HDFC SALES PRIVATE LIMITED

A Wholly Owned Subsidiary of
Housing Development Finance Corporation Limited

Fifteenth Annual Report 2018-2019

Board of Directors

Mr. Conrad D'Souza
(DIN: 00010576)

Mr. S. N. Shroff #
(DIN: 00011169)

Mr. K. G. Krishnamurthy #
(DIN: 00012579)

Mr. Mathew Joseph
(DIN: 01033802)
(# Independent Director)

Statutory Auditors
Deloitte Haskins & Sells LLP
Chartered Accountants

Key Managerial Personnel
Mr. Ajay Sachdewa
Chief Executive Officer
(PAN : ASBPS5709H)

Mr. Baiju Dawda
Chief Financial Officer
(ICAI Membership No.: 118360)

Ms. Krithika Raghu
Company Secretary
(ICSI Membership No.: A51700)

Bankers
HDFC Bank Limited

Registered Office
HDFC House, H. T. Parekh Marg,
165-166, Backbay Reclamation,
Churchgate,
Mumbai 400 020
Tel. No.: +91 22 6155 2400
Fax No.: +91 22 6155 2440

CIN: U65920MH2004PTC144182

Directors' Report

TO THE MEMBERS

Your directors are pleased to present the Fifteenth annual report of your Company with the audited accounts for the year ended March 31, 2019.

Financial Results

	For the year ended March 31, 2019 (₹)	For the year ended March 31, 2018 (₹)
Profit/ (Loss) for the year	**8,39,50,601**	(8,43,90,276)
Provision for Tax	**(2,55,20,467)**	–
Profit/ (Loss) after Tax	**5,84,30,134**	(8,43,90,276)
Other comprehensive income / (expense)	**(1,02,79,382)**	(65,10,939)
Total comprehensive income / (loss) for the year	**4,81,50,752**	(9,09,01,215)
Equity component of compound financial instruments	**(12,51,15,265)**	7,87,76,278
Profit/ (Loss) brought forward from previous year	**(5,86,82,775)**	(4,65,57,838)
Balance carried to Balance Sheet	**(13,56,47,288)**	(5,86,82,775)

Note: The financial statements for the year ended March 31, 2019 have been prepared under Indian Accounting Standards (Ind AS). The financial statements for the year ended March 31, 2018 have been restated in accordance with Ind AS for comparative purposes.

Convergence to Ind AS

The Ministry of Corporate Affairs on January 18, 2016 notified the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS Rules) effective from April 1, 2015 and suggested a phased convergence to Ind AS by various classes of companies.

As per the Ind AS Rules, Housing Development Finance Corporation Limited (HDFC), holding company being a Housing Finance Company was required to prepare financial statement as per Ind AS from the financial year 2018-19. Accordingly, your Company, being a subsidiary of HDFC, was also required to converge to Ind AS from the said financial year, in terms of the Ind AS Rules.

Dividend

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

Review of Operations

Your Company sources loan business for HDFC for which it receives commission. Your Company also sources public deposits for HDFC.

Your Company is also a corporate agent of HDFC Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited. During the year, your Company sold 83,700 life insurance policies and 66,208 general insurance policies. Your Company also acts as a corporate agent for selling mutual fund products. Your Company sources education loans for HDFC

Credila Financial Services Private Limited, a subsidiary of HDFC.

There was no change in the nature of business of your Company nor was there any material change or commitment that would affect its financial position during the year as also till the date of this Report.

Increase in Authorised Share Capital

During the year, pursuant to the receipt of approval of the members of the Company at the Extra-ordinary General Meeting held on November 19, 2018, the authorised share capital of the Company was increased from ₹ 50 crore comprising 5,00,00,000 equity shares of ₹ 10 each to ₹ 70 crore comprising 7,00,00,000 equity shares of ₹ 10 each.

Issue of Equity Shares

In the month of March 2019, your Company issued 2,70,00,000 equity shares of ₹10 each for cash at par, amounting to ₹ 27 crore in aggregate, to HDFC, on a rights basis.

As at March 31, 2019, the paid-up share capital of your Company stood at ₹ 67 crore.

Dematerialisation of shares

The Ministry of Corporate Affairs notified Companies (Prospectus and Allotment of Securities) (Third Amendment) Rules, 2018, wherein every unlisted public company was mandated to facilitate dematerialisation of all its existing securities. In compliance with the said notification, your Company in order to facilitate dematerialisation of all its securities, appointed Link Intime India Private Limited as Registrar and Share Transfer Agent and National Securities Depository Limited as the designated depository. All the issued shares of your Company are held in dematerialised form.

Redemption of Optionally Convertible Debentures

During the year, your Company redeemed 2,70,00,000 Optionally Convertible Debentures (OCDs) of ₹ 10 each amounting to ₹ 27 crore which were held by HDFC. As at March 31, 2019, there were no outstanding OCDs.

Loans, Guarantees or Investments

During the year, your Company has not given any loan or provided any guarantee or security or made any investment.

Particulars of Contracts or Arrangements with Related Parties

The particulars of contracts or arrangements with related parties, as prescribed in Form No. AOC–2 under Rule 8(2) of the Companies (Accounts) Rules, 2014 is annexed to this Report.

Details of related party transactions are provided in the notes to the financial statements.

Deposits

Your Company has not accepted any deposit and as such, no amount of principal or interest was outstanding as at March 31, 2019.

Subsidiary/Associate Companies

Your Company does not have any subsidiary or associate company.

Particulars of Employees

Your Company had 10,327 employees as at March 31, 2019.

Prevention of Sexual Harassment of Employees at Workplace

Your Company has in place a policy on prevention of sexual harassment of employees at the workplace *inter alia* in terms of the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules made thereunder. Members of the Internal Complaints Committee constituted by the Company are responsible for reporting and conducting inquiries pertaining to such complaints.

The Company on a regular basis sensitises its employees including outsourced employees on prevention of sexual harassment at the workplace through workshops, group meetings, online training modules and awareness programmes. During the year, 2 complaints were received by the committee. These cases have been reviewed and appropriately disposed off and thus there were no pending complaints with the committee as at March 31, 2019.

Particulars regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The operations of your Company are not energy intensive. However, adequate measures have been initiated for conservation of energy and usage of alternative source of energy, wherever possible.

During the year, your Company had no dealings in foreign exchange.

Directors

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Mathew Joseph and Mr. Conrad D'Souza are liable to retire by rotation at the ensuing Annual General Meeting (AGM). They are eligible for re-appointment.

The Ministry of Corporate Affairs has exempted unlisted public companies (including wholly owned subsidiaries), irrespective of its paid-up share capital, from appointing Independent Directors. Accordingly, the board has approved re-appointment of Mr. K.G. Krishnamurthy as a non-executive director of the Company liable to retire by rotation, with effect from March 24, 2020, subject to the approval of the Members at the ensuing AGM.

The board has also approved the re-appointment of Mr. S. N. Shroff as an independent director of the Company for a term of 5 consecutive years with effect from March 24, 2020, subject to the approval of Members at the ensuing AGM. This is because the present tenure of Mr. Krishnamurthy and Mr. Shroff expires on March 23, 2020. The board deliberated on the contributions made by Mr. S. N. Shroff and Mr. K. G. Krishnamurthy and concluded that given their vast experience, knowledge and inputs to the board, it would be beneficial for the Company to retain them as directors.

The necessary resolutions for the re-appointment of the aforesaid directors and details as required under secretarial standard have been included in the notice convening the ensuing AGM.

All the directors of your Company have confirmed that they are not disqualified from being appointed as directors, in terms of Section 164(2) of the Companies Act, 2013.

None of the directors of your Company have been debarred from holding the office of director by virtue of any order from Securities and Exchange Board of India (SEBI) or any other such authority.

The independent directors have also confirmed that they satisfy the criteria prescribed for an independent director as stipulated under Section 149(6) of the Companies Act, 2013.

Board Meetings

During the year, the Board met six times. The meetings were held on April 19, 2018, July 24, 2018, September 27, 2018, October 27, 2018, January 18, 2019 and February 22, 2019.

The attendance of the directors at the above-mentioned board meetings is listed below:

Directors	Number of Meetings attended
Mr. Conrad D'Souza	6
Mr. S. N. Shroff	6
Mr. K. G. Krishnamurthy	5
Ms. Madhumita Ganguli*	1
Mr. Mathew Joseph	5

**Resigned as a director of the Company with effect from April 19, 2018.*

Leave of absence was granted to the concerned directors who could not attend the respective board meetings.

Audit Committee

The Audit Committee consists of a majority of independent directors. The members of the committee are Mr. K. G. Krishnamurthy (Chairman), Mr. S. N. Shroff and Mr. Conrad D'Souza.

The members of the Audit Committee have accounting, financial management and legal expertise. The quorum for the Audit Committee meeting is two members.

The terms of reference of the Audit Committee *inter alia* include approving and implementing the audit procedures and techniques, reviewing the financial reporting systems, financial statements, internal control systems and procedures, records relating to related party transactions, analysis of risks and compliance of regulatory guidelines. The financial results are made available to the committee in advance. This enables review and discussion with the auditors before recommending it to the Board of Directors for its approval.

The committee also grants approval for related party transactions and reviews the said transactions on a periodic basis.

During the year, the committee met four times. The meetings were held on April 19, 2018, July 24, 2018, October 27, 2018 and January 18, 2019.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. K. G. Krishnamurthy (Chairman)	3
Mr. S. N. Shroff	4
Mr. Conrad D'Souza	4

Leave of absence was granted to the concerned member who could not attend the meeting.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of a majority of independent directors. The members of the committee are Mr. S. N. Shroff (Chairman), Mr. K. G. Krishnamurthy and Mr. Mathew Joseph. The quorum for the Nomination and Remuneration Committee meeting is two members.

The terms of reference of the committee *inter alia* include identifying persons who are qualified to become directors of the Company, ensuring that such persons meet the relevant criteria prescribed under applicable laws, carrying out evaluation of every director's performance, formulating the Policy for Appointment of Directors and Members of Senior Management and Remuneration Policy, formulating the criteria for determining qualifications, positive attributes and independence of a director and for evaluating their performance.

The Policy on Appointment of Directors and Members of Senior Management *inter alia* lays down the criteria for appointment including qualifications, attributes, experience and skills etc. and nomination and evaluation process.

The Remuneration Policy ensures that remuneration is aligned to the overall performance of the Company, is fair and reasonable to attract and retain necessary talent, is linked to attaining performance benchmarks and involves a judicious balance of fixed and variable components.

The Policy on Appointment of Directors and Members of Senior Management and the Remuneration Policy are available at the website of the Company, *www.hdfcsales.com*.

During the year, the committee met three times. The meetings were held on April 19, 2018, July 24, 2018 and January 18, 2019.

The attendance of the members of the committee at the above-mentioned meetings is listed below:

Members	Number of Meetings attended
Mr. S. N. Shroff (Chairman)	3
Mr. K. G. Krishnamurthy	2
Ms. Madhumita Ganguli*	1
Mr. Mathew Joseph#	2

**Ceased to be a member with effect from April 19, 2018.*

#Inducted as a member of the committee at the board meeting held on April 19, 2018.

Leave of absence was granted to the concerned member who could not attend the meeting.

Corporate Social Responsibility Committee

In accordance with the provisions of Section 135 of the Companies Act, 2013 and rules framed thereunder, your Company has a Corporate Social Responsibility (CSR) Committee of Directors comprising Mr. S. N. Shroff (Chairman), Mr. K. G. Krishnamurthy and Mr. Mathew Joseph. The quorum for the CSR Committee meeting is two members.

The terms of reference of the committee *inter alia* is to review the CSR policy, indicate activities to be undertaken by the Company towards CSR and formulate a transparent monitoring mechanism to ensure implementation of projects and activities undertaken by the Company towards CSR.

During the year, the committee met on March 18, 2019. The attendance of the members of the committee at the above-mentioned meeting is listed below:

Members	Number of Meeting attended
Mr. S. N. Shroff (Chairman)	1
Mr. K. G. Krishnamurthy	1
Mr. Mathew Joseph	—

Leave of absence was granted to the concerned member who could not attend the meeting.

Since the average net profits of your Company during the preceding three financial years including the financial year 2018-19 is negative, your Company was not required to undertake and spend any amount towards CSR activity in terms of the provisions of Section 135 of the Companies Act, 2013. Accordingly, the Annual Report on CSR Activities does not form part of this Report. Your Company has a CSR Policy which is available at the website of the Company, *www.hdfcsales.com*.

Risk Management Committee

As a good governance measure and for ensuring that risks faced by your Company are identified, accepted and mitigated in a timely manner, during the year, your Company constituted a Risk Management Committee comprising Mr. Conrad D'Souza (Chairman), Mr. Mathew Joseph, Mr. K. G. Krishnamurthy and Mr. Ajay Sachdewa. The quorum for the Risk Management Committee meeting is two members.

The terms of reference of the committee *inter alia* include considering and reviewing the risk profile of the Company. Your directors are of the opinion that the Company is managing its risks through well-defined internal financial controls and that there are no significant risks that may threaten the existence of your Company.

During the year, the committee met on October 27, 2018. The attendance of the members of the committee at the above-mentioned meeting is listed below:

Members	Number of Meeting attended
Mr. Conrad D'Souza	1
Mr. Mathew Joseph	1
Mr. K. G. Krishnamurthy	1
Mr. Ajay Sachdewa	1

Independent Directors

The independent directors convene separate meetings to discuss various issues at their discretion, as and when required, to evaluate the performance of the directors of the Company and the board as a whole. The independent directors also assess the quality, quantity and timeliness of flow of information between the Company's management and the board which enables the board to effectively and reasonably perform its duties.

During the year, the independent directors met once on March 18, 2019. The attendance of the independent directors at the above-mentioned meeting is listed below:

Directors	Number of Meeting attended
Mr. S. N. Shroff	1
Mr. K. G. Krishnamurthy	1

Board Evaluation

During the year, the Nomination and Remuneration Committee continued with the same methodology and criteria to evaluate the performance of the board as a whole and its committees as well as the performance of each director individually, as in the previous year. The criteria for evaluation were voluntarily benchmarked with the Guidance Note issued by the SEBI on board evaluation.

The evaluation of the board, committees thereof and of each director was done through a structured and comprehensive questionnaire *inter alia* containing effectiveness of the board and its committees, process of decision making, active participation, independence, quality and content of agenda papers, frequency of meetings, discussions at meetings, cohesion in meetings, contribution and management of conflict of interest.

The Chairman of the Nomination and Remuneration Committee reviewed the feedback received from the directors on the said questionnaire and prepared a consolidated report. The said consolidated report was *inter alia* reviewed by the Nomination and Remuneration Committee.

The Chairman of the Nomination and Remuneration Committee shared the results of evaluation at the meeting of the Board of Directors. The board reviewed the results and expressed its satisfaction on the same. There were no actionable from the said review.

The Company conducts familiarisation programmes for its directors from time to time. These familiarisation programmes ensure that the directors are updated on the business and regulatory environment as well as the overall operations of the Company. These programmes enable the directors to make better informed decisions in the interest of the Company and its stakeholders.

Auditors

At the Tenth AGM of the Members of the Company held on July 30, 2014, the Members had appointed Messrs Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm Registration Number 117366W/W-100018 as the statutory auditors of the Company, for a period of five years, to hold office as such until the conclusion of the Fifteenth AGM.

Due to the requirement of rotation of statutory auditors in accordance with Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, the Company is required to appoint a new statutory auditor in place of Messrs Deloitte Haskins & Sells LLP. The Board places on record its appreciation for the professional services rendered by Messrs Deloitte Haskins & Sells LLP during their association with the Company as its auditors.

Pursuant to the recommendation of the Audit Committee of Directors, the board has approved the appointment of Messrs B S R & Co. LLP, Chartered Accountants, having Firm Registration Number 101248W/W-100022, as the statutory auditors of the Company for a term of five consecutive years to hold office from the conclusion of the Fifteenth AGM until the conclusion of the Twentieth AGM.

Messrs B S R & Co. LLP have consented to the said appointment and have issued a certificate to the effect that the appointment, if made, shall be in accordance with the conditions as prescribed in Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014. They have confirmed that they meet the criteria for independence, eligibility and qualification as prescribed in Section 141 of the Companies Act, 2013.

The necessary resolution for appointment of Messrs B S R & Co. LLP as Statutory Auditors of the Company has been included in the notice for the ensuing AGM.

The Auditors' Report annexed to the financial statements for the year under review does not contain any qualification.

Further, Messrs Chandabhoy & Jassoobhoy, Chartered Accountants is the Internal Auditor of the Company and reviews internal controls and compliances under various regulations that are applicable to the Company.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs N. L. Bhatia & Associates, practising company secretaries to undertake the secretarial audit of the Company. The Secretarial Audit Report is annexed to this Report and does not contain any qualifications.

Significant and Material Orders passed by Regulators or Courts or Tribunals

During the year, no significant or material orders were passed by any regulator or courts or tribunals against the Company impacting the going concern status and the Company's operations in future.

Internal Financial Controls

The Company has put in place adequate procedures to ensure that the system of internal financial control is commensurate with the size and nature of the Company's business. These systems provide a reasonable assurance in respect of providing financial and operational information, complying with applicable statutes, safeguarding of assets of the Company, prevention and detection of frauds, accuracy and completeness of accounting records and ensuring compliance.

Secretarial Standards

The Company has complied with the applicable provisions of Secretarial Standards - 1 and 2 issued by The Institute of Company Secretaries of India.

Directors' Responsibility Statement

In accordance with the provisions of Section 134(3)(c) of the Companies Act, 2013 and based on the information provided by the management, your directors state that:

a. In the preparation of the annual accounts, the applicable accounting standards have been followed;

b. Accounting policies selected have been applied consistently. Reasonable and prudent judgements and estimates have been made 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 profit of the Company for the year ended on that date;

c. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

d. The annual accounts of the Company have been prepared on a going concern basis; and

e. Systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Annual Return and Extract thereof

The extract of Annual Return in Form No. MGT-9 as required under the provisions of the Companies Act, 2013 is annexed to this Report. The Annual Return for the financial year 2018-19 is uploaded on the website of the Company, *www.hdfcsales.com.*

Acknowledgements

Your directors would like to express their sincere appreciation to all its stakeholders for their support and continued patronage.

Your directors appreciate the guidance received from various statutory/regulatory authorities including the Insurance and Regulatory Development Authority of India, Association of Mutual Funds of India, Pension Fund Regulatory and Development Authority, Ministry of Corporate Affairs – Government of India, the Registrar of Companies, Mumbai and the depositories.

Your directors recognise and appreciate the sincere hard work, loyalty and efforts of the employees of the Company in ensuring that the Company performs well. Your directors also wish to place on record their appreciation to all the employees of HDFC who devoted their valuable time in managing the affairs of the Company.

On behalf of the Board of Directors

S. N. Shroff
Conrad D'Souza
Directors

New Delhi
May 2, 2019

Annex to Directors' Report - I

FORM NO. AOC-2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

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

1. **Details of contracts or arrangements or transactions not at arm's length basis:** NIL
2. **Details of material contracts or arrangements or transactions at arm's length basis:**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any (₹)
	(a)	(b)	(c)	(d)	(e)	(f)
1	Housing Development Finance Corporation Limited (HDFC) (Holding Company)	DSA Commission (Home Loan Sourcing)	5 years – expiry date May 31, 2023	The Company generates leads for HDFC for which it receives commission on conversion of such leads to loans. HDFC pays a commission at the prevailing market rate and after taking into account the leads and infrastructure provided by it.	–	–
2	HDFC ERGO General Insurance Company Limited (Fellow Subsidiary Company)	Corporate Agency Agreement (Sourcing General Insurance)	3 years – expiry date March 31, 2022	Soliciting or procuring insurance and marketing insurance products of HDFC ERGO General Insurance Company Limited.	–	–
3	HDFC Life Insurance Company Limited (Fellow Subsidiary Company)	Corporate Agency Agreement (Sourcing Life Insurance)	Ongoing	Soliciting or procuring insurance and marketing insurance products of HDFC Life Insurance Company Limited	–	–
4	HDFC Credila Financial Services Private Limited (Fellow Subsidiary Company)	Corporate Agency Agreement (Sourcing Education Loan)	1 year – expiry date September 30, 2019	Soliciting or procuring Education Loan products of HDFC Credila Financial Services Private Limited	–	–

* The above mentioned transactions were entered into by the company in its ordinary course of business. The materiality threshold is as prescribed under the companies (Meetings of Board and its Powers) Rules, 2014, as amended.

On behalf of the Board of Directors

New Delhi
May 2, 2019

S. N. Shroff
Director

Conrad D'Souza
Director

Annex to Directors' Report – II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To,
The Members,
HDFC SALES PRIVATE LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HDFC Sales Private 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 our opinion thereon.

Based on our verification of HDFC Sales Private Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made thereunder including Amendments and statutory modifications;
2. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

Other applicable Laws as per list attached as 'Annexure A' to this report.

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. The change 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 Companies Act, 2013.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance (*except for the Board Meetings held on September 27, 2018 and February 22, 2019 which were held at a shorter notice and the consent given by all the Directors for the same was duly recorded in the respective Minutes*), and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. The Company has complied with the Secretarial Standards in respect of the meetings of its members, Board and its committees.

All the decisions taken in the Board Meetings were passed unanimously and with requisite majority in General Meetings.

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

We further report that during the audit period, the following specific events / actions took place in pursuance of the above referred Laws, Rules, Regulations and Guidelines, Standards, etc.

Annex to Directors' Report – II (Continued)

1. Increase in the Authorized Share Capital from Rs. 50,00,00,000/- (Rs. Fifty crore only) comprising 5,00,00,000 equity shares of Rs 10 each to Rs 70,00,00,000/- (Rs. Seventy crore only) comprising 7,00,00,000 equity shares of Rs. 10 each and consequent amendement to the Capital Clause of Memorandum of Association.
2. During the period under review, the Company has allotted 2,70,00,000 Equity Shares of Rs. 10 each on a right basis for cash at par to Housing Development Finance Corporation Limited.
3. During the period under review, the Company has registered as Point of Presence- Sub Entity (PoP-SE) with Pension Fund Regulatory and Development Authority (PFRDA).
4. During the period under review, the Company redeemed 2,70,00,000 Optionally Convertible Debentures of Rs 10 each amounting to Rs 27 crore which were held by Housing Development Finance Corporation Limited.

Date: 20th April, 2019
Place: Mumbai

For M/s N. L. Bhatia & Associates
Practicing Company Secretaries
UIN: P1996MH055800

N L Bhatia
Managing Partner
FCS: 1176
CP. No. 422

Annex to Directors' Report – II (Continued)

'ANNEXURE A'

LIST OF OTHER APPLICABLE LAWS

(***including statutory amendments made thereto or amendments thereof for the time being in force***)

1. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015
2. Registration with Association of Mutual Funds in India, along with the conditions under such registration
3. The Pension Fund Regulatory and Development Authority (Point of Presence) Regulations, 2018
4. Bombay Shop and Establishment Act, 1948, rules thereunder and other State Acts and rules thereunder, including statutory amendments made thereto.
5. Contract Labour (Regulation and Abolition) Act, 1970 and Contract Labour (Regulation and Abolition) Central Rules, 1971 and applicable State Rules.
6. Foreign Exchange Management Act, 1999 read with Notifications and directions, Notifications and Circulars issued by RBI.
7. Maternity Benefit Act, 1961 and applicable State Rules.
8. Payment of Bonus Act, 1965 and Payment of Bonus Rules, 1975.
9. Payment of Gratuity Act, 1972 and applicable State Rules.
10. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013.
11. Information Technology Act, 2000 and Information Technology (Reasonable security practices and procedures and sensitive personal data or information) Rules, 2011.
12. Income Tax Act, 1961, Central Goods and Services Tax Act, 2017, State Goods and Service Tax Act, 2017 and Integrated Goods and Services Tax Act, 2017 and other State Acts governing VAT, Profession Tax, Entry Tax, Tax on Trades, Callings and Employments Act and rules thereunder.

Annex to Directors' Report – III

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

CIN	U65920MH2004PTC144182
Registration Date	January 23, 2004
Name of the Company	**HDFC SALES PRIVATE LIMITED**
Category/Sub-Category of the Company	Company limited by shares/Non-Government Company
Address of the Registered Office and Contact Details	HDFC House, H. T. Parekh Marg, 165-166, Backbay Reclamation, Churchgate, Mumbai 400 020 Tel. No.: +91 22 6155 2400 Fax No.: +91 22 6155 2440
Whether listed company Yes/No	No
Name, Address and Contact Details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park, LBS Marg, Vikhroli (West), Mumbai 400 083 Tel. No.: +91 22 4918 6000 E-mail: *rnt.helpdesk@linkintime.co.in*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main Products/Services	NIC Code of the Product/Service	% to Total Turnover of the Company
1.	To establish and carry on directly or indirectly, the business of sourcing, marketing, promoting, publicising, selling and distributing housing loan products to customers, for various clients from time to time including financial institutions, banks and other companies	64990	75.72
2.	To solicit, procure, distribute and market the insurance products to the public	66030	12.24

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.	**HOUSING DEVELOPMENT FINANCE CORPORATION LIMITED** Ramon House, H. T. Parekh Marg, 169, Backbay Reclamation, Churchgate, Mumbai 400 020	L70100MH1977PLC019916	Holding	100	2(46)

Annex to Directors' Report – III (Continued)

IV. SHAREHOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

(i) Category-wise Shareholding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) Individual/HUF	–	–	–	–	1*	–	1*	0.00	0.00
(b) Central Govt.	–	–	–	–	–	–	–	–	–
(c) State Govt.(s)	–	–	–	–	–	–	–	–	–
(d) Bodies Corp.	–	4,00,00,000	4,00,00,000	100	6,69,99,999	–	6,69,99,999	100	0.00
(e) Banks/FI	–	–	–	–	–	–	–	–	–
(f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A)(1)	**–**	**4,00,00,000**	**4,00,00,000**	**100**	**6,70,00,000**	–	**6,70,00,000**	**100**	**–**
(2) Foreign	–	–	–	–	–	–	–	–	–
Sub-total (A)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoters (A) = (A)(1)+(A)(2)	**–**	**4,00,00,000**	**4,00,00,000**	**100**	**6,70,00,000**	–	**6,70,00,000**	**100**	**–**
B. Public Shareholding									
(1) Institutions	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(2) Non-Institutions	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares Held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**4,00,00,000**	**4,00,00,000**	**100**	**6,70,00,000**	–	**6,70,00,000**	**100**	

** The beneficial owner of this share is Housing Development Finance Corporation Limited.*

Annex to Directors' Report – III (Continued)

(ii) Shareholding of Promoters:

Sr. No.	Shareholders' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to Total Shares	
1	Housing Development Finance Corporation Limited	3,99,99,999	100	–	6,69,99,999	100	–	–
2	Housing Development Finance Corporation Limited jointly with its Nominee	1*	0.00	–	–	–	–	0.00
3	Mr. Conrad D'Souza	–	–	–	1#	0.00	–	0.00
	Total	**4,00,00,000**	**100**	**–**	**6,70,00,000**	**100**	**–**	

** The share held by Housing Development Finance Corporation Limited jointly with its nominee was transferred to individual shareholder.*

 # Beneficial owner of the share is Housing Development Finance Corporation Limited.

(iii) Change in Promoters' Shareholding:

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
At the beginning of the year	4,00,00,000*	100	–	–
Rights issue (allotted on March 12, 2019)	2,70,00,000	N.A.	6,70,00,000	100
At the end of the year	–	–	6,70,00,000#	100

** Includes 1 share held by Housing Development Finance Corporation Limited jointly with its nominee.*

 # Includes 1 share held by Mr. Conrad D'Souza, however Housing Development Finance Corporation Limited is the beneficial owner.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):
Not Applicable

Annex to Directors' Report – III (Continued)

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

Sr. No.	Name	Remarks	Date	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
1.	Mr. Conrad D'Souza	At the beginning of the year	April 1, 2018	—	—	—	—
		Increase*	September 27, 2018	1#	0.00	1#	0.00
		At the End of the year	March 31, 2019	—	—	1#	0.00

** Transfer from Housing Development Finance Corporation Limited jointly with its nominee.*

 # Beneficial owner of the share is Housing Development Finance Corporation Limited.

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding Deposits (₹)	Unsecured Loans (₹)	Deposits (₹)	Total Indebtedness (₹)
Indebtedness at the beginning of the financial year				
i) Principal Amount	—	27,00,00,000	—	27,00,00,000
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**—**	**27,00,00,000**	**—**	**27,00,00,000**
Change in Indebtedness during the financial year				
• Addition	—	—	—	—
• Reduction	—	27,00,00,000	—	27,00,00,000
Net Change	**—**	**(27,00,00,000)**	**—**	**(27,00,00,000)**
Indebtedness at the end of the financial year				
i) Principal Amount	—	—	—	—
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	**—**	**—**	**—**	**—**

Annex to Directors' Report – III (Continued)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

B. Remuneration to other Directors:

Name of Directors	Particulars of Remuneration			
	Fees for attending Board/ Committee Meetings (₹)	Commission (₹)	Others, please specify (₹)	Total Amount (₹)
Mr. S. N. Shroff	1,80,000	–	–	1,80,000
Mr. K. G. Krishnamurthy	1,60,000	–	–	1,60,000
Mr. Conrad D'Souza	1,20,000	–	–	1,20,000
Ms. Madhumita Ganguli	20,000	–	–	20,000
Mr. Mathew Joseph	80,000	–	–	80,000
Total	**5,60,000**	**–**	**–**	**5,60,000**
Overall ceiling as per the Companies Act, 2013	*	–	–	–

** The sitting fees paid to the directors for attending the meetings of the Board of Directors, its Committees and Independent Directors was increased to ₹ 20,000 from ₹ 10,000 for meetings held after October 27, 2018. The overall ceiling as per the Companies Act, 2013 for payment of sitting fees for attending each meeting is ₹ 1 lac.*

C. Remuneration to Key Managerial Personnel other than MD/ MANAGER/ WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Ajay Sachdewa* (Chief Executive Officer) (₹)	Mr. Baiju Dawda (Chief Financial Officer) (₹)	Ms. Krithika Raghu* (Company Secretary) (₹)
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	–	24,66,600	–
	b) Value of perquisites under Section 17(2) of the Income-tax Act, 1961	–	–	–
	c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission • as % of profit • Others	–	–	–
5	Others – Deputation Cost	41,91,482.23 #	N.A.	1,20,000
	Total	**41,91,482.23 #**	**24,66,600**	**1,20,000**

* *Employees of Housing Development Finance Corporation Limited (HDFC). The Company has paid deputation costs to HDFC as mutually agreed.*

Being the remuneration paid to the Chief Executive Officer for the financial year 2018-19.

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

During the year, no penalties were levied against the Company, its directors or any of its officers under the Companies Act, 2013, nor was there any punishment or compounding of offences against the Company, its directors or any of its officers.

Independent Auditor's Report

TO THE MEMBERS OF HDFC SALES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HDFC SALES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report (the "report"), but does not include the financial statements and our auditors' report thereon. The report are expected to be made available to us after the date of this auditors' 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Management's Responsibility for the Financial Statements

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

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

Those Board of Directors are also responsible for overseeing the

Independent Auditor's Report (Continued)

Company's financial reporting process.

Auditor's Responsibility 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 financial 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 system 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 the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid financial statements comply with the

Independent Auditor's Report (Continued)

Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, section 197 of the Act related to the managerial remuneration is not applicable.

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

i. The Company does not have any pending litigations as at the year-end which would impact its financial position as at March 31, 2019.

ii. The Company did not have any long-term contracts including derivative contracts as at the year-end for which there were any material foreseeable losses.

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

2. 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 "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)

Mumbai
May 02, 2019

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Act

We have audited the internal financial controls over financial reporting of **HDFC SALES PRIVATE LIMITED** ("the Company") as at March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure "A" to the Independent Auditor's Report (Continued)

in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective Company considering the essential components of internal control stated in the Guidance Note.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)

Mumbai
May 02, 2019

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

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

b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

c. According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising the immovable property of land and building which is freehold, is held in the name of the Company as at the balance sheet date. No immovable property is taken on finance lease.

(ii) To the best of our knowledge and according to the information and explanations given to us, the Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.

(iii) To the best of our knowledge and 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.

(iv) To the best of our knowledge and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3(iv) of the Order is not applicable.

(v) To the best of our knowledge and according to the information and explanations given to us, the Company has not accepted any public deposit during the year and no order in this respect has been passed by the Company Law Board or National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunals.

(vi) To the best our knowledge and according to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, in respect of the services rendered by the Company.

(vii) To the best of our knowledge and according to the information and explanations given to us,

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods & Service Tax (GST) and Cess with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, GST and Cess in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) There are no dues of Provident Fund, Employees' State Insurance, Income-tax and Cess which have not been deposited as on March 31, 2019 on account of disputes. However, the Company has disputed dues of Service Tax (Customs

Annexure "B" to the Independent Auditor's Report (Continued)

& Central Excise Department) as mentioned below:

Nature of Dues	Amount	Period to which the amount relates	Forum where dispute is pending
Service Tax	72,16,009	2010-2016	Deputy/ Assistant Commissioner of Service Tax

(viii) To the best of our knowledge and according to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions and has not defaulted in the repayment of dues to debenture holders.

(ix) To the best of our knowledge and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Act do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.

(xiii) To the best of our knowledge and according to the information and explanations given to us, in our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

(xv) To the best of our knowledge and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

G. K. Subramaniam
Partner
(Membership No. 109839)

Mumbai
May 02, 2019

Balance Sheet as at March 31, 2019

	Note No.	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	3	**36,84,73,686**	20,82,75,095	16,56,91,700
Capital Work-in-Progress	3	**1,01,87,657**	2,34,25,112	83,57,152
Other Intangible Assets	3	**1,13,57,543**	93,58,581	70,74,266
Intangible Assets under development	3	**3,46,000**	—	19,05,350
Financial Assets				
Loans	4	**—**	50,000	—
Other financial assets	5	**7,43,58,878**	5,83,20,469	4,11,96,179
Income tax assets (net)	6	**30,78,55,224**	22,43,48,271	17,96,81,158
Other assets	7	**9,72,773**	7,44,272	12,67,130
Total Non Current Assets		**77,35,51,761**	52,45,21,800	40,51,72,935
Current Assets				
Financial assets				
Trade receivables	8	**52,03,93,324**	49,75,25,721	15,25,94,192
Cash and cash equivalents	9	**3,22,62,404**	2,05,56,702	1,93,30,295
Bank balances other than cash and cash equivalents	10	**4,99,321**	4,99,321	4,99,321
Loans	11	**34,06,158**	34,38,976	29,46,024
Other financial assets	12	**71,60,236**	60,96,084	60,10,930
Other current assets	13	**3,55,42,156**	6,37,90,423	1,85,04,978
Total Current Assets		**59,92,63,599**	59,19,07,227	19,98,85,740
Total Assets		**137,28,15,360**	111,64,29,027	60,50,58,675
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	**67,00,00,000**	40,00,00,000	4,01,00,000
Other equity		**(13,56,47,288)**	(5,86,82,775)	(4,65,57,838)
Total Equity		**53,43,52,712**	34,13,17,225	(6,457,838)
Liabilities				
Non-Current Liabilities				
Financial Liabilities				
Borrowings	15	**—**	15,86,04,596	6,15,05,183
Provisions	16	**11,39,60,275**	8,54,01,715	6,82,28,075
Total Non Current Liabilities		**11,39,60,275**	24,40,06,311	12,97,33,258
Current Liabilities				
Financial liabilities				
Borrowings	17	**—**	—	15,00,00,000
Trade payables	18	**38,16,68,091**	32,07,50,205	24,43,33,799
Other financial liabilities	19	**3,81,84,162**	84,97,256	51,38,800
Provisions	20	**14,13,54,245**	9,27,98,692	6,16,30,333
Other current liabilities	21	**16,32,95,875**	10,90,59,338	2,06,80,323
Total Current Liabilities		**72,45,02,373**	53,11,05,491	48,17,83,255
Total Equity and Liabilities		**137,28,15,360**	111,64,29,027	60,50,58,675

The accompanying notes form an integral part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Mumbai, May 02, 2019

For HDFC Sales Private Limited

Conrad D'Souza
Director
DIN: 00010576

Mathew Joseph
Director
DIN : 01033802

Ajay Sachdewa
Chief Executive Officer

Baiju Dawda
Chief Financial Officer

Krithika Raghu
Company Secretary
Delhi, May 02, 2019

Statement of Profit and Loss for the Year ended March 31, 2019

Particulars	Note No.	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Revenue from operations	22	457,81,20,646	351,75,25,618
Other income	23	3,49,39,104	33,14,445
Total Income		461,30,59,750	352,08,40,063
Expenses			
Employee benefit expense	24	394,76,18,462	315,32,63,905
Finance cost	25	1,39,40,161	2,28,35,633
Depreciation and amortisation	3	9,36,10,618	6,41,97,063
Other expenses	26	47,39,39,907	36,49,33,738
Total Expenses		452,91,09,148	360,52,30,339
Profit / (Loss) before tax		8,39,50,601	(8,43,90,276)
Tax expenses (Refer Note 33)			
Current tax		2,55,20,467	–
		2,55,20,467	–
Profit / (Loss) for the year		5,84,30,134	(8,43,90,276)
Other comprehensive income / expense			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(1,57,99,849)	(65,10,939)
Income tax relating to items that will not be reclassified to profit or loss		55,20,467	–
		(1,02,79,382)	(65,10,939)
Total other comprehensive loss		(1,02,79,382)	(65,10,939)
Total comprehensive income / (loss) for the year		4,81,50,752	(9,09,01,215)
Earnings per equity share : (Face value of ₹10 each)			
Basic	32	1.16	(5.48)
Diluted		0.72	(5.48)

The accompanying notes form an integral part of the financial statements

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Company Secretary
Delhi, May 02, 2019

Cash Flow Statement for the year ended March 31, 2019

		For the Year Ended March 31, 2019 ₹	For the Year Ended March 31, 2018 ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax	6,81,50,752	(9,09,01,215)
	Add / (Less) Adjustment for:	–	–
	Depreciation and Amortisation	9,36,10,618	6,41,97,063
	Dereognition of financial liablities measured at amortised cost	(2,76,27,443)	–
	Finance charge on financial liablities measured at amortised cost	1,39,07,581	58,75,691
	Bad debts written off	58,27,046	38,20,504
	Loss on Sale of Fixed Assets	15,23,100	8,05,528
	Interest on ICD taken	–	12,24,740
	Interest on Line Credit Facility	–	1,56,67,316
	Operating profit before working capital changes	15,53,91,655	6,89,627
	(Increase) / Decrease in Non - Current Assets	(2,31,74,619)	(1,93,17,132)
	(Increase) / Decrease in Current Assets	43,49,330	(39,07,95,080)
	Increase/(Decrease) in Non Current Liabilities	2,85,58,560	1,71,73,640
	Increase/(Decrease) in Current Liabilities	19,33,96,882	19,93,22,236
	Cash Generated from Operations	35,85,21,809	(19,29,26,709)
	Taxes Paid	(10,35,06,953)	(4,46,67,113)
	Net cash from Operating Activities	25,50,14,856	(23,75,93,822)
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property, Plant and Equipment /Other Intangible Assets, including capital advances	(25,95,38,771)	(11,15,05,755)
	Increase/(Decrease) Capital Work-in-Progress/Intangible Assets under development	1,28,91,455	(1,31,62,610)
	Sale of Property, Plant and Equipment	33,38,162	480,650
	Net cash from /(used in) Investing Activities	(24,33,09,154)	(12,41,87,715)
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from Issue of Shares	27,00,00,000	35,99,00,000
	Proceeds from Redemption of Debentures	(27,00,00,000)	–
	Repayment of Line credit facility/Inter Corporate Deposits	–	(59,00,00,000)
	Interest on Line Credit Facility/ Inter Corporate Deposit	–	(1,68,92,056)
	Line credit facility/Inter - Corporate Deposits accepted	–	44,00,00,000
	Proceeds from issue of Debentures	–	17,00,00,000
	Net cash from / (used in) Financing Activities	–	36,30,07,944
	Net Increase/(Decrease) in cash and cash equivalents	1,17,05,702	12,26,407
	Add : Cash and Cash equivalents at the beginning of the year (Refer Note 9)	2,05,56,702	1,93,30,295
	Less : Unrealised Exchange Loss / (Gain) on Cash and Cash Equivalent		
	Cash and Cash equivalents at the end of the year (Refer Note 9)	3,22,62,404	2,05,56,702

The accompanying notes form an integral part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells LLP
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Mumbai, May 02, 2019

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Chief Financial Officer

Krithika Raghu
Company Secretary
Delhi, May 02, 2019

Statement of Changes in Equity

A. **Equity Share Capital**

Balance as at April 1, 2017	**4,01,00,000**
Shares issued during the year	35,99,00,000
Balance as at March 31, 2018	**40,00,00,000**
Shares issued during the year	27,00,00,000
Balance as at March 31, 2019	**67,00,00,000**

B. **Other Equity**

Particulars	Retained Earnings	Equity component of compound financial instruments	Total
Balance as at April 1, 2017	(9,28,96,825)	4,63,38,987	**(4,65,57,838)**
Additions during the year	–	7,87,76,278	7,87,76,278
Profit/(Loss) transferred from Statement of Profit and Loss	(8,43,90,276)	–	(8,43,90,276)
Other Comprehensive Income	(65,10,939)	–	(65,10,939)
Closing Balance as at March 31, 2018	**(18,37,98,040)**	**12,51,15,265**	**(5,86,82,775)**
Surplus/ (Deficit) transferred from Statement of Profit and Loss	5,84,30,134	–	5,84,30,134
Other Comprehensive Income	(1,02,79,382)	–	(1,02,79,382)
Redemption of optionally convertible debentures (equity component)	–	(12,51,15,265)	(12,51,15,265)
Closing Balance as at March 31, 2019	**(13,56,47,288)**	**–**	**(13,56,47,288)**

The accompanying notes form an integral part of the financial statements

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Delhi, May 02, 2019

Notes to Financial Statements

1. **General Information**

HDFC Sales Private Limited (the "Company") a wholly owned subsidiary of Housing Development Finance Company Limited (HDFC Ltd), is incorporated in India, with its registered office in Mumbai. The Company sources loan business for HDFC Ltd and HDFC Credila Financial Services Private Limited, for which it receives commission. The Company is also a corporate agent of HDFC Life Insurance Company Limited and HDFC ERGO General Insurance Company Limited.

2. **Significant Accounting Policies**

2.1 Basis of preparation of financial statements:

Compliance with Indian Accounting Standards (Ind AS)

Effective from April 1, 2018, the Company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First Time adoption of the Indian Accounting Standards, with April 1, 2017 as the transition date. The transition was carried out from the Indian Accounting Principle generally accepted in India as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use.

A historical cost is a measure of value used in accounting in which the price of an asset on the balance sheet is based on its nominal or original cost when acquired by the Company.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

Fair value measurements under Ind AS are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets or liabilities

2.2 Critical accounting estimates and judgments

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Further results could differ due to these estimates and the differences between the actual results and the estimates are recognised on the periods in which the results are known /materialise.

Fair Valuation:

The Company's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value, the Company uses market observable data to the extent it is available. When Level I inputs are not available, the Company establishes other appropriate valuation techniques and inputs to valuation model.

Notes to Financial Statements (Continued)

Measurement of Defined Benefit Plan:

The cost and the present value of the defined benefit plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

Useful Lives of Property, Plant and Equipment:

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset.

The useful lives are reviewed by the management periodically and revised, if appropriate.

2.3 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Act. The Statement of Cash Flows has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”.

2.4 Revenue Recognition:

Commission Income and Management Fees are accounted for on an accrual basis after rendering the services as per the agreement.

Interest Income is accounted on accrual basis.

2.5 Property, plant and equipment (PPE)

PPE is recognised 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. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment, if any. PPE acquired on hire purchase basis are recognised at their cash values. Cost includes professional fees related to the acquisition of PPE.

For transition to Ind AS, the Company has elected to adopt as deemed cost, the carrying value of PPE measured as per IGAAP less accumulated depreciation and cumulative impairment on the transition date of April 1, 2017.

Depreciation is recognised using straight line method so as to write off the cost of the assets (other than freehold land) less their residual values over their useful lives specified under Part C of Schedule II to the Act, or in case of assets where the useful life was determined by technical evaluation, over the useful life so determined. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end with the effect of any change in the estimates of useful life/residual value is accounted on prospective basis.

Depreciation for additions to/deductions from, owned assets is calculated pro rata to the period of use. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

The useful life of the property, plant and equipment held by the Company is as follows:

Class of assets	Useful life
Computer Hardware*	4 years
Furniture & Fixtures	10 years
Office Equipment	5 years
Building	60 years
Leasehold Improvement	Over the lease period

Notes to Financial Statements (Continued)

* For the above class of assets, based on internal assessment and independent technical evaluation carried out by external valuers, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II of the Act.

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

2.6 Intangible Assets:

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

Intangible assets are amortised on straight line basis over the estimated useful life of 4 years. The method of amortisation and useful life are reviewed at the end of each accounting year with the effect of any changes in the estimate being accounted for on a prospective basis.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in profit or loss when the asset is derecognised.

2.7 Impairment of Assets:

As at the end of each accounting year, the Company reviews the carrying amounts of its PPE and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use.

2.8 Borrowing cost :

Borrowing costs include interest, amortisation of ancillary costs incurred in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

2.9 Employee Benefits :

Defined Contribution Plan

The Company's contributions paid / payable during the year towards Provident Fund are charged to Statement of Profit and Loss every year.

Defined Benefit Plan

The net present value of the Company's obligation towards gratuity and leave encashment is actuarially determined based in the projected unit credit method. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

2.10 Leases :

Lease rentals on assets under operating lease are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Notes to Financial Statements (Continued)

2.11 Taxes on Income:

Income tax expense comprises current and deferred taxes. Income tax expense is recognised in the Statement of Profit and Loss except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case tax is also recognised outside profit or loss.

Deferred tax assets and liabilities are recognised 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 recognised to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax credits could be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date, and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

2.12 Cash and Cash Equivalents:

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

2.13 Cash Flow Statement:

Cash Flows are reported using the indirect method, whereby profit/ (loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.14 Earnings Per Share:

Basic earnings per share is computed by dividing the profit/ (loss) after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit/(loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity share would decrease the net profit per share or increase net loss per share from continuing ordinary operations.

2.15 Provisions and contingencies:

<u>Provisions are recognised only when:</u>

(i) An entity has a present obligation (legal or constructive) as a result of a past event; and

(ii) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

(iii) A reliable estimate can be made of the amount of the obligation

Notes to Financial Statements (Continued)

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

(i) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

(ii) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

Where the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under such contract, the present obligation under the contract is recognised and measured as a provision.

Contingent Assets:

Contingent assets are not recognised in the financial statements

2.16 Goods and Service Tax (GST) Input credit:

GST input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.17 Operating Cycle:

Based on the nature of activities of the Company, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.18 Financial instruments

Date of recognition

The Company recognises debt securities, deposits and borrowings when funds reach the Company.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Financial liabilities and equity

Debt and equity instruments that are issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company or a contract that will or may be settled in the Company’s own equity instruments and is a non-derivative contract for which the Company is or may be obliged to deliver a variable number of its own equity instruments,

Notes to Financial Statements (Continued)

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 are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain/loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Compound instruments

The component parts of compound instruments (e.g. convertible debentures) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments.

A conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share capital and share premium. Where the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain/loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible debentures are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the life of the convertible debentures.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'at amortised cost'.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

2.19 Operating Segments:

The Company is primarily engaged in providing commission services in India. As such, there are no separate reportable segments, as per Ind AS 108 on "Operating Segments".

Notes to financial statements

3 Property, plant and equipment

Particulars	GROSS BLOCK As at April 1, 2018 ₹	Additions ₹	Deductions ₹	As at March 31, 2019 ₹	DEPRECIATION / AMORTISATION As at April 1, 2018 ₹	For the year ₹	Deduction ₹	As at March 31, 2019 ₹	NET BLOCK As at March 31, 2019 ₹	As at March 31, 2018 ₹
Tangible										
Building	11,71,225	–	–	**11,71,225**	1,57,329	19,552	–	**1,76,881**	**9,94,344**	10,13,895
Computer Hardware	15,15,18,492	4,64,72,139	36,99,608	**19,42,91,023**	10,13,95,765	2,70,57,723	32,44,936	**12,52,08,553**	**6,90,82,469**	5,01,22,727
Leasehold Improvements	20,68,90,170	14,67,90,778	1,53,59,326	**33,83,21,622**	9,21,55,011	4,42,39,071	1,15,85,606	**12,48,08,476**	**21,35,13,146**	11,47,35,159
Furniture & Fixtures	1,38,71,247	59,53,798	2,22,392	**1,96,02,653**	76,05,119	11,41,615	1,14,585	**86,32,149**	**1,09,70,505**	62,66,128
Office Equipments	7,80,97,355	5,49,28,910	32,81,223	**12,97,45,042**	4,18,68,735	1,66,27,811	26,64,725	**5,58,31,821**	**7,39,13,221**	3,61,37,186
Total	45,15,48,489	25,41,45,625	2,25,62,549	**68,31,31,565**	24,31,81,959	8,90,85,772	1,76,09,852	**31,46,57,879**	**36,84,73,686**	20,82,75,095
Other Intangibles - other than Internally generated										
Computer Software	1,84,63,034	65,23,808	–	**2,49,86,842**	91,04,453	45,24,846	–	**1,36,29,299**	**1,13,57,543**	93,58,581
Total	1,84,63,034	65,23,808	–	**2,49,86,842**	91,04,453	45,24,846	–	**1,36,29,299**	**1,13,57,543**	93,58,581
Grand Total	**47,00,11,524**	**26,06,69,433**	**2,25,62,549**	**70,81,18,407**	**25,22,86,412**	**9,36,10,618**	**1,76,09,852**	**32,82,87,178**	**37,98,31,229**	**21,76,33,677**

Property, plant and equipment

	GROSS BLOCK As at April 1, 2017 ₹	Additions ₹	Deductions ₹	As at March 31, 2018 ₹	DEPRECIATION / AMORTISATION As at April 1, 2017 ₹	For the year ₹	Deduction ₹	As at March 31, 2018 ₹	NET BLOCK As at March 31, 2018 ₹	As at March 31, 2017 ₹
Tangible										
Building	11,71,225	–	–	1,1,71,225	137,778	19,552	–	157,330	1,013,895	1,033,447
Computers	11,94,53,275	3,31,36,427	10,71,209	15,15,18,492	8,22,59,883	2,01,83,683	10,47,800	10,13,95,765	5,01,22,727	3,71,93,392
Leasehold Improvements	17,90,52,628	4,57,00,023	1,78,62,481	20,68,90,170	7,96,83,546	2,93,11,150	1,68,39,685	9,21,55,011	11,47,35,159	9,93,69,082
Furniture & Fixtures	1,16,66,437	23,92,252	1,87,442	1,38,71,247	69,75,062	7,09,548	79,492	76,05,119	62,66,128	46,91,374
Office Equipments	5,63,06,892	2,33,49,316	16,50,287	7,80,05,921	3,29,02,486	1,04,84,513	15,18,264	4,18,68,735	3,61,37,186	2,34,04,405
Total	36,76,50,456	10,45,78,018	2,07,71,419	45,14,57,056	20,19,58,755	6,07,08,446	1,94,85,241	24,31,81,960	20,82,75,095	16,56,91,701
Other Intangibles - other than Internally generated										
Computer Software	1,26,90,101	57,72,934	–	1,84,63,035	56,15,835	34,88,618	–	91,04,453	93,58,581	70,74,266
Total	1,26,90,101	57,72,934	–	1,84,63,035	56,15,835	34,88,618	–	91,04,453	93,58,581	70,74,266
Grand Total	**38,03,40,557**	**11,03,50,952**	**2,07,71,419**	**46,99,20,091**	**20,75,74,591**	**6,41,97,063**	**1,94,85,241**	**25,22,86,413**	**21,76,33,677**	**17,27,65,967**

	As at March 31, 2019 `	As at March 31, 2018 `	As at April 1, 2017 `
Capital Work-in-Progress	**1,01,87,657**	2,34,25,112	83,57,152
Total	**1,01,87,657**	2,34,25,112	83,57,152
Intangible Assets under development	**3,46,000**	–	19,05,350
Total	**3,46,000**	–	19,05,350

Notes to Financial Statements (Continued)

4 NON CURRENT LOANS

(Unsecured, Considered Good)

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Staff Loans	—	50,000	—
	—	50,000	—

5 OTHER NON-CURRENT FINANCIAL ASSETS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Bank Deposit with maturity beyond twelve months (Under Lien)	5,00,000	5,00,000	5,00,000
Security Deposits	9,31,180	7,49,390	7,36,065
Rent Deposits	7,29,27,698	5,70,71,079	3,99,60,114
	7,43,58,878	5,83,20,469	4,11,96,179

DEFERRED TAX ASSETS (NET)

In compliance with the Indian Accounting Standard on "Income Taxes" (Ind AS-12), the Company has not recognised any Deferred Tax Asset in the Statement of Profit and Loss in the absence of any convincing evidence that sufficient taxable profits will be available in future.

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Depreciation	2,72,00,000	—	—
Retirement Benefits	8,11,00,000	—	—
	10,83,00,000	—	—

6 INCOME TAX ASSETS (NET)

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Advance Payment of Income Tax (Net of Provisions)	30,78,55,224	22,43,48,271	17,96,81,158
	30,78,55,224	22,43,48,271	17,96,81,158

7 OTHER NON- CURRENT ASSETS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Prepaid Expenses	9,72,773	7,44,272	12,67,130
	9,72,773	7,44,272	12,67,130

Notes to Financial Statements (Continued)

8 TRADE RECEIVABLES

(Unsecured, Considered Good)

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Outstanding for a period exceeding 12 months from the date they become due (Refer Note 29)	—	2,00,206	—
Others (Refer Note 29)	**52,03,93,324**	49,73,25,515	15,25,94,192
	52,03,93,324	49,75,25,721	15,25,94,192

9 CASH AND CASH EQUIVALENTS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Balances with bank			
- In Current Account	**3,22,62,404**	2,05,56,702	1,93,30,295
	3,22,62,404	2,05,56,702	1,93,30,295

10 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Bank Deposit (Under Lien)	**4,99,321**	4,99,321	4,99,321
	4,99,321	4,99,321	4,99,321

11 CURRENT LOANS

(Unsecured, Considered Good)

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Staff Loans	**34,06,158**	34,38,976	29,46,024
	34,06,158	34,38,976	29,46,024

12 OTHER CURRENT FINANCIAL ASSETS

(Unsecured, Considered Good)

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Interest Accrued but not due on Bank Deposits	**8,952**	8,977	9,174
Advance to employees	**5,47,056**	13,42,887	15,15,961
Dues from Employees	**6,66,053**	3,74,579	4,10,402
Rent Deposits	**59,38,175**	43,69,641	40,75,393
	71,60,236	60,96,084	60,10,930

Notes to Financial Statements (Continued)

13 OTHER CURRENT ASSETS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
GST Input Credit Receivable	**1,56,85,483**	4,19,41,964	83,65,733
Capital Advances	**4,85,110**	16,15,772	4,60,968
Other Advances			
- Related Party (Refer Note 29)	**77,388**	27,38,748	1,76,310
- Others	**3,57,725**	15,96,117	2,17,925
Prepaid Expenses			
- Related Party (Refer Note 29)	**1,09,80,283**	64,56,817	56,69,748
- Others	**79,56,167**	94,41,005	36,14,294
	3,55,42,156	6,37,90,423	1,85,04,978

14 SHARE CAPITAL

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Authorised:			
7,00,00,000 Equity Shares of ₹ 10/- each	**70,00,00,000**	50,00,00,000	5,00,00,000
(Previous Year 5,00,00,000 Equity Shares of ₹ 10/- each)			
	70,00,00,000	50,00,00,000	5,00,00,000
Issued, Subscribed and paid-up:			
6,70,00,000 Equity Shares of ₹ 10/- each fully paid up	**67,00,00,000**	40,00,00,000	4,01,00,000
(Previous Year 4,00,00,000 Equity Shares of ₹ 10/- each fully paid up)			
(All the Shares are held by Housing Development Finance Corporation Limited, the Holding Company and its nominees)			
	67,00,00,000	40,00,00,000	4,01,00,000

14.1 The Company has only one class of shares referred to as equity shares having Face Value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share.

14.2 The holders of equity shares are entitled to dividends, if any, proposed by the Board of Directors and approved by Shareholders at the Annual General Meeting.

14.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by the Shareholders.

Notes to Financial Statements (Continued)

14.4 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31-Mar-19		As at 31-Mar-18	
	Number	₹	Number	₹
Equity shares outstanding as at the beginning of the year	**4,00,00,000**	**40,00,00,000**	40,10,000	4,01,00,000
Equity Shares issued during the year on Right basis	**2,70,00,000**	**27,00,00,000**	3,59,90,000	35,99,00,000
Equity shares outstanding as at the end of the year	**6,70,00,000**	**67,00,00,000**	4,00,00,000	40,00,00,000

14.5 During the period of 5 years immediately preceeding the Balance Sheet date, the Company has not issued any Equity Shares without payment being received in cash, bonus shares and has not bought back any Equity Shares

15 NON CURRENT BORROWINGS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Unsecured			
Zero Coupon Optionally Convertible Debentures issued to Holding Company (Refer Note 29)	—	15,86,04,596	6,15,05,183
	—	15,86,04,596	6,15,05,183

16 NON CURRENT PROVISIONS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Provision for Employee Benefits			
- Gratuity (Refer Note 24.3)	**11,39,60,275**	8,54,01,715	6,82,28,075
	11,39,60,275	8,54,01,715	6,82,28,075

17 CURRENT BORROWINGS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Unsecured			
Line of credit facility (from Holding Company) (Unsecured) (Refer Note 29)	—	—	15,00,00,000
	—	—	15,00,00,000

18 TRADE PAYABLES

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Due to micro enterprises and small enterprises	—	—	—
Due to Other than micro enterprises and small enterprises (Refer Note 29)	**36,21,61,310**	30,68,85,131	23,61,08,244
Accrued Employee Benefits	**1,95,06,781**	1,38,65,074	82,25,555
	38,16,68,091	32,07,50,205	24,43,33,799

Notes to Financial Statements (Continued)

18.1 The information required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

Particulars		As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
(a)	Amounts outstanding but not due as at year end	—	—	—
(b)	Amounts due but unpaid as at year end	—	—	—
(c)	Amounts paid after appointed date during the year	—	—	—
(d)	Amounts of interest accrued and unpaid as at year end	—	—	—
(e)	The amount of further interest due and payable even in the succeeding year	—	—	—
	Total	—	—	—

18.2 There is no amount payable during the year by the Company to suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. The above information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

19 OTHER FINANCIAL LIABILITIES

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Retention Money	**1,70,42,534**	59,63,102	51,38,800
Capital Creditors	**2,11,41,628**	25,34,154	—
	3,81,84,162	84,97,256	51,38,800

20 SHORT TERM PROVISIONS

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Provision for Employee Benefits			
Gratuity (Refer Note 24.3)	**67,42,683**	52,39,421	40,99,059
Leave Encashment	**13,46,11,562**	8,75,59,271	5,75,31,274
	14,13,54,245	9,27,98,692	6,16,30,333

21 OTHER CURRENT LIABILITIES

	As at March 31, 2019 ₹	As at March 31, 2018 ₹	As at April 1, 2017 ₹
Statutory Remittances	**16,32,95,875**	10,90,59,338	2,06,80,323
	16,32,95,875	10,90,59,338	2,06,80,323

Notes to Financial Statements (Continued)

22 REVENUE FROM OPERATIONS

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Commission & Brokerage (Refer Note 29)		
- Mortgage	**348,26,36,358**	279,09,34,288
- Insurance	**106,50,34,817**	70,82,35,046
- Education Loan	**22,23,619**	—
- Others	**70,19,072**	14,83,005
	455,69,13,866	350,06,52,339
Management Fees (Refer Note 29)	**2,12,06,780**	1,68,73,279
	457,81,20,646	351,75,25,618

23 OTHER INCOME

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Interest on Bank Deposits	**66,364**	64,877
Interest on Income Tax Refund	**72,45,297**	32,49,568
Dereognition of financial liablities measured at amortised cost	**2,76,27,443**	—
	3,49,39,104	33,14,445

24 EMPLOYEE BENEFITS EXPENSES

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Salaries & Bonus (Refer Note 24.1 & 24.2)	**363,10,50,810**	292,11,23,393
Contribution to Provident Fund (Refer Note 24.3)	**14,55,83,257**	10,20,47,767
Staff Welfare Expenses (Refer Note 24.3 & 29)	**14,78,81,558**	11,20,70,686
Gratuity (Refer Note 24.3)	**3,89,02,686**	2,45,32,998
	396,34,18,311	315,97,74,844

24.1 Salaries and bonus includes ₹ 1,04,47,210/- (Previous Year ₹1,08,35,087/-) being amount paid to Holding Company, on account of personnel deputed to the Company.

24.2 Salaries and bonus is net of recovery from Holding Company, to the extent of ₹ 41,70,49,288/- (Previous Year ₹ 33,35,48,814/-) towards outsourcing services rendered by the employees of the company.

24.3 As required by Accounting Standard 15 - "Employee Benefits", notified under the Companies (Accounting Standards) Rules, 2006, the following disclosures have been made :

I Defined Contribution Plans

The Company makes Provident Fund , Employee State Insurance Scheme and Labour Welfare Fund contributions which are defined Contribution Plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the Payroll Cost to fund the benefits.

i) The Company has recognised ₹ 15,76,92,448/- (Previous Year ₹ 11,16,68,289/-) in the Statement of Profit and Loss on account of Contribution to Provident Fund and administration charges.

Notes to Financial Statements (Continued)

ii) The Company has recognised ₹ 6,83,44,672/- (Previous Year ₹ 5,27,53,692/-) in the Statement of Profit and Loss on account of Contribution to Employee's State Insurance Corporation.

iii) The Company has recognised ₹ 3,56,927/- (Previous Year ₹ 2,47,674/-) in the Statement of Profit and Loss on account of Contribution to Labour Welfare Fund.

II Defined Benefit Plans

a) The Company has an obligation towards gratuity, a non funded defined benefit plan covering eligible employees. The plan provides for a lumpsum payment to vested employees at retirement, death while in employment or on termination of the employment of an amount equivalent to fifteen days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs on completion of five years of service.

b) Details of the Company's non funded post-retirement benefit plans towards gratuity for its employees are given below which is certified by the actuary and relied upon by the auditors:

Change in the Benefits Obligations:	**Current Year** ₹	Previous Year ₹
Liability at the beginning of the year	**9,06,41,136**	7,23,27,134
Current Service Cost	**1,61,41,598**	1,28,00,040
Interest Cost	**69,61,239**	52,22,019
Benefits Paid	**(88,40,864)**	(62,18,996)
Actuarial Loss	**1,57,99,849**	65,10,939
Liability at the end of the year	**12,07,02,958**	9,06,41,136

Amount Recognised in the Balance Sheet :	**Current Year** ₹	Previous Year ₹
Liability at the end of the year	**12,07,02,958**	9,06,41,136
Fair Value of the plan at the end of the year	**—**	—
Amount Recognised in the Balance Sheet under "Provision for Employee Benefits"	**12,07,02,958**	9,06,41,136
- Long Term Provisions	**11,39,60,275**	8,54,01,715
- Short Term Provisions	**67,42,683**	52,39,421

Expense Recognised in the Statement of Profit and Loss :	**Current Year** ₹	Previous Year ₹
Current Service Cost	**1,61,41,598**	1,28,00,040
Interest Cost	**69,61,239**	52,22,019
Net Actuarial loss to be recognised	**1,57,99,849**	65,10,939
Expense recognised in the Statement of Profit & Loss included under Employee Benefits Expense	**3,89,02,686**	2,45,32,998

Notes to Financial Statements (Continued)

Reconciliation of the Liability Recognised in the Balance Sheet	2018-19 ₹	2017-18 ₹	2016-17 ₹	2015-16 ₹	2014-15 ₹
Opening Net Liability	**9,06,41,136**	7,23,27,134	4,95,42,314	3,40,49,417	2,10,57,419
Expense Recognised	**3,89,02,686**	2,45,32,998	3,05,34,508	2,06,42,488	1,60,15,807
Benefit Paid	**(88,40,864)**	(62,18,996)	(77,49,688)	(51,49,591)	(30,23,809)
Amount recognised in the Balance Sheet under "Provision for Employee Benefits"	**12,07,02,958**	9,06,41,136	7,23,27,134	4,95,42,314	3,40,49,417
Experience Adjustment:					
On Plan Liabilities (Gain)/ Loss	**1,34,15,741**	1,08,29,568	79,54,327	92,99,153	4,615,069

Principal Assumptions:

	Current Year %	Previous Year %
Discount Rate	**7.48**	7.68
Salary Escalation Rate	**5**	5
Attrition Rate		
For Service 4 Years & Below	**28**	28
For Service 5 Years & Above	**5**	5

The estimate of future salary increases takes into account inflation, seniority, promotion and other relevant factors.

25 FINANCE COST

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Interest on Inter Corporate Deposit (Refer Note 29)	—	12,24,740
Interest on Line Credit Facility (Refer Note 29)	—	1,56,67,316
Bank Charges	**32,580**	67,886
Finance charge on financial liablities measured at amortised cost	**1,39,07,581**	58,75,691
	1,39,40,161	2,28,35,633

Notes to Financial Statements (Continued)

26 OTHER EXPENSES

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Advertisement & Sales Promotion	**30,77,816**	13,95,299
Auditors' Remuneration (Refer Note No. 26.1)	**12,08,000**	10,08,000
Bad Debts written off	**58,27,046**	38,20,504
Commission and Fees	**9,29,245**	1,95,000
Computer Expenses	**2,79,48,737**	1,88,60,372
Director Remuneration	**5,60,000**	6,00,000
Electricity Expenses	**3,87,40,822**	2,97,95,528
Insurance Charges (Refer Note 29)	**13,48,517**	10,03,539
Interest on Delayed Payments of Statutory Dues	**86,75,672**	22,27,090
Legal & Professional Fees	**7,56,97,743**	5,49,35,742
Loss on Sale of Assets (Net)	**15,23,100**	8,05,528
Miscellaneous Expenses	**88,53,893**	42,89,843
Postage, Telephone & Fax	**3,79,51,201**	2,71,35,525
Printing & Stationery	**1,04,36,630**	86,62,505
Rates & Taxes (Refer Note 29)	**2,40,06,455**	2,07,32,059
Rent (Refer Note 29 & 30)	**16,17,51,243**	11,99,40,780
Repairs & Maintenance (Refer Note 29)	**1,78,10,328**	1,44,25,273
Shared Service Cost Recovered (Refer Note 29)	**(30,20,809)**	(54,47,250)
Training Expenses	**17,74,962**	15,81,760
Travelling & Conveyance	**4,88,39,306**	5,89,66,641
	47,39,39,907	36,49,33,738

26.1 Payment to Auditors comprises of :

	Year ended March 31, 2019 ₹	Year ended March 31, 2018 ₹
Audit Fees	**5,33,000**	4,32,000
Tax Audit Fees	**1,75,000**	1,51,200
Other Matters	**5,00,000**	4,24,800
	12,08,000	10,08,000

27. Fair Value Measurement:

Financial Liabilities	March 31, 2019					
	Note	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at Amortised Cost						
Borrowings	15	—	—	—	—	—

Notes to Financial Statements (Continued)

Financial Liabilities	March 31, 2018					
	Note	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at Amortised Cost						
Borrowings	15	15,86,04,596	–	–	15,86,04,596	**15,86,04,596**

Financial Liabilities	March 31, 2017					
	Note	Carrying Value	Level 1	Level 2	Level 3	Total
Measured at Amortised Cost						
Borrowings	15	6,15,05,183	–	–	6,15,05,183	**6,15,05,183**

Valuation Process

All financial instruments are measured at fair value.

Fair value of borrowing is based on discounted cash flow using a market borrowing rate. It is classified as level 3 values hierarchy due to the use of unobservable inputs, including own credit risk.

The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

28. Contingent Liability and Capital Commitments:

Sr. No	Particulars	As at March 31, 2019 ₹	As at March 31, 2018 ₹
1	Claims not acknowledged by the Company relating to cases contested by the Company and which are not likely to be devolved on the Company		
	Service Tax (Pending before Office of the DY/ Asst. Commissioner of Service Tax)	**72,16,009**	72,16,009
	Payment made against the demand and debited to Statement of Profit and Loss is Nil (Previous Year ₹ 30,84,504)		
2	Estimated amount of contracts remaining to be executed on capital account and not provided	**96,10,077**	1,10,90,547

29. Related Party Transactions:

As per the Indian Accounting Standard on "Related Party Disclosures" (Ind AS-24) :

Holding Company:	Housing Development Finance Company Limited.
Fellow Subsidiaries: (with whom there are transactions)	HDFC ERGO General Insurance Company Limited HDFC Life Insurance Company Limited HDFC Realty Limited HDFC Credila Financial Service Private Limited

Notes to Financial Statements (Continued)

The nature and volume of transactions of the Company during the year, with the above related parties were as follows:

Particulars	Holding Company ₹	Fellow Subsidiary Companies ₹
Income		
Mortgage Commission	3,48,26,36,358 (2,79,09,34,288)	— —
Management Fees	2,12,06,780 (1,68,73,279)	— —
Deposit Commission	60,09,522 (12,02,056)	—
Insurance Commission	— — — —	56,28,79,240@ (27,51,25,163) 50,21,17,492* (43,30,70,855)
Education Loan Commission		22,23,619^ —
Staff Welfare Expenses Recovered	70,86,041 (39,16,626)	— —
Salary Cost Recovered	41,70,49,288 (33,35,48,814)	— —
Shared Service Cost Recovered	— —	— # (54,47,250)
Expenditure		
Interest on Inter Corporate Deposit	— (12,24,740)	—
Interest on Line Credit Facility	— (1,56,67,316)	— —
Insurance Expense	— —	13,48,517* (10,03,539)
Rent	1,80,68,160 (1,68,81,975)	— —
Repairs & Maintenance	29,42,199 (25,20,712)	— —
Staff Welfare Expenses	— —	3,71,67,115* (2,08,24,359)
Rates and Taxes	2,08,913 (1,87,190)	— —
Deputation Cost	1,04,47,210 (1,08,35,087)	— —

Notes to Financial Statements (Continued)

Particulars	Holding Company ₹	Fellow Subsidiary Companies ₹
Assets		
Trade receivables	33,82,82,077 (38,10,38,356) — — — —	12,31,83,541@ (4,83,11,608) 6,68,16,546* (6,45,18,158) 1,37,395^- —
Other advances	— —	77,388* (27,38,748)
Prepaid expenses	— —	1,09,80,283* (64,56,817)
Liabilities		
Equity Share Capital	67,00,00,000 (40,00,00,000)	— —
Borrowings	— (27,00,00,000)	— —
Trade payables	32,62,585 (17,56,004)	—* (42,105)

Note: Figures in Bracket indicate previous year figures

The above amounts are excluding Goods & Service Tax

@ HDFC Life Insurance Company Limited

HDFC Realty Limited

* HDFC ERGO General Insurance Company Limited

^ HDFC Credila Financial Service Private Limited

30. Lease Obligations:

In accordance with the Indian Accounting Standard on "Leases" (Ind AS -17), details of future lease payments under non-cancellable operating leases are as under;

Sr. No.	Particulars	Current Year ₹	Previous Year ₹
1	Not later than one year	**1,80,68,160**	1,68,81,975
2	Later than one year but not later than five years	**11,86,185**	1,68,81,975
3	Later than five years	**Nil**	Nil
4	Amount charged to Statement of Profit and Loss during the year under Rent	**1,80,68,160**	1,68,81,975

Notes to Financial Statements (Continued)

31. Corporate Social Responsibility (CSR):

The detail of CSR expenditure spent during the Financial Year 2018-19 are as below:

(a) Gross amount required to be spent by the company during the year is ₹ Nil

(b) Amount spent during the year on :-

		In Cash ₹	Yet to be paid in cash ₹	Total ₹
(i)	Construction / acquisition of asset	—	—	—
(ii)	On Purpose other than (i) above	—	—	—

32. Earnings per Share:

In accordance with the Indian Accounting Standard "Earnings Per Share" (Ind AS 33)

		Current Year ₹	Previous Year ₹
	Basic		
a	Nominal Value per share	**10**	10
b	Profit/(Loss) for the year after Taxation	**4,81,50,752**	(9,09,01,215)
c	Weighted average number of Equity Shares Outstanding	**4,14,79,452**	1,65,83,233
d	Basic EPS (b)/(c)	**1.16**	(5.48)
	Diluted		
a	Nominal Value per share	**10**	10
b	Profit/(Loss) for the year after Taxation	**4,81,50,752**	(9,09,01,215)
c	Weighted average number of Equity Shares Outstanding	**4,14,79,452**	1,65,83,233
d	Weighted average number of equity shares to be allotted on conversion of Optionally Convertible Debentures into Equity	**2,55,20,548**	1,03,72,603
e	Total Equity Shares	**6,70,00,000**	2,69,55,836
f	Diluted EPS (b)/(e)	**0.72**	(3.37)
g	Diluted EPS restricted to*	**—**	(5.48)

* The inclusion of shares to be allotted on conversion of optionally convertible Debentures into equity reduces the loss per share and hence, considered as anti-dilutive and not included in the Diluted EPS per share.

33. Reconciliation of Effective tax rate

Particulars	**Year ended 31-Mar-19**	Year ended 31-Mar-18
Profit / (Loss) before tax	**8,39,50,601**	(9,09,01,215)
Income tax expense calculated at 33.38% (2018: 33.38%)	**2,80,26,069**	—
Effect of expenses allowed	**(7,04,17,997)**	—
Effect of brought forward losses allowed	**(3,79,47,318)**	—
Effect of expenses disallowed	**9,99,67,222**	—
Total	**1,96,27,976**	—
Rounded off	**2,00,00,000**	—
Income tax expense recognised in profit or loss	**2,00,00,000**	—

Notes to Financial Statements (Continued)

34. First-time adoption of Ind-AS

The Company has prepared financial statements for the year ended 31st March, 2019, in accordance with Ind AS for the first time. For the periods up to and including the year ended 31st March, 2018, the Company prepared its financial statements in accordance with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). Accordingly, the Company has prepared its financial statements to comply with Ind AS for the year ending 31st March, 2019, together with comparative information as at and for the year ended 31st March, 2018, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening Balance Sheet was prepared as at 1st April, 2017 i.e. the transition date to Ind AS for the Company.

This note explains the principal adjustment made by the Company in restating its Previous GAAP financial statements, including the Balance Sheet as at 1st April, 2017, and the financial statements as at and for the year ended 31st March, 2018.

(i) Reconciliation of Total Equity :

Particulars	As at 31 March 2018	As at 1 April 2017
Equity as reported under previous GAAP	**22,99,21,821**	(4,49,52,655)
Ind AS: Adjustments increase / (decrease) :		
Retained Earnings	**3,84,94,817**	(78,44,170)
Equity component of compound financial instruments	**7,87,76,278**	4,63,38,987
Finance charge on financial liabilities measured at amortised cost	**(58,75,691)**	—
Equity as reported under IND AS	**34,13,17,225**	(64,57,838)

(ii) Reconciliation of Total Comprehensive Income :

PARTICULARS	Year Ended 31-Mar-18
Loss as per previous GAAP	(8,50,25,524)
Ind AS: Adjustments increase / (decrease) :	
Finance charge on financial liabilities measured at amortised cost	(58,75,691)
Employee future benefits – actuarial losses	65,10,939
Total adjustment to profit or loss	**6,35,248**
Loss under Ind AS	**(8,43,90,276)**
Other comprehensive expense	(65,10,939)
Total comprehensive loss under Ind AS	**(9,09,01,215)**

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation starts with profit under previous GAAP.

35. Exemptions availed:

Deemed Cost for Property, Plant and Equipment and Intangible Assets:

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of 1st April, 2017 (the transition date), measured as per the Previous GAAP and use that carrying value as its deemed cost as of the transition date under Ind AS.

Classification and Measurement of Financial Assets:

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

Notes to Financial Statements (Continued)

Fair Value of Financial Assets and Liabilities:

As per Ind AS exemption, the Company has not fair valued the financial assets and liabilities retrospectively and has measured the same prospectively.

36. Standards issued but not effective:

Ind AS 116 Leases

The Company has not applied Ind AS 116 that has been issued but is effective from April 1, 2019.

(a) On 18 July 2017, the Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) issued an Exposure Draft (ED) of Ind AS 116 Leases. Ind AS 116 is largely converged with IFRS 16.

Ind AS 116 is expected to replace Ind AS 17 from its proposed effective date, being annual periods beginning on or after 1 April 2019.

For Deloitte Haskins & Sells LLP
Chartered Accountants

G. K. Subramaniam
Partner

Mumbai, May 02, 2019

For HDFC Sales Private Limited

Conrad D'Souza
Director
DIN: 00010576

Mathew Joseph
Director
DIN : 01033802

Ajay Sachdewa
Chief Executive Officer

Baiju Dawda
Chief Financial Officer

Krithika Raghu
Company Secretary
Delhi, May 02, 2019