissions etc. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognized for financial assets measured at amortized cost.

When the fair value of financial assets and liabilities differs from the transaction price on initial recognition, the entity recognizes the difference as follows:

a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.

b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

When the Company revises the estimates of future cash flows, the carrying amount of the respective financial assets or financial liability is adjusted to reflect the new estimate discounted using the original effective interest rate. Any changes are recognized in profit or loss.

(ii) Classification and subsequent measurement

(a) Financial Assets

As per principles given under Ind AS 109, the Company classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

(Currency : ₹)

Classification and subsequent measurement of financial assets depend on:

(i) the Company's business model for managing the asset; and

(ii) the cash flow characteristics of the asset.

Based on these factors, the Company classifies its financial assets into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are subsequently measured at amortized cost using effective interest rate ('EIR') method less impairment, if any. The amortisation of EIR and loss arising from impairment, if any is recognised in the Statement of Profit and Loss.

Fair value through other comprehensive income: Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss.

Fair value through profit or loss: A financial asset not classified as either amortised cost or FVOCI, is classified as FVTPL. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised as 'other income' in the Statement of Profit and Loss.

Equity securities held by MOHFL are classified as FVTPL unless conditions to classify at FVOCI are met.

(b) Financial liability and equity instruments

(i) Equity instruments:

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company is recognised at the proceeds received, net of directly attributable transaction costs.

(ii) Financial liability:

Financial liabilities are classified at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) Impairment

The Company applies the ECL model in accordance with Ind AS 109 for recognising impairment loss on financial assets. The ECL allowance is based on the credit losses expected to arise from all possible default events over the expected life of the financial asset ('lifetime ECL'), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12-month ECL. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is calculated on a collective basis, considering the retail nature of the underlying portfolio of financial assets.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. When determining whether the risk of default on a financial asset has increased significantly since initial recognition, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on a provision matrix which takes into account the Company's historical credit loss experience, current economic conditions, forward looking information and scenario analysis.

The expected credit loss is a product of exposure at default ('EAD'), probability of default ('PD') and loss given default ('LGD'). The Company has devised an internal model to evaluate the PD and LGD based on the parameters set out in Ind AS 109. Accordingly, the financial assets have been segmented into three stages based on the risk profiles. The three stages reflect the general pattern of credit deterioration

(Currency : ₹)

of a financial asset. The company categorises financial assets at the reporting date into stages based on the days past due ("DPD") status as under:

- Stage 1: Low credit risk, i.e. 0 to 30 days past due

- Stage 2: Significant increase in credit risk, i.e. 31 to 90 days past due

- Stage 3: Impaired assets, i.e. more than 90 days past due

LGD is an estimate of loss from a transaction given that a default occurs. PD is defined as the probability of whether the borrowers will default on their obligations in the future. For assets which are in Stage 1, a 12-month PD is required. For Stage 2 assets a lifetime PD is required while Stage 3 assets are considered to have a 100% PD. EAD represents the expected exposure in the event of a default and is the gross carrying amount in case of the financial assets held by the Company.

The Company incorporates forward looking information into both assessments of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. Based on the consideration of external actual and forecast information, the Company forms a "base case" view of the future direction of relevant economic variables. This process involves developing two or more additional economic scenarios and considering the relative probabilities of each outcome. The base case represents a most likely outcome while the other scenarios represent more optimistic and more pessimistic outcomes.

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. The Company regularly reviews its models in the context of actual loss experience and makes adjustments when such differences are significantly material.

The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

After initial recognition, trade receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. The Company follows the simplified approach required by Ind AS 109 for recognition of impairment loss allowance on trade receivables, which requires lifetime ECL to be recognised at each reporting date, right from initial recognition of the receivables.

(iv) Derecognition

(a) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to receive cash flows from the financial asset have expired, or
- the Company has transferred its rights to receive cash flows from the asset and the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the Company neither transfers nor retains substantially all of the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for the amount it may have to pay.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

(Currency : ₹)

(iv) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying value of the original financial liability and the new financial liability with modified terms is recognised in profit or loss.

(v) Offsetting

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, the Company has a legally enforceable right to offset the recognised amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(vi) Write-offs

The gross carrying amount of a financial asset is written-off (either partially or in full) to the extent that there is no reasonable expectation of recovering the asset in its entirety or a portion thereof. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written-off could still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

3.2 Repossessed collateral

Repossessed collateral represents non-financial assets acquired by the Company in settlement of overdue loans. Any collateral obtained as a result of foreclosure is not recognized as a separate asset unless it is acquired by the Company in settlement of overdue loans.

3.3 Revenue Recognition

(i) Revenue from contract with customers:

Revenue (other than for those items to which Ind AS 109 Financial Instruments is applicable) is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of goods and services tax ('GST') and amounts collected on behalf of third parties. Ind AS 115 Revenue from Contracts with Customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes previous revenue recognition guidance found within Ind AS.

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

Specific policies for the Company's different sources of revenue are explained below:

(ii) Recognition of Interest income and other charges

(a) Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly

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discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

The interest income is calculated by applying the EIR to the gross carrying amount of non-credit impaired financial assets (i.e. at the amortised cost of the financial asset before adjusting for any expected credit loss allowance). For credit-impaired financial assets the interest income is calculated by applying the EIR to the amortised cost of the credit-impaired financial assets (i.e. the gross carrying amount less the allowance for ECLs).

(b) Other financial charges

Cheque bouncing charges, late payment charges, foreclosure charges and application money are recognised on a point-in-time basis, and are recorded when realised since the probability of collecting such monies is established when the customer pays.

(iii) Dividend Income

Dividend income is recognized in the statement of profit or loss on the date that the Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the entity and the amount of dividend can be reliably measured. This is generally when the shareholders approve the dividend.

(iv) Other Income

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

3.4 Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current Taxes

Current tax is measured at the amount of tax payable to tax authorities on the taxable income for the year determined in accordance with the provision of Income Tax Act, 1961.

Deferred Taxes

Deferred tax is recognised for all the temporary differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognised and carried forward only to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.5 Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

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(Currency : ₹)

3.6 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks, deposits with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to insignificant risk of change in value.

3.7 Property, plant and equipment

(i) Recognition & measurement

Items of property, plant and equipment are stated at historical cost less depreciation. Historical cost less accumulated depreciation and accumulated impairment loss, if any, includes expenditure that is directly attributable to the acquisition of the items.

(ii) Subsequent cost

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iii) Transition to IndAS

On transition to IndAS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at 01 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(iv) Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful life prescribed under Schedule II to the Companies Act, 2013 as mentioned below

Assets	Estimated Useful life
Computers	3 Years
Furniture & Fixtures	10 Years
Motor car	8 Years
Office equipments	10 years

(v) Gain or Loss on disposal

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in the statement of profit or loss.

3.8 Intangible assets

(i) Recognition and measurement

Intangible assets are recognized where it is probable that the future economic benefit attributable to the assets will flow to the Company and its cost can be reliably measured. Intangible assets are stated at cost of acquisition less accumulated amortization and impairment, if any.

(ii) Subsequent cost

Expenditure incurred on acquisition / development of intangible assets which are not put / ready to use at the reporting date is disclosed under intangible assets under development.

(iii) Amortisation

The Company amortizes intangible assets on a straight-line basis over the useful life commencing from the month in which the asset is first put to use. The Company provides pro-rata depreciation from the day the asset is put to use.

(iv) Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognized as at 01 April 2017 measured as per the previous GAAP and use that carrying value as the deemed cost of intangible assets.

3.9 Employee benefits

(i) Short-term employee benefit

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement

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of Profit and Loss for the year in which the related services are rendered. The Company recognises the costs of bonus payments when it has a present obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(ii) Post-employment benefit

Defined contribution plan:

Contribution payable to the recognised provident fund, which is a defined contribution scheme, is charged to the Statement of Profit and Loss in the period in which they occur.

Defined benefits plan:

Gratuity is post-employment benefit and is in the nature of defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of defined benefit obligation at the Balance Sheet date together with the adjustments for unrecognised actuarial gain or losses and the past service costs. The defined benefit obligation is calculated at or near the Balance Sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses comprise experience adjustment and the effects of changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income.

(iii) Other long-term employee benefit

(a) Heritage club benefit

Heritage club benefits are recognised as liability at the present value of defined benefits obligation as at the Balance Sheet date. The defined obligation benefit is calculated at the Balance Sheet date by an independent actuary using the projected unit credit method.

(b) Compensated absences

An employee can carry forward leave to next financial year as per the policy of Company. No leave is allowed to be encashed. An obligation arises as employees render service that increases their entitlement to future compensated absences. Provision is made for expected cost of accumulating compensated absences as a result of unused leave entitlement which has accumulated as at the balance sheet date.

(iv) Share-based payments

Employee Stock Option Scheme (ESOS)

The Employees Stock Options Scheme (the "Scheme") has been established by the Company. The Scheme provides that employees of Motilal Oswal Home Finance Limited and group companies as well, are granted an option to subscribe to equity share of the Company that vest on the satisfaction of vesting conditions. The fair value of options granted under ESOS is recognized as an employee benefits expense with a corresponding increase in share based payment reserve. The total amount to be expensed is determined reference to the fair value of the options granted excluding the impact of any service conditions.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the service conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the terms of an equity-settled award are modified, the minimum expense recognized is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through the statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

Grants provided by parent company to the employees at deputation to the company are also accounted for inline with accounting treatment described above. The corresponding impact of the expense recorded on account of such grants are recorded as payable to parent.

3.10 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus element in equity shares issued during the year.

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(b) **Diluted earnings per share**

Diluted earnings per share is computed by dividing the net profit for the period attributable to equity shareholders by the weighted average number of shares outstanding during the period as adjusted for the effects of all diluted potential equity shares except where the results are anti-dilutive.

3.11 Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) 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 can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

3.12 Impairment of Non-financial assets

Assessment is done at each reporting date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each reporting date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. After impairment (if any), depreciation / amortisation is provided on the revised carrying amount of the assets over its remaining life.

3.13 Foreign currency

Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction. Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate. Exchange differences that arise on settlement of monetary items or on reporting at each closing date of the Company's monetary items at the closing rate are recognized as income and expenses in the period in which they arise. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of transactions. Non-monetary items that are measured at fair value in a foreign currency shall be translated into functional currency using the exchange rates at the date when the fair value was determined. Exchange differences are recognised in the statement of profit and loss.

3.14 First time adoption of Ind AS

The Company has prepared opening Balance Sheet as per Ind AS as of 01 April 2017 (transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, derecognizing items of assets or liabilities which are not permitted to be recognised by Ind AS, reclassifying items from previous GAAP to Ind AS as required, and applying Ind AS to measure the recognised assets and liabilities.

Ind AS 101 allows first time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly availed of the following optional exemptions while preparing its financial statements:

(i) The Company has adopted the carrying value determined in accordance with previous GAAP for all of its property plant & equipment and investment property as deemed cost of such assets at the transition date.

(ii) Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 01 April 2017.

(iii) The estimates as at 01 April 2017 and at 31 March 2018 are consistent with those made for the same dates in accordance with previous GAAP.

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(Currency : ₹)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 4 : Cash and cash equivalents			
Cash on hand	**19,585,192**	37,149,990	–
Balance with banks :			
In current account	**780,077,689**	811,318,230	1,569,006,631
	799,662,881	**848,468,220**	**1,569,006,631**

1. There are no Earmarked balances with banks.
2. There are no balances with banks held as margin money or security against the borrowings, guarantees, other commitments.
3. There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior periods.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 5 : Bank balances other than (4) above			
Deposit	**25,884,255**	27,678,177	78,595,440
	25,884,255	**27,678,177**	**78,595,440**

Note- The above deposit is lien with State Bank of Mauritius against term loan.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 6 : Trade and other receivables			
Trade Receivables			
Considered good - unsecured	**24,485,264**	75,995,786	90,438,343
	24,485,264	**75,995,786**	**90,438,343**

1. There are no trade receivable which have significant increase in credit risk or which are credit impaired.
2. There are no debts due by directors or other officers of the NBFC or any of them either severally or jointly with any other person or debts due by firms including limited liability partnerships (LLPs), private companies respectively in which any director is a partner or a director or a member.

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 7 : Loans - At amortised cost			
(A) Home Loans	**43,881,081,889**	48,415,458,973	41,070,963,949
Less : Impairment loss allowance	**1,750,081,082**	1,125,296,437	468,761,111
	42,131,000,807	**47,290,162,536**	**40,602,202,838**
(B) (i) Secured by tangible assets	**43,881,081,889**	48,415,458,973	41,070,963,949
(ii) Unsecured	**–**	–	–
Less : Impairment loss allowance	**1,750,081,082**	1,125,296,437	468,761,111
Total (B)	**42,131,000,807**	**47,290,162,536**	**40,602,202,838**

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(Currency : ₹)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
C) (i) Loans in India			
(i) Public sector	–	–	–
(ii) Others	43,881,081,889	48,415,458,973	41,070,963,949
Less: Impairment loss allowance	1,750,081,082	1,125,296,437	468,761,111
Total (C) (I) Gross	**42,131,000,807**	**47,290,162,536**	**40,602,202,838**
C) (ii) Loans Outside India	–	–	–
Less : Impairment loss allowance	–	–	–
Total (C) (II) Gross	–	–	–
Total (C) (I) and (C) (II)	**42,131,000,807**	**47,290,162,536**	**40,602,202,838**
Stage wise break up of loans.			
(i) Low credit risk (Stage 1)	36,703,210,286	43,057,267,027	38,981,001,319
(ii) Significant increase in credit risk (Stage 2)	2,457,166,134	2,516,918,063	1,424,862,924
(iii) Credit Impaired (Stage 3)	2,970,624,387	1,715,977,446	196,338,594
Total	**42,131,000,807**	**47,290,162,536**	**40,602,202,838**
Loan assets pledged as security for borrowings	32,650,141,920	35,896,430,026	32,232,899,568

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 8 : Investments			
Investments in mutual funds (Unquoted) - At FVTPL (in India)	506,381,148	–	2,799,563,604
	506,381,148	–	**2,799,563,604**
Kotak Saving Fund Direct Plan- Growth	253,318,984	–	–
Kotak Saving Fund Direct Plan- Growth 2	253,062,164	–	–
Reliance medium Term fund - direct weekly dividend	–	–	652,544,859
Motilal Oswal Most Ultra Short Term Bond Fund – Direct Plan-Growth option	–	–	1,000,000,000
Franklin India Ultra Short Bond Fund Super Institutional Plan - Direct	–	–	565,001,329
Invesco India Medium Term Bond Fund - Direct Plan Annual	–	–	582,017,416
	506,381,148	–	**2,799,563,604**
Investments in India	506,381,148	–	2,799,563,604
Investments outside India	–	–	–

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 9 : Other Financial assets			
EMI / Pre EMI receivables on home loans	547,022,801	382,517,750	53,469,799
Insurance claim receivable	–	9,551,682	15,014,337
Other receivable from related parties	424,533	2,581,349	–
Security deposit	17,170,051	59,620,338	50,861,351
Loan to Employees	7,486,346	6,980,081	5,333,395
	572,103,731	**461,251,200**	**124,678,882**

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(Currency : ₹)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 10 : Current tax assets (Net)			
Advance income tax and TDS	22,083,110	1,192,567	1,467,884
	22,083,110	**1,192,567**	**1,467,884**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 11 : Deferred tax assets (net) (Refer note 30)	1,198,720,187	465,852,238	293,595,896
	1,198,720,187	**465,852,238**	**293,595,896**

Note 12 : Property, Plant and Equipment

	Computers and data processing units	Furniture and fixtures	Electric installations	Office equipments	Motor car	Leasehold improvements	Total
Reconciliation of carrying amount							
Cost or deemed cost (gross carrying amount)							
Balance at 1 April 2017	48,002,416	29,403,872	10,403,040	19,130,107	-	33,765,179	140,703,614
Additions	19,735,082	9,582,582	9,180,070	11,300,069	1,139,596	20,385,104	71,324,303
Disposals	-	-	-	-	-	-	-
Balance at 31 March 2018	67,737,498	38,986,454	19,584,110	30,430,176	1,139,596	54,150,283	212,027,117
Balance at 1 April 2018	67,737,498	38,986,454	19,584,110	30,430,176	1,139,596	54,150,283	212,027,117
Other additions	14,472,158	1,552,358	245,749	2,760,783	1,197,541	17,504,191	37,733,680
Disposals	-	980,330	-	9,500	-	-	989,830
Balance at 31 March 2019	**82,209,656**	**39,558,482**	**19,829,859**	**33,181,459**	**2,337,137**	**71,654,474**	**248,771,067**
Accumulated depreciation and impairment losses							
Balance at 1 April 2017	22,856,597	5,825,365	1,266,883	3,103,080	-	8,799,396	41,851,321
Depreciation for the year	22,918,150	7,912,771	6,259,286	6,919,008	253,410	15,510,228	59,772,854
Disposals	-	-	-	-	-	-	-
Balance at 31 March 2018	45,774,747	13,738,136	7,526,169	10,022,088	253,410	24,309,624	101,624,175
Balance at 1 April 2018	45,774,747	13,738,136	7,526,169	10,022,088	253,410	24,309,624	101,624,175
Depreciation for the year	10,684,051	2,585,879	4,930,528	2,294,562	181,110	16,429,240	37,304,869
Disposals	-	196,592	-	657	-	-	197,249
Balance at 31 March 2019	**56,458,798**	**16,520,606**	**12,456,697**	**12,316,807**	**434,520**	**40,738,864**	**138,926,293**
Carrying amounts (net)							
At 1 April 2017	25,145,819	23,578,507	9,136,157	16,027,027	-	24,965,783	98,851,493
At 31 March 2018/1 April 2018	21,962,751	25,248,318	12,057,941	20,408,088	886,186	29,840,659	110,402,942
At 31 March 2019	**25,750,858**	**23,037,876**	**7,373,162**	**20,864,652**	**1,902,617**	**30,915,610**	**109,844,774**

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Note 13 : Other Intangible assets

	Computer software
Reconciliation of carrying amount	
Cost or deemed cost	
Balance at 1 April 2017	16,459,535.00
Additions - internally developed	13,907,625.00
Balance at 31 March 2018	30,367,160.00
Balance at 1 April 2018	30,367,160.00
Other additions - internally developed	17,287,750.00
Balance at 31 March 2019	**47,654,910.00**
Accumulated amortisation and impairment losses	
Balance at 1 April 2017	3,684,098.96
Amortisation for the year	4,325,892.43
Balance at 31 March 2018	8,009,991.39
Balance at 1 April 2018	8,009,991.39
Amortisation for the year	7,598,500.00
Balance at 31 March 2019	**15,608,491.39**
Carrying amounts (net)	
At 1 April 2017	12,775,436.04
At 31 March 2018 / 1 April 2018	22,357,168.61
At 31 March 2019	**32,046,418.61**

Note 14 : Other non-financial assets

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Prepaid expenses	**4,342,380**	2,441,365	1,330,210
Advance payment of interest	**–**	303,372	421,679
Capital advances	**8,660,568**	5,240,302	32,514,024
Other advances	**4,075,098**	108,038	–
Asset held for sale or disposal	**228,464,113**	229,160,890	–
Indirect tax credit receivable	**13,067,040**	6,412,112	12,540,653
	258,609,201	**243,666,080**	**46,806,566**

Note 15 : Payables

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(i) **Trade payables**			
total outstanding dues of Micro small & medium enterprises*	**–**	–	–
total outstanding dues of creditors other than Micro small & medium enterprises	**34,604,480**	19,000,798	129,547,242
(ii) **Other payables**			
total outstanding dues of Micro small & medium enterprises*	**–**	–	5,005,697
total outstanding dues of creditors other than Micro small & medium enterprises	**–**	–	–
	34,604,480	**19,000,798**	**134,552,939**

* Refer note 49

(Currency : ₹)

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note : 16 Debt Securities At Amortised cost			
Secured redeemable non-convertible debentures	**12,910,980,501**	10,699,009,438	11,672,799,971
Secured Zero coupon debentures	**–**	1,293,954,067	1,291,568,641
Unsecured redeemable non-convertible debentures	**7,450,120,297**	7,863,259,332	7,848,763,280
Unsecured Zero coupon debentures	**–**	995,349,283	993,514,339
	20,361,100,798	**20,851,572,120**	**21,806,646,231**
Debt Securities in India	**20,361,100,798**	20,851,572,120	21,806,646,231
Debt Securities Outside India	**–**	–	–

Security and other terms of Debt securities

1. **Terms of repayment as below (Repayment schedule mentioned below excludes Unamortised borrowing cost):**

As at 31 March 2019

NCD Series	Units	Amount	Security provided	Charge %	Rate of interest	Maturity date
SERIES A-3/ FY19/FY25	350	350,000,000	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and interest amount outstanding at any point of time	10.00%	19-Oct-24
SERIES A-4/ FY19/FY25	3000	3,000,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and interest amount outstanding at any point of time	10.25%	27-Jun-24
SERIES A-1/ FY19/FY25	2500	2,500,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and interest amount outstanding at any point of time	10.55%	24-Aug-23
SERIES A (2016-17)/07	997	997,000,000	Exclusive charge over specific receivables	1.11 Time of amount Outstanding and interest amount outstanding at any point of time	9.85%	15-May-23
SERIES M-1/ FY19/FY22	825	913,761,713	Exclusive charge over specific receivables	1.00 Time of amount Outstanding and interest amount outstanding at any point of time	10.25%	30-Apr-21
SERIES A (2015-16)/3	450	450,000,000	Exclusive charge over specific receivables	1.11 Time of amount Outstanding and interest amount outstanding at any point of time	10.75%	08-Jun-23
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	9.55%	18-Mar-20
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	9.80%	27-Feb-20
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	9.80%	25-Feb-20

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

NCD Series	Units	Amount	Security provided	Charge %	Rate of interest	Maturity date
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	10.00%	06-Feb-20
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	10.01%	02-Jan-20
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	10.25%	01-Jan-20
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	10.00%	01-Jan-20
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	10.00%	23-Dec-19
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	10.00%	09-Dec-19
SERIES A (2016-17)/04	1250	1,250,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and interest amount outstanding at any point of time	10.70%	05-Jun-19
SERIES A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Time of amount Outstanding and interest amount outstanding at any point of time	10.70%	08-Apr-19
Total	12874	12,962,761,713				

As at 31 March 2018

NCD Series	Units	Amount	Security provided	Charge %	Rate of interest	Maturity date
Series A (2016-17)/7	997	997,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding	9.85%	15-May-20
Series A (2015-16)/10	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	9.75%	10-Nov-20
Series A (2015-16)/3	500	500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.75%	08-Jun-20
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	9.55%	18-Mar-20
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	9.80%	27-Feb-20
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	9.80%	25-Feb-20

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

NCD Series	Units	Amount	Security provided	Charge %	Rate of interest	Maturity date
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	10.00%	06-Feb-20
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	10.01%	03-Jan-20
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	10.00%	01-Jan-20
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	10.25%	01-Jan-20
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	10.00%	23-Dec-19
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	10.00%	09-Dec-19
Series A (2016-17)/4	1,250	1,250,000,000	Exclusive charge over specific receivables	1.25 Times of amount Outstanding	10.70%	05-Jun-19
Series A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.70%	08-Apr-19
Series A (2015-16)/8	250	250,000,000	Exclusive charge over specific receivables	1.25 Times of amount Outstanding	10.84%	17-Aug-18
Series A (2015-16)/7	1,000	1,000,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.84%	16-Aug-18
Series A (2016-17)/10	50	50,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	0.00%	27-Jul-18
Series A (2015-16)/9	250	250,000,000	Exclusive charge over specific receivables	1.25 Times of amount Outstanding	0.00%	16-Jul-18
Series A (2015-16)/6	1,500	1,500,000,000	Exclusive charge over specific receivables	1.25 Times of amount Outstanding	10.84%	06-Jul-18
Series A (2015-16)/5	750	750,000,000	Exclusive charge over specific receivables	1.25 Times of amount Outstanding	0.00%	29-Jun-18
Series A (2015-16)/4	150	150,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.65%	08-Jun-18
Series A (2015-16)/2	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	0.00%	28-May-18
Total	12049	12,049,000,000				

NOTES TO FINANCIAL STATEMENTS
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(Currency : ₹)

As at 31 March 2017

NCD Series	Units	Amount	Security provided	Charge %	Rate of Interest	Maturity date
Series A (2016-17)/7	997	997,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding	9.85%	15-May-20
Series A (2015-16)/10	1,300	1,300,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	9.75%	10-Nov-20
Series A (2015-16)/3	300	300,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.75%	08-Jun-20
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	9.55%	18-Mar-20
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	9.80%	27-Feb-20
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	9.80%	25-Feb-20
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	10.00%	06-Feb-20
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	10.01%	02-Jan-20
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	10.00%	01-Jan-20
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	10.25%	01-Jan-20
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	10.00%	23-Dec-19
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	10.00%	09-Dec-19
Series A (2016-17)/4	1,250	1,250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.70%	05-Jun-19
Series A (2015-16)/13	700	700,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.70%	08-Apr-19
Series A (2015-16)/8	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.84%	17-Aug-18

(Currency : ₹)

NCD Series	Units	Amount	Security provided	Charge %	Rate of interest	Maturity date
Series A (2015-16)/7	1,000	1,000,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.84%	16-Aug-18
Series A (2016-17)/10	50	50,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	0.00%	27-Jul-18
Series A (2015-16)/9	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	0.00%	16-Jul-18
Series A (2015-16)/6	1,500	1,500,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.84%	06-Jul-18
Series A (2015-16)/5	750	750,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	0.00%	29-Jun-18
Series A (2015-16)/4	150	150,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	10.85%	08-Jun-18
Series A (2015-16)/3	250	250,000,000	Exclusive charge over specific receivables	1.05 Times of amount Outstanding	0.00%	28-May-18
Series A (2015-16)/1	1,000	1,000,000,000	Exclusive charge over specific receivables	1.10 Times of amount Outstanding	11.00%	06-May-17
Total	**13,049**	**13,049,000,000**				

Unsecured Debt securities As at 31 March 2019

Interest Rate	Amount
10.50%	2,500,000,000
10.60%	2,000,000,000
11.00%	1,000,000,000
11.25%	480,000,000
11.40%	500,000,000
11.50%	500,000,000
11.75%	500,000,000
Total	**7,480,000,000**

Unsecured Debt securities As at 31 March 2018

Interest Rate	Amount
8.65%	2,500,000,000
10.50%	500,000,000
10.60%	150,000,000
10.85%	1,000,000,000
11.00%	3,250,000,000
11.15%	500,000,000
Zero coupon	1,000,000,000
Grand Total	**8,900,000,000**

(Currency : ₹)

Unsecured Debt securities As at 1 April 2017

Interest Rate	Amount
9.95%	2,500,000,000
10.50%	500,000,000
10.82%	150,000,000
10.83%	1,000,000,000
11.00%	3,250,000,000
11.15%	500,000,000
Zero coupon	1,000,000,000
Total	**8,900,000,000**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 17 : Borrowings at Amortised Cost			
Secured			
Term loans from banks	**15,012,394,852**	17,858,703,068	15,789,005,256
Cash credit from banks	**230,835,855**	324,059,797	–
Commercial Papers (Net off unamortized cost)	**–**	–	243,202,060
Book overdraft	**262,311,082**	531,275,219	(102,485,547)
	15,505,541,789	**18,714,038,084**	**15,929,721,769**
Borrowings in India	**15,505,541,789**	18,714,038,084	15,929,721,769
Borrowings outside India	**–**	–	–

Security and other terms of loans are as follows :

a) Rate of interest of cash credit is 3M MCLR + 2% and is secured by way of hypothecation of receivables.

As at 31 March 2019

b) Terms of repayment of term loans

Term loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate of interest					
8.25 % to 10.25% annually	3,288,033,697	5,947,171,608	4,069,123,453	1,708,066,093	15,012,394,852
Total	**3,288,033,697**	**5,947,171,608**	**4,069,123,453**	**1,708,066,093**	**15,012,394,852**

As at 31 March 2018

Terms of repayment of term loans

Term loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate of interest					
8.25 % to 10.25% annually	3,128,514,730	5,710,917,477	4,734,104,967	4,285,165,894	17,858,703,068
Total	**3,128,514,730**	**5,710,917,477**	**4,734,104,967**	**4,285,165,894**	**17,858,703,068**

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(Currency : ₹)

As at 31 March 2017

Terms of repayment of term loans

Term loans from banks - secured by way of hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	>5 years	Total
Rate of interest					
8.50 % to 11% annually	2,243,742,111	5,358,802,774	3,802,987,045	4,383,473,326	15,789,005,256
Total	**2,243,742,111**	**5,358,802,774**	**3,802,987,045**	**4,383,473,326**	**15,789,005,256**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 18 : Other Financial Liabilities			
Interest accrued but not due on borrowings	1,375,459,151	2,170,523,283	1,658,087,670
Salary and bonus payable	31,630,220	34,015,517	70,387,406
Other Miscellaneous liabilities	49,922,079	88,321,954	153,315,756
	1,457,011,450	**2,292,860,754**	**1,881,790,832**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 19 : Current tax Liabilities (Net)			
Provision for taxes	–	142,169	330,533
	–	**142,169**	**330,533**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 20 : Provisions			
(a) Provision for employee benefits			
Gratuity (Refer note 40)	10,613,678	14,764,549	12,758,761
Other employee benefit	747,715	966,630	647,382
Compensated absences	10,350,401	9,304,656	9,935,242
(b) Provision for expenses	5,849,579	11,859,834	47,381,180
	27,561,373	**36,895,669**	**70,722,565**

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 21 : Other Non-financial Liabilities			
Lease equalisation	12,942,882	6,864,938	1,376,581
Statutory Liabilities	16,005,288	18,926,400	14,814,105
	28,948,170	**25,791,338**	**16,190,686**

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

Particulars	As at 31 Mar 2019		As at 31 March 2018		As at 1 April 2017	
	Number	Amount	Number	Amount	Number	Amount
Note 22 : (I) Equity Share capital						
(a) Authorised Share Capital						
Equity shares of ₹ 1/- each	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000	10,000,000,000
(b) Equity shares of ₹ 1/- each issued, subscribed and fully paid up						
Equity share capital of ₹ 1/- each	6,008,692,515	6,008,692,515	5,206,570,515	5,206,570,515	4,825,019,030	4,825,019,030
	6,008,692,515	6,008,692,515	5,206,570,515	5,206,570,515	4,825,019,030	4,825,019,030

a) This Company has only one class of equity shares having a face value of ₹ 1 each. Each holder of equity shares is entitled to one vote per share.

b) 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 2019.

(c) Reconciliation of share capital :

Equity shares

Particulars	As at 31 Mar 2019 Number	As at 31 Mar 2019 Amount	As at 31 March 2018 Number	As at 31 March 2018 Amount	As at 1 April 2017 Number	As at 1 April 2017 Amount
Outstanding at the beginning of the year	5,206,570,515	5,206,570,515	4,825,019,030	4,825,019,030	4,825,019,030	4,825,019,030
Issued during the year	802,122,000	802,122,000	381,551,485	381,551,485	-	-
Outstanding at the end of the year	6,008,692,515	6,008,692,515	5,206,570,515	5,206,570,515	4,825,019,030	4,825,019,030

(d) Details of shares held by holding Company and subsidiaries of holding company/ shareholders holding more than 5% shares in the Company

	As at 31 Mar 2019		As at 31 March 2018		As at 1 April 2017	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Motilal Oswal Financial Services Limited						
Equity share of ₹ 1 each fully paid-up	4,836,267,897	80.49%	4,776,267,897	91.74%	4,675,018,930	96.90%
Motilal Oswal Finvest Limited						
Equity share of ₹ 1 each fully paid-up	600,000,000	9.99%	-	-	-	-
Motilal Oswal Investment Advisors Limited						
Equity share of ₹ 1 each fully paid-up	260,344,836	4.33%	60,044,836	1.15%	10	0.00%
Motilal Oswal Wealth Management Limited						
Equity share of ₹ 1 each fully paid-up	192,307,702	3.20%	192,307,702	3.69%	10	0.00%
	5,436,267,897	90.48%	4,776,267,897	91.74%	4,675,018,930	96.90%

Pursuant to receipt of Order dated July 30, 2018 from the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT") approving the Scheme of Amalgamation of Motilal Oswal Securities Limited ("Transferor Company") with Motilal Oswal Financial Services Limited ("Transferee Company" or "Company") and their respective shareholders ("Scheme"), the Board of Directors ("Board") of the Company at its Meeting held on August 21, 2018, inter-alia, has made the Scheme effective from August 21, 2018. The Appointed date is April 1,

(Currency : ₹)

2017. The Company has transferred the lending business by way of a slump sale on a going concern basis, to its wholly owned subsidiary Motilal Oswal Finvest Limited ("MOFL") (formerly known as "Motilal Oswal Capital Markets Limited") as contemplated in the Business Transfer Agreement ("BTA") dated August 20, 2018 at a consideration of ₹ 5200 lakhs (subject to the post completion adjustments)

Note : Refer note no 4.3 for disclosure relating to employee stock option scheme.

(e) Shares reserved against the granted options to Employees are 21,22,000

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Note 23 : Other Equity			
(I) Other Reserves			
(a) Share option outstanding account			
Opening Balance	**11,966,000**	4,671,267	4,671,267
Add: Addition during the year	**12,985,632**	8,014,819	
Transfer of Share Premium on account of issue of shares	**(745,521)**	(2,720,086)	–
	24,206,111	**11,966,000**	**4,671,267**
(b) Statutory reserve u/s 29C of NHB Act			
Opening Balance	**377,067,230**	248,524,983	248,524,983
Transfer during the year		128,542,247	
	377,067,230	**377,067,230**	**248,524,983**
(c) Securities Premium account			
Opening Balance	**1,403,412,321**	262,685,335	262,685,335
Securities Premium on shares issued during the year	**1,202,018,721**	1,140,726,986	
Closing Balance	**2,605,431,042**	**1,403,412,321**	**262,685,335**
(II) Retained Earnings			
(a) Surplus/Deficit in profit or loss account			
Opening Balance	**602,432,652**	538,840,974	538,840,974
(Loss)/Profit for the year	**(1,368,825,606)**	192,133,926	
Transfer to Statutory Reserve	**–**	(128,542,248)	
Closing Balance	**(766,392,954)**	**602,432,652**	**538,840,974**
(b) Other comprehensive income			
Opening Balance	**5,277,265**	(3,714,131)	
Other Comprehensive Income (net of Tax)	**11,772,511**	8,991,396	(3,714,131)
	17,049,776	**5,277,265**	**(3,714,131)**

23.1 Nature and purpose of Other Reserve

Share option outstanding account

Share option outstanding account is used to recognise the grant date fair value of equity settle instruments issued to employees under the stock option scheme of the company.

Statutory Reserve

Statutory reserve is created u/s 29C of NHB Act.

Securities Premium

The security premium account is use to record the premium received on issue of shares. The reserve will be utilised in accordance with the provisions of the Act.

Retained earnings

Retained earnings represents accumulated deficit of the company.

Other comprehensive income

Other comprehensive income consists of remeasurement gains/loss on defined benefit plan.

(Currency : ₹)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 24 : Revenue From Operations		
(i) Interest income on Loan at amortised cost	6,283,620,719	6,323,834,064
(ii) Interest Income on Fixed Deposit at amortised cost	2,148,972	8,978,636
(iii) Net gains on fair value changes on financial instruments at FVTPL	62,641,190	148,780,725
(iv) Fees and commission income	135,726,090	223,727,587
TOTAL	**6,484,136,971**	**6,705,321,012**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 25 : Other Income		
(i) Dividend income	–	2,199,590
TOTAL	–	**2,199,590**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 26 : Finance Cost		
(i) Interest cost	3,924,300,107	3,980,363,445
(ii) Other borrowing cost	116,345,634	121,655,689
TOTAL	**4,040,645,741**	**4,102,019,134**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 27 : Employee Benefits Expenses		
(i) Salary, Bonus and Allowances	582,204,268	448,775,466
(ii) Share based payments	8,790,223	7,505,363
(iii) Contribution to provident & other funds	28,210,861	27,261,495
(iv) Staff welfare expenses	3,780,008	4,012,030
(v) Gratuity obligation (Refer note 40)	14,263,570	15,826,797
TOTAL	**637,248,930**	**503,381,151**

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 28 : Impairment on financial instruments		
Impairement on loans (Loans measured at amortised cost)	624,784,646	656,535,326
TOTAL	**624,784,646**	**656,535,326**

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(Currency : ₹)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 29 : Other Expenses		
(i) Repair and Maintenance	3,547,001	6,177,879
(ii) Rates & Taxes	29,226,170	29,596,356
(iii) Rent	110,900,016	119,648,580
(iv) Insurance	8,920,222	4,441,087
(v) Computer Maintenance & Software Charges	3,183,793	1,422,960
(vi) Legal & Professional Charges	17,112,692	21,101,228
(vii) Remuneration to auditors (Refer note 34)	3,475,820	3,877,078
(viii) Data processing charges	24,208,711	42,271,691
(ix) Bad debts written off	2,898,381,374	715,253,649
(x) Marketing & brand promotion expenses	998,228	11,179,496
(xi) Advertisement expenses	9,234,913	3,713,660
(xii) Printing & Stationary	4,001,150	12,731,856
(xiii) Power and fuel	14,696,660	18,841,289
(xiv) Communication and data charges	24,531,850	24,562,007
(xv) Travelling, lodging and boarding expenses	25,474,059	26,524,838
(xvi) Membership & Subscription Fees	190,700	205,000
(xvii) Filing Fees	224,510	24,335
(xviii) Miscellaneous expenses	32,965,384	69,357,379
(xix) CSR Expense (Refer note 35)	17,578,000	14,550,000
(xx) Business Support Service	22,800,000	–
(xxi) Car Running Expenses	48,400	3,005,845
(xxii) Director sitting fees	623,000	537,000
TOTAL	3,252,119,349	1,133,724,277

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 30 : Income Tax Expense		
A. **Amounts recognised in statement of profit or loss**		
Current tax		
Current year (a)	–	232,713,797
Changes in estimates related to prior years (b)	–	–
Deferred tax (c)		
Origination and reversal of temporary differences	(739,206,993)	(177,085,956)
Tax expense of continuing operations (a)+(b)+(c)	(739,206,993)	55,627,843
B. **Amount recognised in other comprehensive income**		
Remeasurements of defined benefit liability	(6,339,044)	(4,829,613)
	(6,339,044)	(4,829,613)

(Currency : ₹)

		For the year ended 31 March 2019	For the year ended 31 March 2018
C.	**Reconciliation of effective tax**		
	Profit / (Loss) before tax	**(2,115,562,314)**	247,761,768
	Tax at the rate of 34.944% (for March 18 - 34.608%)	**(739,262,095)**	85,745,395
	Effect of:		
	Expenses not deductible for tax purpose	**-**	15,814,506
	Reversal of Deffered tax liability on Special Reserve	**-**	(45,518,876)
	Recognition of tax on unamortized borrowings	**(7,529,715)**	–
	Miscellaneous disallowance	**55,101**	(413,181)
	Effective tax	**(746,736,709)**	55,627,842
	Effective Tax Rate	**35.30%**	22.45%

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
D.	**Recognised deferred tax assets and liabilities**			
	Deferred tax assets and liabilities are attributable to the following:			
	Difference between book depreciation and tax depreciation	**16,612,981**	15,053,246	340,337
	Provision for Gratuity	**3,700,844**	5,159,324	4,415,552
	Other Employee Benefits			
	Heritage Club	**261,282**	187,949	224,048
	Unamortized borrowing cost	**(28,443,305)**	(45,918,916)	-51,467,173
	Deposit and rent Equalization	**8,123,354**	2,667,264	1,287,920
	Fair Valuation on ESOP		(0)	2,451,903
	Provision for compensated absence	**3,676,844**	3,321,307	3,438,389
	Provision for Standard asset	**359,272,120**	259,506,228	75,286,285
	Reserve created u/s 36(1)(viii)	**(871,340)**	–	–
	Business loss	**593,080,774.58**	–	–
	Effective Interest Rate	**(6,687,753)**	103,921,276	170,955,563
	Expected Credit Loss	**352,276,213**	121,954,360	89,806,080
	Unrealised gain on Mutual Fund	**(2,229,808)**	–	-457,531
		1,198,720,186	**465,852,239**	**293,595,896**

		For the year ended 31 March 2019	For the year ended 31 March 2018
Note 31 : Other comprehensive income			
(i)	Items that will not be reclassified to profit or loss		
	Actuarial gain / (loss) on post retirement benefit plans	**18,111,556**	13,821,009
	Deferred tax impact on the above	**(6,339,044)**	(4,829,613)
	Total other comprehensive income, net of tax	**11,772,512**	**8,991,396**

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(Currency : ₹)

	For the year ended 31 March 2019	For the year ended 31 March 2018
Note 32 : Earnings per share		
Basic earnings per share		
Profit attributable to equity shareholders (₹) [A]	**(1,368,825,606)**	192,133,925
Nominal value per share (in ₹)	**1**	1
Weighted average number of equity shares outstanding during the year [B] (Face value ₹ 1)	**5,440,532,608**	4,948,054,217
Basic earnings per share [A]/[B] (₹)	**(0.25)**	0.04
Diluted earnings per share		
(Loss) /Profit attributable to equity shareholders (₹)	**(1,368,825,606)**	192,133,925
Less : Impact on profit due to exercise of diluted potential equity shares	**–**	–
Net profit attributable to equity shareholders for calculation of diluted earnings per share [A]	**(1,368,825,606)**	192,133,920
Weighted average number of equity shares used in computing basic earnings per share	**5,440,532,608**	4,948,054,217
Effect of potential equity shares for stock options outstanding	**25,783,089**	26,586,514
Weighted number of equity shares used in computing diluted earnings per share [B]	**5,466,315,697**	4,974,640,731
Diluted earnings per share (₹) [A]/[B]	**(0.25)**	0.04

Note 33 : Loan book & ECL Movement Notes

1 **Loan book movement-During the year ended 31 March 2018**

Particulars	Total
Opening	**41,070,963,949**
Origination of new loan	12,499,553,117
Write-offs during the year	(715,253,649)
Repayments received during the year	(4,439,804,444)
Closing	**48,415,458,973**

2 **Loan book movement-During the year ended 31 March 2019**

Particulars	Total
Opening	**48,415,458,973**
Origination of new loan	2,071,908,078
Write-offs during the year	(2,898,381,374)
Repayments received during the year	(3,707,903,788)
Closing	**43,881,081,889**

Break - up of loans under

Particulars	31 March 2019	31 March 2018
Low credit risk (Stage 1)	37,035,134,061	43,363,621,643
Significant increase in credit risk (Stage 2)	2,886,070,874	2,852,823,486
Credit impaired (Stage 3)	3,959,876,954	2,199,013,844
Closing	**43,881,081,889**	**48,415,458,973**

(Currency : ₹)

For the year ended 31 March 2018

Particulars	Amount
Opening	**468,761,111**
ECL impact due to Write-offs	(39,229,821)
Addition during the year	695,765,147
Closing	**1,125,296,436**

For the year ended 31 March 2019

Particulars	Amount
Opening	**1,125,296,436**
ECL impact due to W/offs	(192,830,678)
Addition during the year	817,615,324
Closing	**1,750,081,082**

Break - up of ECL under

Particulars	31 March 2019	31 March 2018
Low credit risk (Stage 1)	331,923,775	306,354,615
Significant increase in credit risk (Stage 2)	428,904,739	335,905,423
Credit impaired (Stage 3)	989,252,568	483,036,398
Closing	**1,750,081,082**	**1,125,296,436**

Note: The above ECL calculation is inclusive of impairment calculated on overdue principal

	As at 31 March 2019	As at 31 March 2018
Note 34 : Auditor's remuneration		
Payment to Auditor		
As Auditor	3,390,000	3,577,200
Reimbursement of expenses	85,520	56,560
GST	625,594	486,636
Total	**4,101,114**	4,120,396

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

Note 35 : Corporate Social Responsibility

1. During the year, your Company has spent ₹ 1,75,78,000/- (previous year ₹ 1,45,50,000/-) on CSR activities.
2. Average net profit of the Company for last three Financial Years: ₹ 51,19,14,083/-
3. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above): ₹ 1,02,38,282/-
4. Details of CSR spent during the Financial Year:
   (a) Total amount to be spent for the Financial Year: ₹ 1,02,38,282/-.
   (b) Amount unspent, if any: NA
   (c) Manner in which the amount spent during the Financial Year is detailed below:

F.Y 2018-19						
CSR Project or Activity identified	**Sector in which the project is covered (As in Schedule VII)**	**Address**	**Amount Outlay (Budget) or Project or program wise**	**Amount spent on the project or program Subheads**	**Cumulative Expenditure upto the reporting period**	**Amount spent: directly or through implementing agency**
Donation for Kalinga School at Odisa	Promoting Education	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025	17,578,000	17,578,000	17,578,000	Through implementing agency - Motilal Oswal Foundation

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(Currency : ₹)

F.Y 2017-18						
CSR Project or Activity identified	**Sector in which the project is covered (As in Schedule VII)**	**Address**	**Amount Outlay (Budget) or Project or program wise**	**Amount spent on the project or program Subheads**	**Cumulative Expenditure upto the reporting period**	**Amount spent directly or through implementing agency**
Donation for Kalinga School at Odisa	Promoting Education	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025	14,312,190	14,550,000	14,550,000	Through implementing agency - Motilal Oswal Foundation

Note 36 : Contingent liabilities and commitments

Contingent liabilities:

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
(a)	Claims against the company not acknowledge as debt income tax matter	**626,160**	–	–
(b)	Estimated amount of contracts remaining to be executed on capital account and not provided for	**3,260,874**	–	–
(c)	Undrawn committed sanctions to borrowers	**1,499,181,163**	2,817,935,707	5,251,674,816
		1,503,068,197	**2,817,935,707**	**5,251,674,816**

Note 37 : Operating leases

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 2019 aggregated ₹ 11,09,50,016/- (PY ₹ 11,98,48,580/-) which has been included under the head Other Expenses - Rent in the Statement of Profit or loss.

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

	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Within one year	**2,171,292**	2,112,171	1,706,760
Later than one year but not later than five years	**5,519,165**	3,372,401	605,880
Later than five years	**1,689,860**	–	–
	9,380,317	5,484,572	2,312,640

Note 38 : Credit Rating

For the year under review, following Credit Ratings have been assigned to various borrowing programs of the Company by "ICRA" and " CRISIL" :

	As at 31 March 2019		As at 31 March 2018	
Nature of borrowing	**Rating / Outlook**		**Rating / Outlook**	
	ICRA	**CRISIL**	**ICRA**	**CRISIL**
Short Term: Commercial paper	[ICRA]A1+	CRISIL A1+	[ICRA]A1+	CRISIL A1+
Long Term: Non-Convertible Debentures	[ICRA]A+ (Stable)	CRISIL A+/Stable	[ICRA]AA- (Negative outlook)	CRISIL A+/Stable
Bank Borrowings	[ICRA]A+ (Stable)	CRISIL A+/Stable	[ICRA]AA- (Negative outlook)	CRISIL A+/Stable

Note: ICRA has also assigned [ICRA]A+ (Stable) rating for the Sub-ordinate Debt Programme (Non-Convertible Debentures) and PP-MLD [ICRA]A+ (Stable) rating for the Market Linked Debenture programme.

(Currency : ₹)

Note 39 : Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Note 40 : Disclosure pursuant to Ind AS 19 - Employee Benefits

A) Defined contribution plan :

Motilal Oswal Home Finance Limited, incurs expenditure like common senior management compensation cost, advertisement cost, rent expenditure, etc, which is for the common benefit of itself and certain fellow subsidiary companies. This cost so expended is reimbursed by the Company on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads include reimbursements paid based on the management's best estimate.

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Employer's contribution to provident fund	21,655,299	21,008,072	11,197,346
Employer's contribution to ESIC	5,911,215	6,036,536	2,218,149
Employer's contribution to National Pension Scheme	576,000	139,895	
Total	**28,142,514**	**27,184,503**	**13,415,495**

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 2019	As at 31 March 2018	As at 1 April 2017
Interest / Discount Rate	7.12%	6.85%	6.69%
Rate of increase in compensation	15.00%	13.12%	13.00%
Employee attrition rate (Past Service) (PS)	PS: 0 to 37 : 31.28%	PS: 0 to 37 : 15.65%	PS: 0 to 37 : 10.73%
Expected average remaining service	2.18	5.23	7.53

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

Particulars	As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
Present value of obligation at the beginning of the year	15,095,907	12,758,761	3,202,246
Current service cost	12,908,516	14,593,619	3,607,538
Past service cost	–	710,975	–
Interest cost	1,023,696	853,561	239,848
Benefit paid	(302,885)	–	–
Curtailment cost	–	–	–
Settlement cost	–	–	–
Net actuarial gain or loss recognized in the year	(18,111,556)	(13,821,009)	5,709,129
Present value of obligation at the end of the year	**10,613,678**	**15,095,907**	**12,758,761**

(Currency : ₹)

Fair value of plan assets

Particulars	**As at 31 March 2019**	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)	**(10,613,678)**	(15,095,907)	(12,758,761)
Excess of actual over estimated return of plan assets	–	–	–

Experience history

Particulars	**As at 31 March 2019**	As at 31 March 2018	As at 31 March 2017
(Gain) / loss on obligation due to change in assumption	**(7,655,761)**	(4,846,002)	3,696,669
Experience (gain) / loss on obligation	**(10,455,795)**	(8,975,007)	2,012,460
Actuarial gain / (loss) on plan assets	**(18,111,556)**	**(13,821,009)**	**5,709,129**

Amounts to be recognized in the balance sheet

Particulars	**As at 31 March 2019**	As at 31 March 2018	As at 31 March 2017
Present value of obligation at the beginning of the year	**10,613,678**	15,095,907	12,758,761
Fair value of plan assets at end of period			–
Funded status	**(10,613,678)**	(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	**(10,613,678)**	(14,764,549)	(12,758,761)

Expense recognized in the statement of profit and loss account

Particulars	**As at 31 March 2019**	As at 31 March 2018	As at 31 March 2017
Current service cost	**12,908,816**	14,593,619	3,607,538
Interest cost	**1,023,696**	853,561	239,848
Past service cost (non vested benefits)	**331,358**	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
Expense recognized in the statement of profit and loss account	**14,263,870**	**2,005,788**	**9,556,815**

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(Currency : ₹)

Movements in the liability recognized in balance sheet

Particulars	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Opening net liability	**14,764,549**	12,758,761	3,202,246
Expenses recognized	**14,263,578**	2,005,788	9,556,515
Employer's contributions	**(302,885)**	–	–
Other Comprehensive Income(OCI)	**(18,111,564)**	–	–
Closing net liability	**10,613,678**	14,764,549	12,758,761
Closing provisions at the end of the year	**10,613,678**	**14,764,549**	**12,758,761**

Defined benefit plans

Particulars	As at 31 March 2019	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation	**10,613,678**	14,764,549	12,758,761
Plan assets	**(10,613,678)**	(14,764,549)	(12,758,761)
Experience adjustments :			
On plan liabilities	**–**	(13,821,009)	5,709,129
On plan assets	**–**	–	–

Sensitivity analysis

	DR: Discount Rate		ER Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER + 1%	PVO ER - 1%
PVO	10,177,288	11,284,136	10,984,627	10,259,964

Expected Payout

Year	Expected Outgo First	Expected Outgo Second	Expected Outgo Third	Expected Outgo Fourth	Expected Outgo Fifth	Expected Outgo Six to Ten years
Payouts	1,263,714	1,474,886	1,403,484	1,738,737	1,978,499	5,553,463

Asset Liability Comparisons

Year	31/03/2015	31/03/2016	31/03/2017	31/03/2018	31/03/2019
PVO at the end of period	922,223	3,202,246	12,758,761	15,095,907	**10,613,678**
Plan Assets	–	–	–	–	**–**
Surplus / (Deficit)	(922,220)	(3,202,246)	(12,758,761)	(15,095,907)	**(10,613,678)**
Experience adjustments on plan assets	–	–	–	–	**–**

(Currency : ₹)

Note 41 : Maturity analysis of assets and liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in crores)

Particulars	As at 31 March 2019			As at 31 March 2018			As at 1 April 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets									
Cash and cash equivalents	799,442,881	–	799,442,881	849,446,220		849,446,220	1,569,306,631		1,569,306,631
Bank balance other than cash and cash equivalents above		35,884,255	35,884,255		27,678,177	27,678,177		78,591,440	78,591,440
Receivables			–			–			–
Trade receivables	24,485,244	–	24,485,244	73,995,786		73,995,786	90,438,343		90,438,343
Loans	967,714,531	41,163,286,276	42,131,000,807	1,350,932,281	45,939,180,275	47,290,112,556	976,219,231	39,625,787,606	40,602,006,837
Investments	806,081,148	–	806,081,148	–		–	2,799,563,604		2,799,563,604
Other financial assets	554,933,680	17,170,051	572,103,731	401,630,862	59,620,338	461,251,200	73,817,532	50,861,351	124,678,883
Total Financial Assets (A)	**2,813,177,504**	**41,206,340,582**	**44,059,518,087**	**2,677,077,129**	**46,026,478,790**	**48,703,555,920**	**5,509,345,341**	**39,755,240,397**	**45,264,585,738**
Non-financial assets									
Current tax assets (Net)		22,083,110	22,083,110		1,172,567	1,172,567		1,467,884	1,467,884
Deferred tax assets (Net)	–	1,198,720,187	1,198,720,187		465,852,238	465,852,238		293,593,896	293,593,896
Deferred tax assets (Net)			–			–			–
Property, plant and equipment		109,844,774	109,844,774		110,402,942	110,402,942		98,851,493	98,851,493
Other intangible assets		32,046,419	32,046,419		22,357,169	22,357,169		12,775,436	12,775,436
Other non-financial assets	298,609,201	–	298,609,201	243,666,080	–	243,666,080	46,806,566	–	46,806,566
Total Non-Financial Assets (B)	**298,609,201**	**1,362,694,490**	**1,621,303,690**	**243,666,080**	**599,804,916**	**843,470,995**	**46,806,566**	**406,690,709**	**453,497,276**
Total assets (C) = (A) + (B)	**3,111,786,704**	**42,569,035,073**	**45,680,821,777**	**2,920,743,208**	**46,626,283,706**	**49,547,026,915**	**5,556,051,907**	**40,161,931,106**	**45,717,983,013**

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(Currency : ₹)

(₹ in crore)

Particulars	As at March 31, 2019			As at March 31, 2018			As at April 1, 2017		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities									
Payables			-			-			-
(I) Trade payables			-			-			-
(i) total outstanding dues of micro enterprises and small enterprises			-			-			-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	34,604,480		34,604,480	19,000,798		19,000,798	129,547,242		129,547,242
(II) Other payables			-			-			-
(i) total outstanding dues of micro enterprises and small enterprises			-			-	5,005,697		5,005,697
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises			-			-			-
Debt securities	6,306,706,113	14,054,394,685	20,361,100,798	5,325,119,662	15,526,453,458	20,851,573,120	4,868,220,262	16,938,425,969	21,806,646,231
Borrowings (Other than debt securities)	3,781,180,634	11,724,361,155	15,505,541,789	3,983,847,746	14,730,188,338	18,714,036,084	2,384,458,634	13,545,263,145	15,929,721,779
Other financial liabilities	1,457,011,480		1,457,011,480	2,292,861,753		2,292,861,753	1,881,790,832		1,881,790,832
Total Financial Liabilities (A)	**11,579,502,677**	**25,778,755,840**	**37,358,258,518**	**11,620,829,959**	**30,256,641,797**	**41,877,471,756**	**9,269,022,657**	**30,483,689,114**	**39,752,711,771**
Non financial liabilities						-			-
Income tax liabilities (net)			-	142,169		142,169	330,533		330,533
Provisions	27,561,373		27,561,373	36,865,669		36,865,669	70,722,565		70,722,565
Other non-financial liabilities		28,948,170	28,948,170		25,791,338	25,791,338		16,190,686	16,190,686
Total Non-Financial Liabilities (B)	**27,561,373**	**28,948,170**	**56,509,543**	**37,007,838**	**25,791,338**	**62,799,176**	**71,053,098**	**16,190,686**	**87,243,783**
Total liabilities (C) = (A)+(B)	**11,607,064,050**	**25,807,704,010**	**37,414,768,061**	**11,657,837,797**	**30,282,433,135**	**41,940,270,932**	**9,340,075,755**	**30,499,879,800**	**39,839,955,554**

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(Currency : ₹)

Note 42 : 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 Ind AS 108 "Operating Segments".

Note 43 : 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 - Holding Company
Motilal Oswal Investment Advisors Limited - Fellow Subsidiary Company
Motilal Oswal Wealth Management Private Limited - Fellow Subsidiary Company
Motilal Oswal Finvest Limited - Fellow Subsidiary Company

(B) Key managerial personnel

Motilal Oswal - Non Executive Director and Chairman
Raamdeo Agrawal - Non Executive Director
Navin Agarwal - Non Executive Director
Sanjay Athavale - Managing Director and CEO
Sanjaya Kulkarni - Independent Director
Smita Gune - Independent Director
Rekha Shah - Independent Director

Transactions with related parties are as enumerated below:

Particulars	As at 31 March 2019	As at 31 March 2018
Reimbursement of expenses by the Company		
Motilal Oswal Financial Services Limited		
- Sundry expenses	3,134,097	14,032,614
- Rent	47,080,150	49,470,100
- Electricity expense	4,479,210	–
Share based payment cost incured by the Company		
Motilal Oswal Financial Services Limited	676,911	1,235,031
Share based payment cost incured by parent Company		
Motilal Oswal Financial Services Limited	4,656,320	4,050,924
Loan Received		
Motilal Oswal Financial Services Limited	2,150,000,000	27,500,000
Motilal Oswal Finvest Limited	1,000,000,000	
Loan repaid		
Motilal Oswal Financial Services Limited	2,150,000,000	27,500,000
Motilal Oswal Finvest Limited	1,000,000,000	
Loan repayment received		
Anil Sachidanand	9,676,087	716,121
Interest paid		
Motilal Oswal Financial Services Limited	5,684,383	–
Motilal Oswal Finvest Limited	4,372,603	–
Arranger fees paid		
Motilal Oswal Wealth Management Limited	4,186,837	–

NOTES TO FINANCIAL STATEMENTS
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(Currency : ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
Business Support Charges paid		–
Motilal Oswal Financial Services Limited	22,500,000	
Commission Exps Bank Guarantee		
Motilal Oswal Financial Services Limited	4,593,171	
Corporate Guarantee received		
Motilal Oswal Financial Services Limited	7,420,000,000	
Remuneration paid including accrual for compensated absences *		
Anil Sachidanand - resigned on 17.08.2018	8,768,215	32,902,270
Mr. Sanjay Athalye	8,918,534	–
Mr. Sanjaya Kulkarni	113,000	160,000
Mrs. Smita Gune	245,000	237,000
Mr. Hemant Kaul - resigned on 15.02.2019	157,000	110,000
Mr. Gautam Bhagat	108,000	40,000
Interest received		
Anil Sachidanand - resigned on 17.08.2018		438,119
Customer referral fees received		
Motilal Oswal Securities Limited	–	–

* 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.

Facility outstanding as on 31.03.2019.

Particulars	As at 31 March 2019	As at 31 March 2018
Subscription of equity shares including premium		
Motilal Oswal Financial Services Limited	–	650,000,009
Motilal Oswal Investment Advisors Limited	500,000,000	349,999,991
Motilal Oswal Wealth Management Limited	–	500,000,000
Motilal Oswal Finvest Limited	1,500,000,000	–
Mr. Anil Sachidanand	–	–
Mr. Navin Agarwal	–	–
Security Deposit		
Motilal Oswal Financial Services Limited	–	–
Balance payable		
Motilal Oswal Financial Services Limited	4,444,413	33,115,206
Motilal Oswal Wealth Management Limited	158,776	–
Balance Receivable		
Motilal Oswal Financial Services Limited	424,534	2,591,348
Anil Sachidanand	–	10,554,719
Key Management personnel compensation		
Short term employee benefit	18,306,749	33,439,270
Share based payments	588,536	–

As the liabilities for defined benefit plans are provided on actuarial basis for the Company as a whole, the amounts pertaining to Key Management Personnel are not included.

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(Currency : ₹)

Note 44 : Unhedged foreign currency Exposure

In terms of RBI Circular No. DBOD.No. BP.BC.85/21.06.200/2013-14 dt. 15.01.2014, there is no unhedged foreign currency exposure applicable on the company.

Note 45 : Disclosure relating to Employee stock option scheme

The Company has two stock option schemes:

Motilal Oswal Home Finance 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 ₹ 1 each, and same was granted by the nomination and remuneration committee at its meeting held on 13 April 2015.

Motilal Oswal Home Finance 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 ₹ 1 each and same was granted by the nomination and remuneration committee at its meeting held on 23 September 2015.

Motilal Oswal Home Finance 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 ₹ 1 each and same was granted by the nomination and remuneration committee at its meeting held on 27 December 2016.

Motilal Oswal Home Finance 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 10,00,000 options representing 10,00,000 Equity shares of ₹ 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 17 February 2017.

Motilal Oswal Home Finance 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 07 July 2016 for issue of 1,550,000 options representing 1,550,000 Equity shares of ₹ 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 25 April 2017.

Motilal Oswal Home Finance Limited - Employees' Stock Option Scheme 2016 (ESOS-2016) - Grant IV

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 2,41,00,000 options representing 2,41,00,000 Equity shares of ₹ 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 15 January 2019.

Motilal Oswal Home Finance 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 ₹ 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 23 June 2017.

Motilal Oswal Home Finance 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 ₹ 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 22 January 2018.

Motilal Oswal Home Finance Limited - Employees' Stock Option Scheme 2016 (ESOS-2017) - Grant II-I (Issued to Holding 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 27,268,000 options representing 27,268,000 Equity shares of ₹ 1 each same was granted by the nomination and remuneration committee through its circular resolution dated 23 June 2017.

NOTES TO FINANCIAL STATEMENTS
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(Currency : ₹)

The activity in the (ESOS 2014), (ESOS 2016) (ESOS 2017) during the year ended 31 March 2019 and 31 March 2018 is set below:

Equity Shares	As at 31 March 2019 In Numbers	Weighted Average Exercise price	As at 31 March 2018 In Numbers	Weighted Average Exercise price	As at 31 March 2017 In Numbers	Weighted Average Exercise price
The MOHFL (ESOS 2014) - Grant I : (Face value of ₹ 1 each) *						
Option outstanding at the beginning of the year	11,250,000	1.00	27,150,000	1.00	27,150,000	1.00
Add: Granted	-	-	-	-	-	-
Less: Exercised	-	1.00	15,900,000	1.00	-	-
Less: Lapsed	-	-	-	-	-	-
Option outstanding, end of the year	11,250,000	1.00	11,250,000	1.00	27,150,000	1.00
Exercisable at the end of the year	390,000	1.00	390,000	1.00	8,145,000	-
The MOHFL (ESOS 2014) - Grant II : (Face value of ₹ 1 each) *						
Option outstanding at the beginning of the year	1,120,000	1.00	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	1,120,000	1.00	2,050,000	1.00
Exercisable at the end of the year	300,000	1.00	300,000	-	615,000	-
The MOHFL (ESOS 2016) - Grant I : (Face value of ₹ 1 each) *		-				
Option outstanding at the beginning of the year	36,200,000	1.60	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	36,200,000	1.60
Exercisable at the end of the year	3,620,000	1.60	-	-	-	-
The MOHFL (ESOS 2016) - Grant II : (Face value of ₹ 1 each) *		-				
Option outstanding at the beginning of the year	1,000,000	1.60	1,000,000	1.60	-	-
Add: Granted		-	-	-	1,000,000	1.60

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

Equity Shares	As at 31 March 2019 In Numbers	Weighted Average Exercise price	As at 31 March 2018 In Numbers	Weighted Average Exercise price	As at 31 March 2017 In Numbers	Weighted Average Exercise price
Less: Exercised	–	–	–	–	–	–
Less: Lapsed	–	–	–	–	–	–
Option outstanding, end of the year	1,000,000	1.60	1,000,000	1.60	1,000,000	1.60
Exercisable at the end of the year	100,000	1.60	–	–	–	–
The MOHFL (ESOS 2016) - Grant II : (Face value of ₹ 1 each) *	–	–				
Option outstanding at the beginning of the year	1,550,000	1.60	–	–	–	–
Add: Granted	–	–	1,550,000	1.60	–	–
Less: Exercised	–	–	–	–	–	–
Less: Lapsed	–	–	–	–	–	–
Option outstanding, end of the year	1,550,000	1.60	1,550,000	1.60	–	–
Exercisable at the end of the year	–	–	–	–	–	–
The MOHFL (ESOS 2016) - Grant IV : (Face value of ₹ 1 each) *						
Option outstanding at the beginning of the year	–	–	–	–	–	–
Add: Granted	24,100,000	3.00	–	–	–	–
Less: Exercised	–	–	–	–	–	–
Less: Lapsed	–	–	–	–	–	–
Option outstanding, end of the year	24,100,000	3.00	–	–	–	–
Exercisable at the end of the year	–	–	–	–	–	–
The MOHFL (ESOS 2017) - Grant I : (Face value of ₹ 1 each) *						
Option outstanding at the beginning of the year	7,385,000	–	–	–	–	–
Add: Granted	–	1.60	7,385,000	1.60	–	–
Less: Exercised	–	–	–	–	–	–
Less: Lapsed	–	–	–	–	–	–
Option outstanding, end of the year	7,385,000	1.60	7,385,000	1.60	–	–
Exercisable at the end of the year	–	–	–	–	–	–

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

Equity Shares	As at 31 March 2019 In Numbers	Weighted Average Exercise price	As at 31 March 2018 In Numbers	Weighted Average Exercise price	As at 31 March 2017 In Numbers	Weighted Average Exercise price
The MOHFL (ESOS 2017) - Grant II (Face value of ₹ 1 each) *		–				
Option outstanding at the beginning of the year	1,050,000	–	–	–	–	–
Add: Granted	–	5.80	1,050,000	5.80	–	–
Less: Exercised	–	–	–	–	–	–
Less: Lapsed	–	–	–	–	–	–
Option outstanding, end of the year	1,050,000	5.80	1,050,000	5.80	–	–
Exercisable at the end of the year	–	–	–	–	–	–
The MOHFL (ESOS 2017) - Grant III (Face value of ₹ 1 each) *		–				
Option outstanding at the beginning of the year	29,390,000	–	–	–	–	–
Add: Granted	–		29,390,000	1.60	–	–
Less: Exercised	2,122,000	1.60	–	–	–	–
Less: Lapsed	–	–	–	–	–	–
Option outstanding, end of the year	27,268,000	1.60	29,390,000	1.60	–	–
Exercisable at the end of the year	817,000	1.60	–	–	–	–

Employees' Stock Options Scheme (ESOS) :

The Company has its accounting policy for ESOPs valuation at fair value method for appropriate presentation of financial statements.

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant II	ESOS 2016 - Grant III	ESOS 2016 - Grant IV	ESOS 2017 - Grant I	ESOS 2017 - Grant II	ESOS 2017 - Grant III
Date of grant	13 April 2015	23 September 2015	27 December 2016	17 February 2017	25 April 2017	15 January 2018	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	29 April 2016	25 April 2017	25 April 2017	25 April 2017
Date of shareholders' approval	14 October 2014	14 October 2014	07 July 2016	07 July 2016	07 July 2016	07 July 2016	25 May 2017	25 May 2017	25 May 2017
Number of options granted	27150000 *	2050000 *	3620000 *	1000000 *	1550000 *	24,100,000	7385000 *	1050000 *	29390000 *

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

Particulars	ESOS 2014 - Grant I	ESOS 2014 - Grant II	ESOS 2016 - Grant I	ESOS 2016 - Grant II	ESOS 2016 - Grant III	ESOS 2016 - Grant IV	ESOS 2017 - Grant I	ESOS 2017 - Grant II	ESOS 2017 - Grant II-I
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	30 April 2019 **	30 September 2017 30 September 2018**	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 April 2020 01 April 2021 01 April 2022 01 April 2023	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	10:20:30:40	10:17:25:33:15
Weighted average remaining contractual life									
Granted but not vested	1.08 year (PY 1.08 years)	1.35 years (PY 1.35 years)	2.48 years (PY 2.76 Years)	2.44 years (PY 2.92 years)	2.59 years (PY 3.59)	3.51 years (PY NA)	2.71 years (PY 3.26)	3.26 years (PY 3.76)	2.17 years (PY 3.51)
Vested but not exercised	NIL (PY NIL)	NIL (PY 0.50 Year)	0.26 Years (PY NA)	0.42 Years (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)	NA (PY NA)	NIL (PY NA)
Weighted average share price at the date of exercise for stock options exercised during the year *	CY NA (PY ₹ 1.00)	CY NA (PY NA)	CY NA (PY NA)	CY NA (PY NA)	CY NA (PY NA)	CY NA (PY NA)	CY NA (PY NA)	CY NA (PY NA)	CY ₹ 3.00 (PY NA)
Exercise period	Within a period of 12 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.	Within a period of 12 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.	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.	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.	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.	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.	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.	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.	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 2016 - Grant IV	ESOS 2017 - Grant I	ESOS 2017 - Grant II	ESOS 2017 - Grant III
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.	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.	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.	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.	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.	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.	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.	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.	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 grant date	₹ 0.39	₹ 0.36	₹ 0.68	₹ 0.71	₹ 0.75	₹ 0.75	₹ 0.79	₹ 0.44	₹ 0.70

** The vesting period of the Grant I & II of MOHFL 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 MOHFL ESOS 2014, MOHFL ESOS 2016 and MOHFL 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 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, January 15, 2019 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 2016 - Grant IV	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%	7.37%	6.79%	6.79%	6.79%
Expected dividend yield	1.00%	1.00%	1.00%	1.00%					
Expected volatility of share price*	40%	40%	40%	40%	40%	40%	40%	40%	40%
The weighted average price of equity share as on grant date	₹ 1	₹ 1	₹ 1.65	₹ 1.65	₹ 1.65	₹ 3.00	₹ 1.65	₹ 5.80	₹ 1.65

*Expected volatility has been calculated of listed holding company shares of Motilal Oswal Financial Services Limited long term average since listing.

Note 46 : Fair value measurement

a) Financial instruments by category

(Currency : ₹)

	As at 31 Mar 2019			As at 31 Mar 2018			As at 1 April 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Cash and cash equivalents	–	–	799,662,881	–	–	848,468,220	–	–	1,559,006,631
Bank balance other than cash and cash equivalents above	–	–	25,884,255	–	–	27,678,177	–	–	78,595,440
Derivative financial instruments	–	–		–	–	–	–	–	–
Receivables									–
(i) Trade receivables	–	–	24,485,264	–	–	75,995,786	–	–	90,438,343
(ii) Other receivables	–	–		–	–	–	–	–	
Loans		–	42,131,000,807	–	–	47,290,162,536	–	–	45,602,202,838

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(Currency : ₹)

	As of 31 Mar 2019			As of 31 Mar 2018			As of 1 April 2017		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Investments	506,381,148	-		-	-	-	2,799,563,604	-	
Other financial assets	-	-	572,105,731	-	-	461,251,200	-	-	124,676,882
Total financial assets	**506,381,148**	**-**	**43,553,134,939**	**-**	**-**	**48,703,555,919**	**2,799,563,604**	**-**	**42,464,922,134**
Financial liabilities									
Derivative financial instruments	-	-	-	-	-	-	-	-	-
Payables									
(I) Trade payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	34,604,477	-	-	19,000,798	-	-	129,547,242
(II) Other payables									
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-	-	-
Debt securities	-	-	20,361,100,798	-	-	20,851,572,120	-	-	21,806,646,231
Borrowings (Other than debt securities)	-	-	15,505,541,769	-	-	18,714,038,084	-	-	15,929,721,769
Deposits	-	-	-	-	-	-	-	-	-
Subordinated liabilities	-	-	-	-	-	-	-	-	-
Other financial liabilities	-	-	1,457,011,450	-	-	2,292,860,754	-	-	1,881,790,832
Total financial liabilities	**-**	**-**	**37,358,258,514**	**-**	**-**	**41,877,471,756**	**-**	**-**	**39,747,706,074**

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(Currency : ₹)

As at 31 March 2019:				
Assets and liabilities measured at fair value - recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments at FVTPL				
- Mutual funds	506,381,148	-	-	506,381,148
Total financial assets	**506,381,148**	**-**	**-**	**506,381,148**

As at 31 March 2018:				
Assets and liabilities measured at fair value - recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments at FVTPL				
- Mutual funds	-	-	-	-
Total financial assets	**-**	**-**	**-**	**-**

As at 1 April 2017				
Assets and liabilities measured at fair value – recurring fair value measurements	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Financial investments at FVTPL				
– Mutual funds	2,799,563,604	–	–	2,799,563,604
Total financial assets	**2,799,563,604**	**–**	**–**	**2,799,563,604**

Fair value of financial assets and liabilities measured at amortised cost

The fair values for security deposits is calculated based on cash flows discounted using a current lending rate, however the change in current rate does not have any significant impact on fair values as at the current year end. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs, including counter party credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

Note 47 : Financial Risk Management

The company is exposed primarily to market risk, liquidity risk and credit risk. The Company has a risk management policy which covers risk associated with the financial assets and liabilities. The focus of the risk management is to assess the unpredictability of the financial environment and to mitigate potential adverse effect on the financial performance of the company. The Company's principal financial liabilities comprises of Bank Borrowings & Non Convertible debentures. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, cash and cash equivalents & other receivables from customers that derive directly from its operations.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, loans, bank balance, trade and other receivables, investments and other financial assets	• measured as the amount that could be lost if a customer or counterparty fails to make repayments; • monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and • managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers.

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(Currency : ₹)

Risk	Exposure arising from	Measurement
Liquidity risk	Debt securities, Borrowings (other than debts), trade and other payable and other financial liabilities	• measured using a range of metrics, including liquidity coverage ratio and net stable funding ratio; • monitored against the Company's liquidity and funding risk framework.
Market risk	Long term borrowings at variable rate and loans	• measured using sensitivities, value at risk and stress testing giving a detailed picture of potential gains and losses for a range of market movements and scenarios, as well as tail risks over specified time horizons; • managed using risk limits approved by the RMM and the risk management meeting in various global businesses.

A Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans and advances to customers. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure.

Management of credit risk

The Board of Directors has delegated responsibility for the oversight of credit risk to the Risk Management Committee, which in turn has appointed the Interest Rate Reset Committee (IRRC) which is the internal committee and the meeting of the said committee(IRRC) is conducted on a monthly basis, the objective of which is to determine the Retail prime lending rates (RPLR) based on Market Scenarios such as borrowing costs of the company, repo rates by Reserve Bank of India (RBI). The Interest Rate Reset Committee recommends the Asset Liability Management Committee for the changes in the prevailing RPLR for their further approval.

The Risk Management Committee develops the credit risk management framework, policies, procedures, reviews the same on periodic basis which is further noted and approved by the Board of Directors. The Risk Management Committee also reviews delinquent accounts and makes decisions on recovery actions. Credit reviews are conducted regularly to monitor the health of the loan portfolio and to detect early signs of weaknesses and deviations.

The Risk Management Committee manages risk on a portfolio-wide basis and recommends alternative portfolio strategies, analyses results of portfolio management actions and develops portfolio limits for each portfolio segment for approval of the Board of Directors. Credit risk concentration is addressed by setting a credit portfolio mix limit and monitoring the limits on a regular basis. Credit stress tests are also conducted periodically to determine the impact of security values and other stress parameters on the loan portfolio. The Company also conducts annual valuation of delinquent accounts, to determine the actual value and marketability of the collateral which is adequately factored in Capital Adequacy Ratio. This allows the Company to assess the potential financial impact of losses arising from plausible adverse scenarios on the Company's loan portfolio.

Expected credit loss measurement

Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

1. A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Company.
2. If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired.
3. If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'.

Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.

The following diagram summarises the impairment requirements under Ind AS 109 (other than purchased or originated credit-impaired financial assets):

(Currency : ₹)

Change in credit quality since initial recognition

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

The key judgements and assumptions adopted by the Company in addressing the requirements of the standard are discussed below:

Significant increase in credit risk (SICR)

The Company considers a financial instrument to have experienced a significant increase in credit risk when one or more of the following quantitative, qualitative or backstop criteria have been met:

a. **Quantitative criteria:**

When days passed dues from the borrower is more than 30 days but less than 90 days

b. **Qualitative criteria:**

If the borrower meets one or more of the following criteria:

a. In short-term forbearance
b. Direct debit cancellation
c. Extension to the terms granted
d. Previous arrears within the last [12] months

Default and credit-impaired assets

The Company defines a financial instrument as in default, which is fully aligned with the definition of credit impaired, when it meets one or more of the following criteria:

a. **Quantitative criteria**

The borrower is more than 90 days past due on its contractual payments.

b. **Qualitative criteria**

The borrower meets unlikeliness to pay criteria, which indicates the borrower is in significant financial difficulty. These are instances where:

a. The borrower is in long-term forbearance
b. The borrower is deceased
c. The borrower is insolvent
d. Concessions have been made by the lender relating to the borrower's financial difficulty
e. It is becoming probable that the borrower will enter bankruptcy

The criteria above have been applied to all financial instruments held by the Company and are consistent with the definition of default used for internal credit risk management purposes. The default definition has been applied consistently to model the Probability of Default (PD), Exposure of Default (EAD) and Loss given Default (LGD) throughout the Company's expected loss calculations.

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month basis (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per "Definition of default and credit-impaired" above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

(Currency : ₹)

To calculate the EAD for a Stage 1 loan, the Group assesses the possible default events within 12 months for the calculation of the 12mECL. For stage 2, Stage 3 Financial Assets, the exposure at default is considered for events over the lifetime of the instruments.

- Loss Given Default (LGD) represents the Company's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default. LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the loan.

The ECL is determined by projecting the PD, LGD and EAD for each three bucket explained above and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each three buckets, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile. Estimate of an exposure at a future default date – expected changes in exposure after the reporting date, including repayment of principal and interest, and expected drawdowns on committed facilities. This is based on the contractual repayments owed by the borrower over a 12month or lifetime basis. This will also be adjusted for any expected overpayments made by a borrower. Early repayment / refinance assumptions are also incorporated into the calculation.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by collateral type.

Forward-looking economic variable / assumptions used are – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

a. Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" between 12-month and Lifetime ECL;

b. Additional allowances for financial instruments de-recognised in the period;

c. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;

d. Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period. The write-off of loans with a total gross carrying amount of INR xx resulted in the reduction of the Stage 3 loss allowance by the same amount.

Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include

(i) ceasing enforcement activity and

(ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. The Company still seeks to recover amounts it is legally receivable in full, but which have been full/partially written off due to no reasonable expectation of full recovery.

Modification of financial assets

The Company sometimes modifies the terms of loans provided to customers due to commercial renegotiations, or for distressed loans, with a view to maximising recovery.

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Such restructuring activities include extended payment term arrangements, payment holidays and payment forgiveness. Restructuring policies and practices are based on indicators or criteria which, in the judgement of management, indicate that payment will most likely continue. These policies are kept under continuous review.

The risk of default of such assets after modification is assessed at the reporting date and compared with the risk under the original terms at initial recognition, when the modification is not substantial and so does not result in derecognition of the original asset. The Company monitors the subsequent performance of modified assets. The Company may determine that the credit risk has significantly improved after restructuring, so that the assets are moved from Stage 3 or Stage 2 (Lifetime ECL) to Stage 1 (12-month ECL). This is only the case for assets which have performed in accordance with the new terms for a year or more. Currently there hasn't been any case.

Note 48 : Liquidity Risk and Funding Management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, the Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. In addition, the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

a) Analysis of financial assets and liabilities by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities.

As at March 31, 2019

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	5-10 years	above 10 Years	Total
Financial assets						
Cash and cash equivalents	**799,662,881**	**–**	**–**	**–**	**–**	**799,662,881**
Bank balance other than cash and cash equivalents above	25,884,255	–	–	–	–	25,884,255
Receivables						–
(i) Trade receivables	14,691,138	9,794,106	–	–	–	24,485,244
Loans	842,559,126	1,799,857,832	7,298,947,410	8,146,624,151	24,043,002,288	42,131,000,807
Investments	306,381,148	–	–	–	–	306,381,148
Other financial assets	343,262,239	228,841,492	–	–	–	572,103,731
Total financial assets	**2,786,000,911**	**2,207,526,832**	**8,497,667,597**	**8,146,624,151**	**24,043,002,288**	**44,059,518,086**
Financial liabilities						
Payables						
(I) Trade payables						
(i) Total outstanding dues of creditors other than micro enterprises and small enterprises	20,762,687	13,841,790	–	–	–	34,604,477
Debt securities	2,420,288,558	3,886,408,742	13,307,403,856	747,002,841	–	20,361,100,798
Borrowings (Other than debt securities)	938,334,365	2,889,645,722	9,976,285,462	1,659,742,829	41,533,411	15,505,541,789
Other financial liabilities	874,206,870	582,804,580	–	–	–	1,457,011,450
Total financial liabilities	**4,287,300,207**	**7,395,299,654**	**23,283,689,318**	**2,406,745,670**	**41,533,411**	**37,358,258,514**

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(Currency : ₹)

As at 31 March 2018

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	5-10 years	above 10 Years	Total
Financial assets						
Cash and cash equivalents	**848,468,220**	**–**	**–**	**–**	**–**	**848,468,220**
Bank balance other than cash and cash equivalents above	–	–	27,678,177	–	–	27,678,177
Receivables						
(i) Trade receivables	45,597,471	30,398,314	–	–	–	75,995,785
Loans	436,439,300	1,179,786,450	7,968,323,586	12,624,065,104	25,081,548,096	47,290,162,536
Investments	–	–	–	–	–	–
Other financial assets	276,750,720	184,500,480	–	–	–	461,251,200
Total financial assets	**1,607,255,712**	**1,394,685,245**	**7,996,001,763**	**12,624,065,104**	**25,081,548,096**	**48,703,555,919**
Financial liabilities						
Payables						–
(I) Trade payables						–
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	11,400,481	7,600,318	–	–		19,000,799
Debt securities	1,144,651,675	4,180,466,987	11,548,042,378	3,978,411,080	–	20,851,572,121
Borrowings (Other than debt securities)	1,161,071,924	2,392,337,186	10,750,284,766	3,778,089,547	632,254,661	18,714,038,084
Deposits						–
Subordinated liabilities						–
Other financial liabilities	1,375,716,452	917,144,302	–	–	–	2,292,860,754
Total financial liabilities	**3,692,840,532**	**7,497,548,792**	**22,298,327,142**	**7,756,500,630**	**632,254,661**	**41,877,471,758**

As at April 1, 2017

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	5-10 years	above 10 Years	Total
Financial assets						
Cash and cash equivalents	**1,569,006,631**	**–**	**–**	**–**	**–**	**1,569,006,631**
Bank balance other than cash and cash equivalents above	78,395,440	–	–	–	–	78,395,440
Derivative financial instruments						–
Receivables						–
(I) Trade receivables	54,263,006	36,175,337	–	–	–	90,438,343
(II) Other receivables						–
Loans	356,931,688	963,040,665	6,331,015,994	9,378,526,589	23,572,667,902	40,603,202,838
Investments	2,799,563,604	–	–	–	–	2,799,563,604
Other financial assets	74,807,329	49,871,553	–	–	–	124,678,882
Total financial assets	**5,029,128,526**	**1,113,048,106**	**6,424,611,890**	**9,378,526,589**	**23,572,667,902**	**45,264,485,738**

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(Currency : ₹)

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	5-10 years	above 10 Years	Total
Financial liabilities						
Derivative financial instruments						
Payables						
(i) Trade payables						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	80,731,763	53,821,176	–	–	–	134,552,939
Debt securities	993,514,339	–	16,842,055,078	3,971,076,814	–	21,806,646,231
Borrowings (Other than debt securities)	461,725,466	2,009,162,153	9,103,380,760	3,786,914,452	568,538,937	15,929,721,768
Other financial liabilities	1,129,074,499	752,716,333	–	–	–	1,881,790,832
Total financial liabilities	**2,717,592,240**	**2,850,597,176**	**25,945,435,838**	**7,757,991,266**	**568,538,937**	**39,752,711,771**

Market Risk

Company's exposure to market risk i.e. risk that fair value for future cash flow of financial instruments will be effected due to change in market variable such as interest rate.

(i) Foreign currency risk

The Company is not exposed to such risk as it does not have any foreign currency exposure.

(ii) Cash flow and fair value interest rate risk

The company's main interest rate risk arises from long-term borrowings and loans with variable rates, which expose the company to cash flow interest rate risk. The company is exposed to interest rate risk as it is involved in lending business. Interest rate risk can arise from either macro events in economy or due to company's financial position. Company tries to mitigate this risk by taking all positive measures which can boost profitability and stregthens company's balance sheet. Company takes continuous efforts to reduce its cost of funds by diversifying its liability mix and deepening its relationship with lenders. Moreover, strong parental support also provides cushion to company in adverse interest rate scenario.

The Company's fixed rate borrowings are not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

Out of the total Assets & Liabilities, exposure to the interest rate risk of the Company in mainly towards borrowings and loan assets.

(b) Sensitivity

Profit or loss is sensitive to higher /lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase / decrease in the fair value of the cash flow hedges related to borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates (all other variables being constant) of the Company's statement of profit and loss and equity.

Particulars	Impact on profit after tax	
	As at 31 March 2019	As at 31 March 2018
Loans		
Interest rates – increase by 100 basis points	**304,849,390**	308,603,102
Interest rates – decrease by 100 basis points	**304,849,390**	308,603,102

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Particulars	Impact on profit after tax	
	As at 31 March 2019	As at 31 March 2018
Borrowings		
Interest rates – increase by 100 basis points	**97,820,765**	116,367,309
Interest rates – decrease by 100 basis points	**97,820,765**	116,367,309

(iii) Exposure of price risk

The Company is not exposed to price risk as it does not have any significant exposure to financial instruments susceptible to changes in market price.

Note 49 : 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 filed 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.

		As at 31 March 2019	As at 31 March 2018	As at 1 April 2017
1.	The principal amount remaining unpaid at the end of the year.		–	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		**–**	**–**	**5,005,697**

Note 50 :

Effect of Ind AS adoption on the Statement of Balance Sheet for the year ended 31 March 2018 and 1 April 2017

a) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires a first time adopter to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

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(Currency : ₹)

i) **Reconciliation of total equity between previous GAAP and Ind AS:**

	Note	As at 31 March 2018	As at 1 April 2017
Total equity as per previous GAAP		**7,993,249,377**	**6,327,653,312**
Adjustments:			
Fair valuation of investment in mutual funds	i	–	1,308,753
Fair valuation of derivative financial instrument	i	–	–
Impact of Effective Interest Rate (EIR)	ii	**(303,165,568)**	(491,116,138)
Amortisation of front end fees (net) on loan assets	iii		
Impact of Expected Credit Loss (ECL)	ii	**(349,000,000)**	[illegible]
Fair Valuation of security deposit	i	**5,771,805**	1,903,258
Reversal of lease equalisation liability	vii	**(768,029)**	(2,309,087)
Rent Equilisation Reserve	viii	**(13,729,876)**	(2,753,142)
Amortisation of transaction fees on borrowings	iii	**(72,282,621)**	(30,042,733)
ESOP reserve on recognition of expense at fair value	v	–	
ESOP expense recognised at fair value through retained earnings	v	–	
Reversal of DTL on special reserve	iv	**107,429,380**	61,910,504
Deffered tax impact of Ind AS Adjustments	iv	**240,221,512**	266,472,811
Total adjustments		**(385,522,396)**	**(449,425,854)**
Total equity as per Ind AS		**7,606,725,981**	**5,878,027,458**

ii) **Reconciliation of profit as per Ind AS with profit reported under previous GAAP:**

	Note	Year ended 31 March 2018
Net profit after tax as per previous GAAP		**314,855,331**
Adjustments:		
Fair valuation of investment in mutual funds / venture capital fund	i	(1,308,753)
Impact of Effective Interest Rate (EIR)	ii	197,819,158
Impact of Expected Credit Loss (ECL)	ii	(92,000,000)
Amortisation of front end fees on loan assets	iii	-
Adjustment for unamortized upfront cost on borrowing	iii	(325,729,758)
Fair valuation of derivative financial instruments	i	-
ESOP expense recognised at fair value	v	7,016,663
Reversal of lease equalisation liability	vii	(3,947,299)
Remeasurements of post employment benefit obligations	vi	(13,821,009)
Tax impact on above items	iv	115,249,593
Profit after tax as per Ind AS		**(122,721,405)**
Other Comprehensive Income:		
Remeasurements of post employment benefit obligations		13,821,009
Tax impact on above items		(4,829,613)
Total comprehensive income as per Ind AS		**201,125,321**

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iii) Impact of Ind AS adoption on the statement of cash flow for the year ended March 31, 2018

	Previous GAAP	Adjustments	Ind AS
Net cash flow from operating activities	(6,305,964,133)	1,202,755,140	(5,103,208,993)
Net cash flow from investing activities	2,865,311,790	(2,199,593)	2,863,112,197
Net cash flow from financing activities	2,670,113,933	(1,150,555,558)	1,519,558,385
Net increase / (decrease) in cash and cash equivalents	**(770,538,410)**	**50,000,010**	**(720,538,401)**
Cash and cash equivalents as at April 01, 2017	**1,619,006,632**		**1,569,006,631**
Cash and cash equivalents as at March 31, 2018	**848,468,222**		**848,468,230**

b) Notes to first-time adoption:

i) Fair valuation of investments

Under the previous GAAP, investments in equity instruments, debentures, preference shares, mutual funds, venture capital funds were classified as long-term investments or current investments based on the intended holding period and realisability. Long-term investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments (other than equity instruments designated as at FVOCI) have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended March 31, 2019. This reduced the retained earnings by ₹13,08,753 as at March 31, 2018. Profit for the year ended March 31, 2018 decreased by ₹ 13,08,753.

ii) Provision for impairment as per the expected credit loss method

Under the previous GAAP, the Company had recognised provisions against trade receivables, investments and loans and advances as per the RBI / NHB norms. However, in order to comply with Ind AS 109, the Company has reversed the provisions created under the previous GAAP and recognised provisions by applying the effective credit loss method. This adjustment has resulted in a decrease in total equity amounting to ₹ 34,90,000.00 as at March 31, 2018. Profit for the year ended March 31, 2018 decreased by ₹ 9,20,00,000.

iii) Amortisation of transaction costs

Under the previous GAAP, transaction costs incurred on the purchase / origination of financial assets or financial liabilities was recognised upfront in the statement of profit and loss. Under Ind AS, such costs are added to / deducted from the financial asset / liability and are amortised over the tenure of the instrument by applying the effective interest rate method. Consequent to the this adjustment, the total equity decreased ₹ 7,22,82,621 as at March 31, 2018. Profit for the year ended March 31, 2018 decreased by ₹ 32,57,29,758.

iv) Deferred tax

Indian GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP.

In addition, the various transitional adjustments have lead to temporary differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

v) Employee stock option expense

Under the previous GAAP, the Company has used the intrinsic value method to account for the compensation cost of stock to the employees. Intrinsic value is the amount by which the quoted market price of the underlying share on the date, prior to the date of the grant, exceeds the exercise price of the option. Under Ind AS 102, the grant date fair value of the employee stock options should be recognised over the vesting period by debiting the 'Employee benefit expense' in the statement of profit and loss and crediting 'Share option outstanding account' under other equity. Profit for the year ended March 31, 2018 has been increased by ₹ 70,16,633 due to the reduced employee benefit expense.

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vi) Remeasurement of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss under the previous GAAP. As a result of this change, the profit for the year ended March 31, 2018 decreased by ₹ 1,38,21,009.

vii) Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans . The concept of other comprehensive income did not exist under previous GAAP.

viii) Fair Valuation of Rent Deposits and Rent Equalisation

Except for trade receivables, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

In case of Rent Deposits: We are recording the rent deposits given to the landlords of the branches at the discounted value at the time of initial recognition. The rate of discounting has been kept at 10% (average borrowing rate). These present value of the deposit mentioned above will be treated as fair values of the securities deposits and it will be recognized as financial asset accordingly (as the requirement is to recognize at fair value initially). The Difference between carrying amount of the deposits and fair value will be transferred as prepaid expense in case of financial assets (deposits given) and Deferred Income is being accounted through the statement of profit and loss as at the Balance sheet date.

In Case of Rent Expense : Wherever there is escalation to calculate the effect of straight line rent, we have added the rent amounts for the entire lease term, and then divided the sum by the number of months in the lease term. The then difference between the actual rent and the straight-lined rent is the amount of the accrual or deferral that must be recorded in the statement of Profit and loss. A positive difference is an accrual and the negative difference is a deferral.

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
Motilal Oswal Home Finance Limited
CIN: U65923MH2013PLC248741

Vaibhav Shah
Partner
Membership No.: 117377

Sanjay Athalye
Managing Director & CEO
DIN: 07650678

Navin Agarwal
Director
DIN: 00024561

Shivani Chauhan
Company Secretary

Shalibhadra Shah
Chief Financial Officer

Mumbai
10 May 2019

Mumbai
10 May 2019

(Currency : ₹)

Disclosures pursuant to National Housing Finance (NHB) circulars.

1 **Reconciliation of Housing loan as per IGAAP and IND AS**

	As at 31 March 2019	As at 31 March 2018
Housing Loan		
(A) (i) Home Loans as per IGAAP	**43,905,418,986**	48,618,955,141
(ii) Unamortized upfront income / expense- IND AS Adjustment	**(335,027,077)**	(523,211,812)
(iii) Loans to related parties		
Standard assets (considered good)	**-**	10,554,717
Interest accrued but not due on home loans	**310,689,980**	309,160,926
Total Home Loans (i) +(ii)+ (iii)	**43,881,081,889**	48,415,458,973
less : Impairment loss allowance	**(1,750,081,082)**	(1,125,296,436)
Housing Loan as per IND AS	**42,131,000,807**	**47,290,162,536**

2 **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 2019**	As at 31 March 2018
Balance at the beginning of the year		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	**377,067,230**	69,634,252.00
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
Addition / appropriation / withdrawals during the year		
Add:		
a) Amount transferred as per Section 29C of The National Housing Bank Act, 1987.		-
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
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.		-
Balance at the end of the year		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	**377,067,230**	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
Total	**377,067,230**	**377,067,230**

(Currency : ₹)

3. **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 2019	As at 31 March 2018
CRAR (%)	29.20%	37.78%
CRAR - Tier I Capital (%)	27.46%	35.52%
CRAR - Tier II Capital (%)	1.74%	2.26%
Amount of subordinated debt raised as Tier - II Capital	300,000,000	500,000,000
Amount raised by issue of perpetual debt instruments	-	-

II. Exposure to Real estate sector

Particulars	As at 31 March 2019	As at 31 March 2018
Category		
a) Direct exposure		
(i) Residential mortgage:		
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	32,862,179,800	35,929,916,908
Housing Loan more than ₹ 15 Lacs	10,763,600,198	12,689,038,233
(ii) Commercial real estate:		
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	290,918,466	-
(iii) Investment in mortgage backed securities (MBS) and other securitised exposures:		
(a) Residential	-	-
(b) Commercial real estate	-	-
b) Indirect exposure		
Fund based and non fund based exposures on National Housing bank (NHB) and Housing Finance Companies (HFCs)	-	-

III. Asset liability management

Maturity pattern of certain items of asset and liabilities - As at 31 March 2019

(₹ in crores)

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
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks	46.61	10.07	60.62	78.20	156.39	594.72	406.91	124.97	41.67	4.17	1,524.33
Market Borrowings	70.00	48.00	125.00	50.00	340.20	336.38	1,099.70	25.00	50.00	-	2,044.28
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-

(Currency : ₹)

(₹ in crores)

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
Assets											
Advances	11.47	11.32	11.43	34.98	73.02	303.16	396.75	455.52	765.13	2,307.76	4,370.54
Investments	50.00	–	–	–	–	–	–	–	–	–	50.00

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

(₹ in crores)

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
Liabilities											
Deposits	–	–	–	–	–	–	–	–	–	–	–
Borrowings from banks	51.85	7.69	53.28	69.79	162.65	606.02	438.48	250.36	106.72	61.43	1,818.27
Market Borrowings	–	25.00	90.00	305.00	115.00	1,040.30	100.00	349.70	50.00	–	2,094.90
Foreign Currency Liabilities	–	–	–	–	–	–	–	–	–	–	–
Assets											
Advances	19.38	12.71	12.84	39.23	82.15	374.37	443.36	499.43	800.34	2,404.66	4,589.36
Investments	–	–	–	–	–	–	–	–	–	–	–
Foreign Currency Asset	–	–	–	–	–	–	–	–	–	–	–

4 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 2019	As at 31 March 2018
Penalty if any levied by National Housing Bank	–	–
Total	–	–

II Adverse remarks

Particulars	As at 31 March 2019	As at 31 March 2018
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 2019	As at 31 March 2018
Percentage of outstanding loans granted against the collateral gold jewellery to their outstanding total assets	–	–

(Currency : ₹)

5 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 2019	As at 31 March 2018
(a) Value of Investments		
(I) Gross value of investments		
(a) In India	500,000,000	-
(a) Outside India		-
(II) Provisions for Depreciation		
(a) In India	-	-
(a) Outside India	-	-
(III) Net value of investments		
(a) In India	500,000,000	-
(a) Outside India	-	-
(b) Movements of provisions held towards depreciation in investments		
(I) Opening balance	-	-
(II) Add : Provisions made during the year	-	-
(III) Less : Write-off/ Written- back of excess provisions during the year	-	-
(IV) Closing balance :	-	-

6 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 2019	As at 31 March 2018
Amount outstanding for Single borrower limit	-	-
Amount outstanding for Group borrower limit	-	-

7 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 2019	As at 31 March 2018
1. Provisions for depreciation on investment	-	-
2. Provisions made towards income tax (net of reversal of tax of earlier year)	-142,169	331,776,505
3. Provisions towards NPAs	2,125,773,021	543,122,401
3. Provisions for standard assets	-21,481,524	21,412,925
4. Other provision and contingencies		
Gratuity	-3,847,984	2,005,786
Compensated absence	845,745	(430,566)
Heritage Club	171,225	428,775
Provision for expenses	5,849,579	11,659,834

8 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 2019	As at 31 March 2018
Total Exposure to top ten NPA accounts	24,497,997	24,501,028

NOTES TO FINANCIAL STATEMENTS
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(Currency : ₹)

9 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 2019	As at 31 March 2018
A. Housing Loans: (in %) (out of total advances in that sector)		
(i) Individuals	**6.40%**	4.32%
(ii) Builders / Project Loans		
(iii) Corporates		
B. Non - Housing Loans: (in %) (out of total advances in that sector)		
(i) Individuals	**10.58%**	-
(ii) Builders / Project Loans		
(iii) Corporates		

10 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 2019	As at 31 March 2018
(i) Net NPAs to Net Advances (%)	**2.99%**	3.32%
(ii) Movement of Gross NPAs		
(a) Opening Balance	**2,199,094,528**	240,316,517
(b) Additions during the year (excluding write off's)	**3,123,926,125**	2,075,986,571
(c) Reduction during the year (excluding write off's)	**1,363,226,125**	117,208,560
(d) Closing balance	**3,959,794,528**	2,199,094,528
(iii) Movement of Net NPAs		
(a) Opening Balance	**1,616,202,851**	193,388,972
(b) Additions during the year (excluding write off's)	**948,226,125**	1,519,068,556
(c) Reduction during the year (excluding write off's)	**1,342,026,125**	96,254,677
(d) Closing balance :	**1,222,402,851**	1,616,202,851
(IV) Movement of provisions for NPAs		
(a) Opening Balance	**582,891,677**	46,927,545
(b) Additions during the year (excluding write off's)	**2,175,700,000**	535,964,132
(c) Write off/ write back of excess provision	**21,200,000**	-
(c) Closing balance	**2,737,391,677**	582,891,677

11 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 2019	As at 31 March 2018
Overseas assets	**-**	-

12 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 2019	As at 31 March 2018
(a) No. of complaints pending at the beginning of the year	**1**	1
(b) No. of complaints received during the year	**51**	33
(c) No. of complaints redressed during the year	**52**	33
(d) No. of complaints pending at the end of the year	**0**	1

*Complaints uploaded on NHB-GRIDS, where company provides redressal to customer from their end. All complaints have been redressed by the Company.

(Currency : ₹)

13 **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 2019	As at 31 March 2018
(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	-	-

14 **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 2019	As at 31 March 2018
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	-	-

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

I Securitisation

Particulars	As at 31 March 2019	As at 31 March 2018
	No./ Amount	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		

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
	No./ Amount	No./ Amount
(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	-	-

II Details of financial assets sold to securitisation / reconstruction company for asset reconstruction.

Particulars	As at 31 March 2019	As at 31 March 2018
(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	-	-

III Details of assignment transactions undertaken by HFCs:

Particulars	As at 31 March 2019	As at 31 March 2018
(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	-	-

IV Details of non-performing financial assets purchased / sold

(I) Details of non-performing financial assets purchased:

Particulars	As at 31 March 2019	As at 31 March 2018
(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 sold:

Particulars	As at 31 March 2019	As at 31 March 2018
(I) No. of accounts sold	-	-
(II) Aggregate outstanding	-	-
(III) Aggregate consideration received	-	-

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

16 **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 2019	As at 31 March 2018
Registration from other financial regulator if any	-	-

17 **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 2019	As at 31 March 2018
Amount of unsecured advances given against rights, licenses, authorisations etc.	-	-

18 **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 2019	As at 31 March 2018
Details of financing of parent company products if any	-	-

19 **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 2019	As at 31 March 2018
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	-	-

20 **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 2019	As at 31 March 2018
Total Loans & Advances to twenty largest borrowers	47,008,945	54,700,430
Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC	0.11%	0.11%

21 **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 2019	As at 31 March 2018
Total Exposure to twenty largest borrowers / customers	47,008,945	54,898,364
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	0.11%	0.11%

22 **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 2019	As at 31 March 2018
(i) The notional principal of swap agreements	-	-
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

Particulars	As at 31 March 2019	As at 31 March 2018
(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	-	-

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

I For Exchange traded interest rate derivative.

Particulars	As at 31 March 2019	As at 31 March 2018
(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)	-	-
(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)	-	-

II For Disclosure on Risk exposure in derivative.

Particulars	As at 31 March 2019	As at 31 March 2018
(I) Derivatives (Notional Principal Amount)	-	-
(II) Marked to Market Positions (1)		
(a) Assets	-	-
(b) Liability	-	-
(III) Credit exposure	-	-
(IV) Unhedged exposure	-	-

III Expenditure in foreign currency

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Other borrowing cost - processing fees paid on NCD	-	-

24 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	As at 31 March 2019		As at 31 March 2018	
	Rating / Outlook		Rating / Outlook	
	ICRA	CRISIL	ICRA	CRISIL
Short Term Commercial paper	[ICRA]A1+	CRISIL A1+	[ICRA]A1+	CRISIL A1+
Long Term Non-Convertible Debentures	ICRA]A+ (Stable)	CRISIL A+/ Stable	ICRA]AA- (Negative outlook)	CRISIL A+/ Stable
Bank Borrowings	ICRA]A+ (Stable)	CRISIL A+/ Stable	ICRA]AA- (Negative outlook)	CRISIL A+/ Stable

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

25 **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
Current Year		
Standard Asset		
Total outstanding	39,123,894,761	821,647,270
Provisions	156,503,494	8,261,473
Sub-standard assets		
Total outstanding	3,216,060,405	124,187,156
Provisions	2,043,672,773	78,915,778
Doubtful assets- Category I		
Total outstanding	592,043,900	15,985,491
Provisions	530,558,793	14,541,366
Doubtful assets- Category II		
Total outstanding	11,600,003	
Provisions	11,600,003	
Doubtful assets- Category III		
Total outstanding	-	
Provisions	-	
Loss assets		
Total outstanding		
Provisions		
Total		
Total outstanding	42,943,599,068	961,819,917
Provisions	27,30,335,063	101,718,617

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 (Continued).

Particulars	Housing Loans	Non-Housing Loans
Previous Year		
Standard Asset		
Total outstanding	46,430,415,331	3,162,989
Provisions	185,721,661	12,652
Sub-standard assets		
Total outstanding	1,700,681,176	-
Provisions	425,745,681	-
Doubtful assets - Category I		
Total outstanding	434,392,345	-
Provisions	108,560,711	-
Doubtful assets - Category II	64,101,107	-
Total outstanding	88,588,284	-
Provisions		

NOTES TO FINANCIAL STATEMENTS
(Contd..)

(Currency : ₹)

Particulars	Housing Loans	Non-Housing Loans
Previous Year		
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**

Note : For above disclosure Overdue Principal and Interest accrued but no due has not been considered.

26 Disclosure pursuant to Notification No. NHB(ND)/DRS/Policy Circular No. 92/ 2018-19 dated February 05, 2019 issued by NHB.

Particulars	As at 31 March 2019	As at 31 March 2018
Amount of Fraud	359,593,108	-

Motilal Oswal Home Finance Limited