Fullerton Grihashakti

Iraada hai toh Raasta hai

2021

ANNUAL REPORT

Your dream home now
just at a few clicks!

The **Next Level**
in home lending

FULLERTON INDIA HOME FINANCE COMPANY LIMITED

“We are amongst the fastest growing housing finance companies in India, with a wide and growing network of 70 branches and 688 employees.”

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Fullerton India Home Finance Company Limited
Annual Report 2021

21

ANNUAL REPORT

Your dream home now
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The **Next Level**
in home lending

In the aftermath of an ensuing pandemic, we think it's a good time to contemplate our journey so far. It's time to reflect on our strong business foundation, extensive distribution network and proven industry expertise. Most of all, it's time to underscore our strong value systems and beliefs, that will eventually take us to pole position within the industry.

With an in-depth understanding of the housing market, we have propelled ourselves towards a new dimension of excellence, which entails enhanced market insight, better operating efficiencies, and deeper customer centricity.

Now we are attempting to take our growth to the Next Level. To this end, we are exploring and subscribing to innovative and impactful digital transformation strategies that will be a game changer in how we serve and penetrate the market.

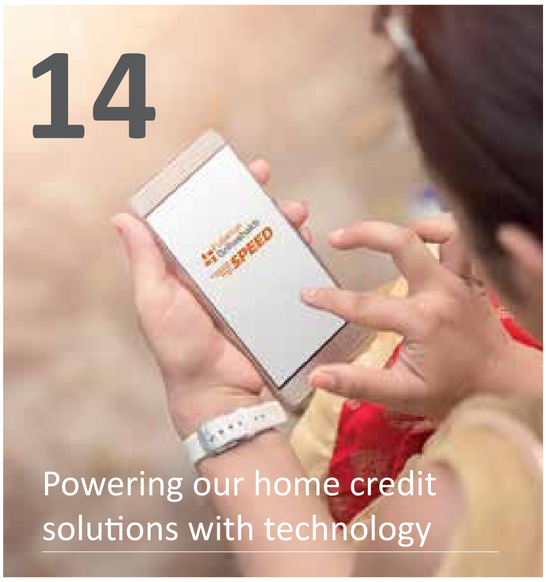
At Grihashakti, we believe that the right technologies, coupled with a robust on-ground infrastructure, can give us a distinct competitive edge. They should enable us to efficiently enter new markets and expand our products seamlessly. These strategies give us the conviction to chart our future growth that exceeds the industry's pace.

What's Inside

Strategic Report

Statutory Reports

Financial Statements



Corporate Information

Board of Directors*

Mr. Anindo Mukherjee,
Chairman, Non-Executive Director

Mr. Rakesh Makkar,
Chief Executive Officer &
Whole-time Director

Dr. Milan Shuster,
Independent Director

Ms. Sudha Pillai,
Independent Director

Mr. Pavan Pal Kaushal
Non-Executive Director

Chief Financial Officer

Mr. Pankaj Malik

Company Secretary

Ms. Seema Sarda

Statutory Auditor

B S R & Co. LLP

Bankers

Axis Bank Limited

Bank of Baroda

Canara Bank

DCB Bank Limited

HDFC Bank Limited

International Finance Corporation

ICICI Bank

Indian Overseas Bank

Kotak Mahindra Bank

National Housing Bank

Standard Chartered Bank

State Bank of India

The Federal Bank Limited

The Hongkong and Shanghai Banking

Union Bank of India

Rating Agencies

CARE Ratings

CRISIL Ratings Ltd

Registered Office

Megh Towers, Third Floor, New No. 165, Old No.307, Poonamallee High Road,Maduravoyal,
Chennai- 600095

Corporate Office

Floor 6, B Wing, Supreme Business Park, Supreme City,
Powai, Mumbai- 400076.

* Board of Directors as on 31 August, 2021

At a Glance

‘Fullerton Grihashakti’ (Fullerton India Home Finance Company Limited) is a wholly-owned subsidiary of Fullerton India Credit Company Limited and offers loans to salaried or self-employed individuals, and organisations. Launched in December 2015 and headquartered in Mumbai, the Company caters to the housing finance needs of customers through its 70 branches across India.

We understand that owning a dream home is a universal aspiration. Therefore, at Fullerton India Home Finance Company, our main purpose is to help realise this dream. We do this by meeting the housing finance needs of salaried, self-employed customers and firms.

We offer a wide variety of products to home buyers, including loans for the purchase of a new home, home improvement, home construction and home extensions. Our product suite also includes loans against property, loans for purchase and construction of a new commercial property, commercial plots, and developer finance.

Our parent company, Fullerton India Credit Company Limited (Fullerton India) is one of India’s leading Non-Banking Finance Companies (NBFCs), with 629 branches and > 3.2 million customers.

53%

PMAY share of total disbursement FY2021

70

Branches

688

Employees

₹4,191 crores

Asset Under Management

Chief Executive Officer and Whole-time Director's Message

With a strong fit to address first-time end-user buyers, we are living up to our core vision of making the dreams of millions come true.

Dear Shareholders,

FY2021 will be remembered as the year of COVID-19. For Grihashakti team, it was a tale of resilience reflected by the determination in facing the challenges and continuing to deliver on our commitments.

The year saw multiple national lockdowns when only essential stores could run and people were confined at home. These restrictions placed significant pressure on our people and our operations. Throughout, our priority has been the well-being of our people. In our various offices across India, we rolled out our operations with a minimal workforce to continue delivering the committed output to its customers. We have worked hard to foster employee engagement through online resources to create a culture of support and understanding where everyone has access to the aid they need.

During FY 2021, the pandemic-induced challenges, localized lockdowns and associated impact on cash flows of borrowers coupled with accelerated credit loss provision stance adopted by the Company resulted in higher pressure on the financial asset. During the year, the Company had written off (net of recoveries) portfolio loans of ₹ 74 crores and had made an impairment provision of ₹ 106 crores due to an increase in the credit risk of portfolio loans impacted by COVID 19. This resulted in a loss of ₹ 74 crores for FY 2021 against a profit before tax of ₹ 21 crores in FY 2020.

With the spread of the COVID-19 pandemic, resultant national level and localised lockdowns impacted economic activities. The Company curtailed disbursements with an increased focus on risk management. During the year, the Company disbursed ₹ 558 crores as against ₹ 1,639 crores the year prior. As of March 2021, Assets Under Management (AUM) stood at ₹ 4,191 crores on a standalone basis as against ₹ 4,302 crores in the previous year (a 3% decrease).

Taking Grihashakti to the next level in home lending must entail our prolific use of technology to efficiently reach and serve our customers and at the same time operate efficiently and securely in our operations. To develop innovative products to cater to low-income customers in unorganised sectors, we have adopted a business model that is powered by technologies. In fact, at Grihashakti, we have aimed to achieve industry-best customer experience levels, turnaround time and employee productivity, which is directly translating into a competitive advantage. During FY2021, we undertook many transformation projects for the complete digital on-boarding of the customers.

Grihashakti has taken several digital initiatives in the past year, to cater to the diverse lending requirements of our customer segment and provide a fast turnaround time. The star of the many digital projects has been our sales app called Speed App, designed for seamless customer journeys encompassing salaried and self-employed profiles. During the current challenging phase of the Covid-19 pandemic, a new Business Rule Engine has been incorporated in the Speed App for risk analysis of self-employed customer profiles integrated with an analytics scorecard. This enables upfront loan eligibility checking of the customer along with risk profile-based soft offer on approved loan amount and tenure. During FY2021, we also launched our Sales App to enable paperless sourcing of new customers by our channel partners and faster customer on-boarding by the sales team. Recently, the app has been enriched with C-KYC and Geo-Tagging functionalities for digital KYC verification of customers and allows sourcing within policy specified Geo-limits.

In a post COVID era, we are entering a long-term phase of economic growth in India, with evidence of improving performance across agriculture, manufacturing, services and financial segments of our economy. Despite several constructive interventions, the country has exhibited great flexibility to quickly adapt and resume its momentum.

With this economic backdrop, housing finance companies should continue to witness robust growth. Key drivers behind this have been the government's thrust on affordable housing, general recovery in the real estate market, the formalisation of the realty marketplace through RERA and the stabilisation of GST. As a prominent housing finance Company in India, Grihashakti is well placed to capitalise on such favourable conditions. With a strong fit to address first-time end-user buyers, we are living up to our core vision of making the dreams of millions come true.

Grihashakti started its operation in December 2015 after obtaining the certificate of registration from the National Housing Board in July 2015. Having traversed diverse industry cycles, we have gained the ability to respond to these sectorial movements, which have been evident in our financial results. From a multiple challenge led FY2021 as we move in to a post-Covid era, the Company is confident of growing its loan portfolio and continuing its focus in Tier-II cities and beyond.

With the intent to augment our offerings to our customers, we further strengthened our in-house analytical tool to review the customer profiles and re-price loans basis risk segmentation. Along with the analytics-backed solutions, we reinforced our endeavour to address customer needs with a human touch, leading to the enactment of an additional dedicated central team to focus on retention, up-sell opportunities and enhanced customer service.

As we continue our journey to achieve these objectives, I would like to express my gratitude to all our customers, employees, lenders and shareholders for their continued contribution and support. Your unending faith in Grihashakti will continue to be the foundation on which we have build and are growing our business and serving our customers.

Yours Sincerely,

Rakesh Makkar

Chief Executive Officer &
Whole-Time Director

Board of Directors*

* As on 31 August, 2021

Mr. Anindo Mukherjee

Chairman, Non-Executive Director

Mr. Mukherjee is the Chairman of Fullerton India Home Finance Co Ltd and Non-Executive Director. Currently, he is the Chief Operating Officer at Fullerton Financial Holdings Pte Ltd (FFH), Singapore. Mr. Mukherjee oversees the company's operational activities and works closely with the investee companies to implement their business plans, manage risk and governance, and develop operational capabilities.

Mr. Mukherjee has more than 25 years of banking experience. Prior to joining FFH, he was responsible for the Risk Management, Legal and Compliance functions in Fullerton India. His vast experience includes working with Standard Chartered Bank, where he was the Regional Credit Officer for the Consumer Business in India & South Asia and having exposure across a variety of other international and private banks, including Bank of America, ABN AMRO Bank and HDFC Bank.

He is a Chartered Accountant from the Institute of Chartered Accountants of India and Cost & Management Accountant from Institute of Cost and Works Accountants of India.

Mr. Rakesh Makkar

Chief Executive Officer and Whole-time Director

Mr. Rakesh Makkar comes with over two decades of expertise in establishing new and successful businesses; managing large and multi-pronged distribution networks; and developing unique and customer-centric products- all within a robust Risk Management framework. Prior to assuming the role of CEO at Grihashakti, Mr. Makkar spearheaded Business, Marketing & CSR functions at Fullerton India. Before joining Fullerton India, Rakesh held the position of President and Chief Distribution Officer at DHFL. It has been Rakesh's forte to set up new finance companies and scale up business volumes. Prior to his stint with DHFL, Mr. Makkar was the CEO at Future Money (Capital First) and was a part of the senior leadership team at Citigroup India. Mr. Makkar is a national rank holder at the Institute of Chartered Accountants of India. He also holds a Masters from the Institute of Management Technology, Ghaziabad and Bachelors from Delhi University.

Dr. Milan Shuster

Independent Director

Dr. Milan Shuster is an Independent Director on the Board of Fullerton India Home Finance Co Ltd. Dr. Shuster, is a professional with several decades of experience in the banking sector. He served at Asian Development Bank, ING Bank, National Bank of Canada, Nippon Credit Bank in various capacities. After working as the President and CEO of P. T. Bank PDFCI, he served Bank Danamon Indonesia in various capacities. He became its president and CEO and later its Independent Commissioner. He has also served many other entities in Directorial and advisory capacities.

Dr. Shuster holds PhD in international Law and Economics from Oxford University, Master of Law from London School of Economics, Bachelor of Law from University of Western Ontario and Bachelor of Business Administration from Ivey Business School.

Ms. Sudha Pillai

Independent Director

Ms. Sudha Pillai is an Independent Director on the Board of Fullerton India Home Finance Co Ltd. Ms. Pillai, a 1972 batch IAS officer held a number of senior positions in the Government of India and the State Government of Kerala for 40 years. Her last assignment was as Member Secretary (in the rank of Minister of State) Planning Commission, Government of India.

She handled the Industry and Finance portfolios for nearly twenty years. In Government of India, she worked in the Ministries of Industry, Corporate Affairs, Labour and Employment. She contributed notably to 1991 reforms in Industrial and Foreign Direct Investment Policies, as also in bringing amendments to corporate laws and in formulation of the National Skill Development Policy. In Kerala, as Principal Secretary Finance, she worked to achieve enhanced development outcomes, coupled with efficient fiscal management. Earlier, as CMD, Kerala Finance Corporation, she had dealt with the project financing to SMEs.

She is currently on the Boards of many other companies. She holds a masters' degree in Public Administration from Kennedy School of Government, Harvard University.

Mr. Pavan Kaushal

Non-executive Director

Mr. Pavan Pal Kaushal is the Non-executive Director at Grihashakti and Chief Operating Officer for Fullerton India.

He is a career banker with over three decades of experience in the financial services sectors across several leading global banks and consulting. Prior to joining Fullerton India, Pavan was a member of the founding team at IDFC Bank and its first Chief Risk Officer and member of the Leadership team. He was variously a partner with Ernst & Young, Chief Risk Officer at ANZ Bank India and held several senior leadership roles both domestic and international at Citibank. Pavan is a Chartered Accountant and a MBA (Finance).

Leadership Team

Rakesh Makkar

Chief Executive Officer and
Whole-time Director

Mr. Rakesh Makkar comes with over two decades of expertise in establishing new and successful businesses; managing large and multi-pronged distribution networks; and developing unique and customer-centric products- all within a robust Risk Management framework. Prior to assuming the role of CEO at Grihashakti, Rakesh spearheaded Business, Marketing & CSR functions at Fullerton India. Before joining Fullerton India, Rakesh held the position of President and Chief Distribution Officer at DHFL. It has been Mr. Makkar's forte to set up new finance companies and scale up business volumes. Prior to his stint with DHFL, he has been a part of senior leadership at various organisations including Capital First, Citi Financial Consumer Finance India Ltd and Bank of America. Not only is Mr. Makkar a national rank holder at the Institute of Chartered Accountants of India but also a Certified International trainer within Citigroup. He also holds a Master's from the Institute of Management Technology, Ghaziabad and Bachelors from Delhi University.

Animesh Chatterjee

Head of Treasury

Mr. Animesh Chatterjee is Head of Treasury at Fullerton India Home Finance Company Limited. He oversees fund raising, deployment of surplus fund, pool sales and maintaining lender relationships. He is a Chartered Accountant with 20 years of experience in Treasury and Finance. Prior to joining Fullerton Group, he held senior positions at reputed NBFCs and MNC treasuries where he was responsible for scaling up domestic and international fund raising and surplus management.

Pankaj Malik

Chief Financial Officer

Mr. Pankaj Malik is the CFO and Chief Compliance Officer of Fullerton India Credit Company Limited. He also holds the position of Chief Financial Officer at Fullerton India Home Finance Company Limited.

Mr. Malik has over 20 years of experience and worked in various capacities across finance & allied functions. Prior to joining Fullerton India, Pankaj was associated with COLT Telecom ("COLT"), an affiliate of Fidelity international. As their Financial Controller and Company Secretary, he was instrumental in setting up their India operations. In his earlier stints, he was associated with GE Commercial Financial and Motherson Sumi Systems Limited in various capacities.

Mr. Malik is an alumnus of Harvard Business School. He is also qualified Chartered Accountant, Company Secretary, Cost Accountant and Certified Public Accountant from the State of Colorado, the USA.

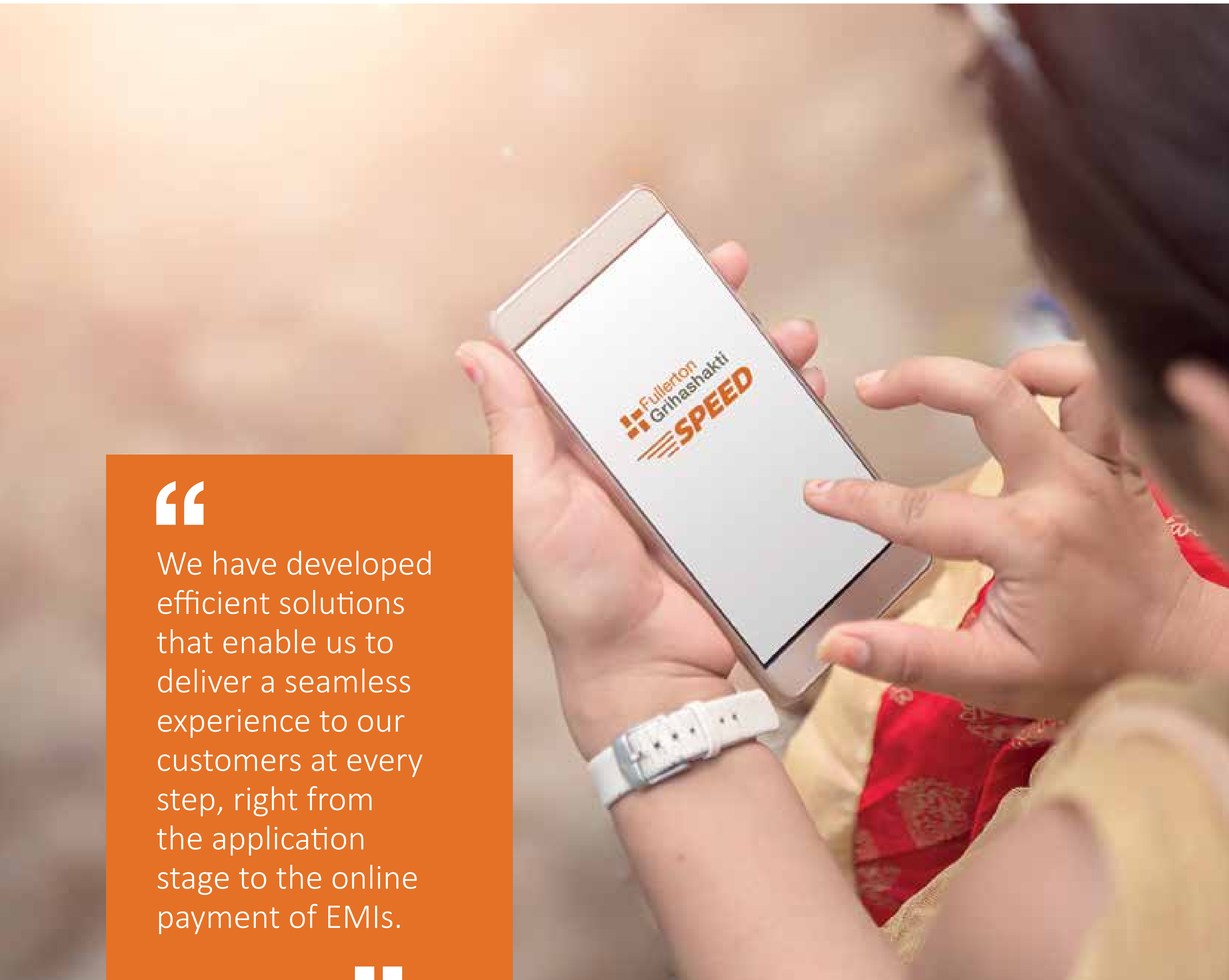
Ram Kishan Kolli

Head of Sales & Distribution

Mr. Ram Kishan Kolli is Head Sales & Distribution for Fullerton India Home Finance Company Limited and brings with him over 16 years of experience in the real estate and financial services industry. He has played a pivotal role in prominent organisations such as ICICI Bank, Tata Housing Development Company, Capri Global, and L&T. Ram joined Fullerton India Credit Company as Head of Developer Finance and Corporate LRD before moving into Grihashakti to lead the sales role. Prior to joining Fullerton India, he was heading the Construction Finance division at Capri Global. Ram Kolli has completed his B.Tech from NIT Warangal and an Executive Programme in Business Management from IIM Calcutta.

Powering our home credit solutions with technology

To develop innovative products to cater to low-income customers in unorganised sectors, we have adopted business models that are powered by technologies. Our Agile IT approach is well aligned with the changing dynamics of business and the new product launches to grow the market share.



> "We have developed efficient solutions that enable us to deliver a seamless experience to our customers at every step, right from the application stage to the online payment of EMIs."

As consumers continue to demand convenient solutions, we have adopted strategic digital channels and 'phygital' processes as part of our rebuild strategy. In fact, at Grihashakti, we aim to achieve industry-best customer experience levels, turnaround time, and employee productivity, which will directly translate into a competitive advantage. During FY2021, we undertook many transformation projects for the complete digital on-boarding of the customers.

The star of our many digital initiatives has been our sales app called Speed, designed for the seamless online journey for our customers and for sourcing of salaried and self-employed customer base. Some of the app's salient features include instant CIBIL check and detailed credit report, user information validation, real-time application filing, contact-less document upload, and automated financial statement analysis. The Speed mobile app is also integrated with an analytics scorecard which is capable of upfront assessing of customer risk profiles as per their employment. We also launched our mobile application to enable paperless sourcing of new customers by our channel partners and faster customer on-boarding by the sales team.

In order to move further towards digital customer onboarding, API integrations on Speed App have been done with fintech partners to enable digital KYC of the customers based on any government-issued identification number, customer risk profiling through real-time financial state.

Customer mandate registration is a critical step during the post-sanction stage and this is also being taken care of in the Speed App. A new module has been added to enable the frontline sales managers for initiating customer mandate registrations through this app along with tracking of registered and rejected requests. It has led to seamless E-Nach mapping for automated EMI collection and faster loan disbursals to the customer.

Creating a work culture surrounding technology and adopting it in all our functions has streamlined processes and vastly increased operational efficiencies. Going ahead, we continue to invest strongly in technology to build a scalable, mobile, and secure infrastructure in the upcoming fiscal year.

Other Business functions for which Digital Initiatives were taken

Expanding our market presence to reach deeper into India

We are a housing finance company focusing on Urban peripherals, Semi-Urban and Rural areas of India, with a network of 70 Branch Offices across the country. The ensuing expansion of our presence gives us strong confidence to chart our future growth, which should exceed the industry growth rate.

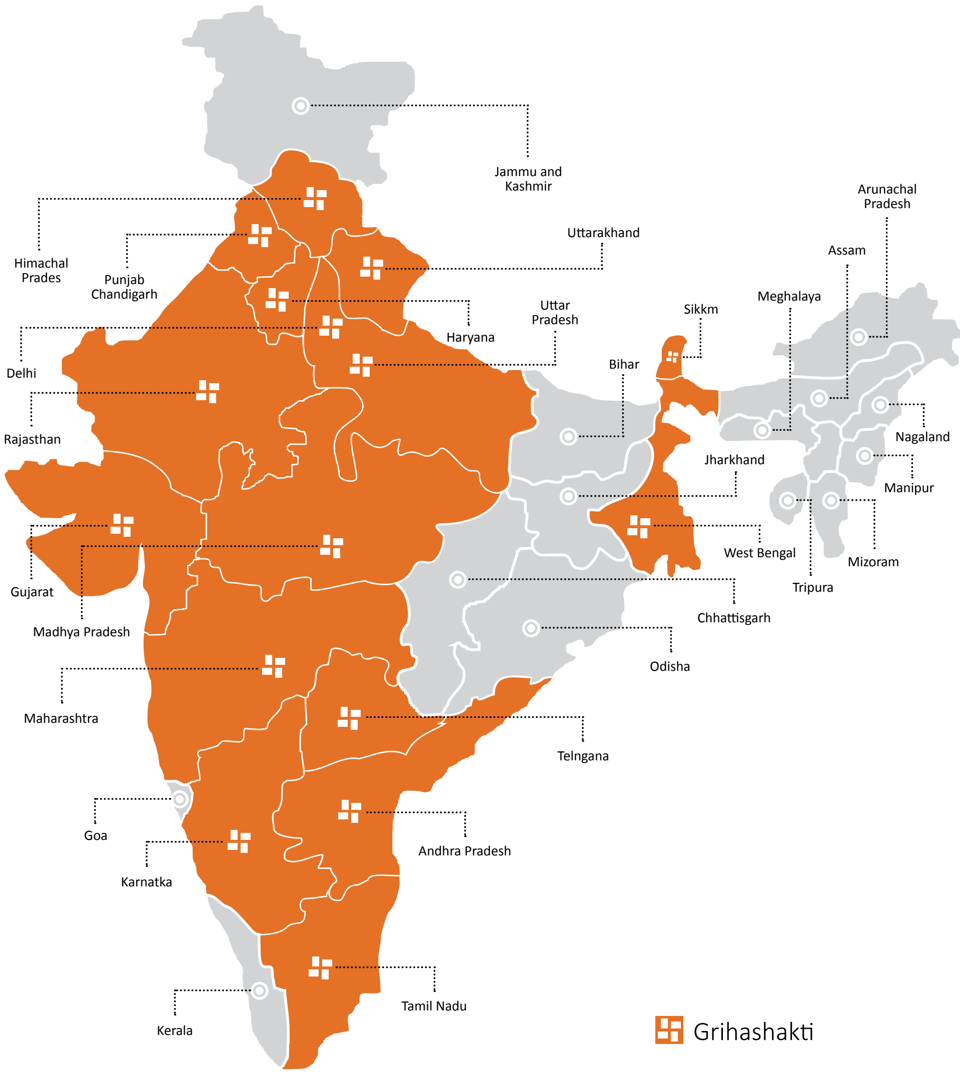
> "During FY2021, we kept our feet-on-street strength at around 365 trained agents within our sales force. To ensure that they remain motivated and updated with the latest developments, we conducted periodic training and educational seminars to enrich their domain knowledge."

We cater to the housing finance needs of salaried, self-employed customers and firms, with assets under management at ₹4,191 Crores. We serve our customers at their doorstep through Home Loan Agents, Direct Selling Agents, and Customer Relation Associates. We primarily operate in Tier-II cities and beyond. At Metro and Tier-I locations, we source loans from the city outskirts. In terms of our customer profile, we have maintained a healthy balance between salaried and self-employed customers. The sourcing composition in terms of units during FY2021 included 43% salaried customers and 57% self-employed customers.

Going forward, we are moving into the emerging home loan markets. In FY2022, we plan to expand in Tier 3 and 4 locations to tap the massive housing finance opportunities. We believe that our physical presence in these newly chosen locations is crucial to establish our brand identity and providing superior service to our customers.

There are several others ways to increase our customer reach. We revisited the customer journey on the website and built a DIY (Do It Yourself) journey, which is easy to navigate and gets indicative eligibility at the end of it. Additionally, we leveraged our branch setup to create product and services awareness to engage with prospects, new customers, and loyal customers. Aside from that, we invested in online marketing methods to make our brand more visible to a broader audience. A multi-channel approach helps us reach a wider customer base, increase traffic and footfall and drive sales.

Establishing customer connect through 70 branches across India



Building a solid business in financing affordable housing

With an apt fit to address first-time end-user buyers, we are living up to our core vision of making the dreams of millions come true. The Indian housing finance market is expected to grow at a CAGR of around 22% during 2021-2026 on account of a rapid increase in urbanisation and affordable mortgage rates . We have identified affordable housing as a clear and present opportunity for us.

> "With our entrenched Pan India presence and a distribution access set-up, aligned to the national PMAY demographics, we are suited to penetrate this business opportunity."

‘Housing for All by 2022’ is a strategic Government of India initiative that can transform the Indian housing marketplace. As part of this initiative, a landmark scheme- Pradhan Mantri Awas Yojana (PMAY) Urban was launched in 2015. Under this scheme, a total of 50 million houses are being targeted to be built by the fiscal year 2022. PMAY Urban and PMAY Gramin expenditure at ₹8,000 crores and ₹37,367 crores in FY2022.

In the post COVID era, the increase in home purchase affordability has been one of the significant factors driving sales and paving the way for buyers to return to the market. In the past year, the housing sector benefited immensely due to the relaxation of stamp duty, moderation in interest rates, and time correction on property prices which saw a significant demand in 3Q and 4Q FY2021. In FY2021, more than 90% of new accounts were in the affordable housing bracket.

Under PMAY, a subsidy scheme called Credit Linked Subsidy Scheme (CLSS) was launched to provide interest subsidy on loans availed for purchase/ construction/ extension/ improvement of a house. The PMAY scheme caters to Economical Weaker Section (EWS)/ Lower Income Group(LIG) and Middle Income Groups (MIG) of the society, given the projected growth of urbanization & the consequent housing demands in India.

At Grihashakti, we have made a strong beginning in financing home purchases under the PMAY scheme. In India, there is an estimated shortage of around 10 million houses. Today, we have only scratched the surface, and this segment represents an opportunity for Grihashakti. With our entrenched Pan India presence and a distribution access set-up, aligned to the national PMAY demographics, we are suited to penetrate this business opportunity.

With Grihashakti, our customers can avail the benefits of the Credit Linked Subsidy Scheme under the Pradhan Mantri Awas Yojana. We help underserved segments of the society to meet their housing requirements so that they can enjoy an improved standard of living, health, and hygiene. We have consistently invested in people, processes, controls, and systems to underwrite niche segments and support the customer journey with digitised platforms, strong competencies, and superior service. To increase our reach within PMAY, we ran grass-root level campaigns to educate our customers about the scheme. This is supplemented with detailed scheme information, eligibility & FAQ’s on our website for customers to access information anytime. There were dedicated efforts to train our field staff. In the fiscal year, we have equipped our sales and credit team with collateral like PMAY scheme information templates, PMAY ready reckoner so that they can process customers’ requests quickly. A dedicated campaign to support priority sector lending was run to enhance the penetration of this scheme.

Our PMAY share was 53% in FY2021 in terms of total disbursement. The subsidy received in FY2021 was ₹ 39 Crores. We take great pride in accomplishing this milestone and plan to expand this significantly further. Under the Priority Sector Lending (PSL), our disbursement share for FY2021 stood at 41%.

Directors' Report

Dear Shareholders,

Your Directors have the pleasure in presenting the 11th Annual Report of Fullerton India Home Finance Company Limited along with the audited statement for the financial year ended 31 March, 2021.

1. Background

Your Company, Fullerton India Home Finance Company Limited ("FIHFCL"), is a wholly owned subsidiary of Fullerton India Credit Company Limited ("FICCL") and is registered with the National Housing Bank (NHB) as a non-deposit taking Housing Finance Company.

2. Financial Highlights

Your Directors are pleased to present the audited financial statements of your Company for the Financial Year ended 31st March, 2021. The summarized financial results of the Company are given below:

(₹ Crores)

Particulars	FY 2020	FY 2021
Gross Income	541	526
Less :		
Finance Cost	307	311
Depreciation, Amortization and impairment	7	7
Operating Expenses	121	101
Profit/(Loss) before Impairment	**106**	**106**
Impairment on financial instruments	85	**180**
Profit/(Loss) before Tax	**21**	**(74)**
Less : Provision for Tax	7	(19)
Net Profit/(Loss) after Tax	**14**	**(56)**
Add : Balance brought forward from previous year	(15)	(4)
Transfer to Reserve Fund under Section 29C(i) of the NHB Act, 1987	(3)	-
Surplus carried to Balance Sheet	(4)	(60)

* *Previous year's figures have been regrouped based on current year's classification*

3. Financial performance and overview

Your Company posted total income of ₹ 526 crores and loss of ₹ 56 crores, respectively, for the financial year ended March 31, 2021, as against ₹ 542 crores and profit of ₹ 14 crores respectively, in the previous year. Profit before impairment cost remained flat.

During FY 2021, the pandemic-induced challenges, localized lockdowns and associated impact on cash flows of borrowers coupled with accelerated credit loss provision stance adopted by your Company, resulted into higher impairment on financial asset. During the year, the Company had written off (net of recoveries) portfolio loans of ₹ 74 crores and had made impairment provision of ₹ 106 crores due to increase in credit risk of portfolio loans impacted by COVID 19. This resulted into decline in profit after tax from ₹ 14 crores for FY 2020 to loss of ₹ 56 crores for FY 2021.

With the spread of Covid-19 pandemic, the company curtailed disbursements with focus on risk management. During the year, the Company has disbursed loans of ₹ 558 crores as against ₹ 1,639 crores in financial year 2020. As at March 2021, Assets UnderManagement (AUM) stood at ₹ 4,191 crores basis as against ₹ 4,302 crores (3% decrease over the previous fiscal year).

Your Company has maintained optimized Asset Liability Management (ALM) position throughout the year with continued focus on diversification of borrowing resources and conservative liquidity management.

Borrowings increased by 7% from ₹ 3,697 crores at 31

Directors' Report *Contd...*

March, 2020 to ₹ 3,937 crores at 31 March, 2021. The Company has maintained its borrowing mix prudently to optimize its funding cost. The Company also mobilized funds through sale of pool of assets via direct assignment to the tune of ₹ 53 crores during the financial year 2021.

Please refer 'Management Discussion and Analysis' section, enclosed as Annexure I to this report, for further details on the performance of the Company.

4. State of Company's affairs and future outlook

A detailed overview of the state of affairs of the Company and future outlook is provided in the 'Management discussion and analysis' section, enclosed as Annexure I to this report.`

The Company's Parent Company Fullerton India Credit Company Limited (FICCL)'s shareholders, Fullerton Financial Holdings Pte. Ltd. ("FFH") and Angelica Investments Pte. Ltd. ("Angelica") who are together currently holding 100% equity stake in FICCL, have entered into transaction documents for:

i) the sale of 74.9% (seventy four point nine per cent.) of their shareholding in FICCL to Sumitomo Mitsui Financial Group, subject to receipt of relevant regulatory approvals; and

ii) the sale of the remaining 25.1% (twenty five point one percent.) after a transition period.

5. Transfer to Reserves

During the year, the Company incurred losses hence no amount has been transferred to Reserve Fund created as per the norms laid down under Section 29C of the NHB Act, 1987.

6. Share Capital

During the year there was no change in the shareholding pattern of the company.

The paid up equity share capital of the Company as on 31 March, 2021 was ₹ 308.03 Crores divided into 30,80,33,193 equity shares of ₹ 10/- each.

7. Dividend

The Company does not have distributable surplus, hence, your Directors do not recommend any dividend on equity shares of the Company for the year ended 31 March, 2021.

8. Change(s) in the nature of business

During the year under review, there was no change in the nature of business of the Company.

9. Finance

In accordance with the applicable provisions of RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, the total number of non-convertible debentures which have not been claimed by the investors or not paid by the Company after the date on which the non-convertible debentures became due for redemption were NIL, and the total amount in respect of such debentures remaining unclaimed or unpaid was NIL.

10. Risk Management

Risk management is an integral part of the Company's business strategy. The Board of Directors of the Company oversees the risk management framework of the Company through regular and proactive intervention by senior management personnel.

The objective of the risk framework is to ensure that the Company underwrites to prudent risk standards, focuses on its target segment and delivers sustainable profitability. The risk management infrastructure operates through five key principles viz.

- Independent governance and risk management oversight;
- An overarching risk appetite statement, that defines the shape of the portfolio, delivering predictable returns through economic cycles, and optimizing enterprise-wide risk-return and capital deployment;
- Establishment of forward looking risk assessment with pre-emptive credit and liquidity interventions, to ensure early action in the event of emerging market adversity;
- Maintenance of well-documented credit risk policies and credit programs with performance guardrails;
- Extensive use of credit bureau as an integral part of the decision making processes.

The senior management is responsible for ensuring that the appropriate methodology, processes and systems are in place for monitoring, identifying and reviewing the risks associated with the business of the Company.

In accordance with the applicable provisions of RBI Master Direction – Non-Banking Financial Company –

Housing Finance Company (Reserve Bank) Directions, 2021, the Company has a Board Committee known as the Risk Oversight Committee. The Committee oversees the processes of risk assessment and minimization, monitors risk management plans and carries out such other functions as may be directed by the Board. Refer the Corporate Governance report for the terms of reference of the Committee.

The specific objectives of the Risk Oversight Committee of the Company include:

- To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated and managed;
- To establish a framework for the Company's risk management process and ensure Companywide implementation;
- To ensure systematic and uniform assessment of risks related to the Company;
- To enable compliance with appropriate regulations, wherever applicable, through the adoption of best-in-class practices; and,
- To assure business growth along with financial stability.

You are requested to refer to the 'Management Discussion and Analysis' section, enclosed as Annexure I to this report, for more details on the matter.

11. Internal Financial Controls

As required by Sec 134(5) of the Companies Act, 2013, the Company undertook an evaluation of internal financial controls, in accordance with the criteria established under the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organisations of the Treadway Commission. The identified process maps, key controls, risk registers and control matrices were tested for existence and effectiveness of control based on samples; remedial action have been taken or agreed upon where control weaknesses were identified. Based on the results of the said tests, the Directors and management team believes adequate internal financial controls exist.

12. Human Resources

The Company's employee strength stood at 688 as at 31 March, 2021. All employees have gone through detailed induction training to equip them with the necessary organisational knowhow to deliver their roles. The debt recovery team has periodically undergone mandatory training as prescribed by the National Housing Bank and conducted by Indian Institute of Banking & Finance.

13. Compliance

The Company had complied and continues to comply with all applicable provisions of the Companies Act, 2013, and the National Housing Bank Act, 1987, RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and other applicable rules/ regulations/ guidelines issued by various regulatory and/or statutory authorities from time to time.

The Capital Adequacy Ratio ("CAR") (as per INDAS) of the Company was 24.3% as on 31 March, 2021, as against CAR of 14% mandated by the NHB.

14. Directors and Key Managerial Personnel

The Company's Board lays down the strategic objectives of the Company and guides the management in meeting its goal of aligning the interests of the shareholders with that of the promoters.

The following changes have taken place in the Board during the FY 2020-21:

(i) Appointment of Director:

Name	Category	Date of appointment
Mr. Pavan Pal Kaushal	Non Executive Director	15 January, 2021

(ii) Resignation of Director:

Name	Category	Date of resignation
Ms. Rajashree Nambiar	Non Executive Director	15 January, 2021

In accordance with Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Anindo Mukherjee is liable to retire by rotation at the ensuing Annual General Meeting of the Company. He being eligible has offered himself for reappointment. The Board recommends his reappointment to the members of the Company.

The Board of Directors had appointed Mr. Pavan Pal Kaushal as an Additional Director of the Company with effect from 15 January, 2021. In terms of Section 160 of the Companies Act, 2013, his term of office is up to the date of the ensuing Annual General Meeting. Your Directors recommend his appointment to the office of Director of the Company, liable to retire by rotation.

Directors' Report *Contd...*

The shareholders of the Company may refer to the notice of the Annual General Meeting and report on Corporate Governance of the Company for brief profile of Mr. Anindo Mukherjee and Mr. Pavan Pal Kaushal.

The Company has received declarations from independent directors that they meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013.

The Board is of the opinion that the Independent Directors of the Company hold highest standards of integrity and possess requisite expertise and experience required to fulfill their duties as Independent Directors.

In terms of Section 150 of the Companies Act, 2013 read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, Independent Directors of the Company have confirmed that they have registered with the databank maintained by the Indian Institute of Corporate Affairs ("IICA"). The Independent Directors are also required to undertake online proficiency self-assessment test conducted by the IICA within a period of 2 (two) years from the date of inclusion of their names in the data bank, unless they meet the criteria specified for exemption.

The Independent Directors of the Company are exempt from the requirement to undertake online proficiency self-assessment test.

The following are the key managerial personnel (KMP) of the Company, as recorded by the Board as on 31 March, 2021:

Key Managerial Personnel	Designation
Mr. Rakesh Makkar	CEO & Whole-time Director
Mr. Pankaj Malik	Chief Financial Officer
Ms. Seema Sarda	Company Secretary & Compliance Officer

15. Number of Meetings of Board of Directors

The Board of Directors of the Company met four times during the year:

i. 08 June, 2020

ii. 12 August, 2020

iii. 23 November, 2020 and

iv. 16 March, 2021

The time gap between two board meeting was less than 120 days and at least one meeting was held every quarter.

16. Board evaluation

In accordance with the provisions of the Companies Act, 2013, the Independent Directors met separately to review the performance of Non-Independent Directors, Chairperson of the Company, the Board as a whole and the flow of information between the Board and the management.

The Board completed the annual evaluation of its own performance, the individual Directors (including the Chairman) as well as an evaluation of the working of all Board Committees. The Board was assisted by the Nomination and Remuneration Committee ("NRC"). The performance evaluation was carried out by seeking inputs from all the Directors/Members of the Committees.

17. Audit Committee

The details of constitution, terms of reference etc. of the Audit Committee are mentioned in Report on Corporate Governance, enclosed as Annexure II to this report.

18. Nomination and Remuneration Committee

The details of constitution, terms of reference etc. of the Nomination and Remuneration Committee are mentioned in Report on Corporate Governance, enclosed as Annexure II to this report.

The Company has laid out clear guidelines approved by the Board for 'fit and proper' criteria for appointment of directors in accordance with the Companies Act, 2013. Further in terms of charter of the nomination and remuneration committee, policy on remuneration of directors, key managerial personnel and other employees have been put in place, incorporating principles of fairness, pay for performance, a sufficient balance in rewarding short and long term objectives reflected in the pay mix of fixed and variable pay, meeting the financial viability of the Company.

The remuneration policy is available on the website of the company at https://www.grihashakti.com/corporate-governance.aspx.

19. Details of subsidiaries, associates and Joint ventures

The Company does not have any subsidiary, associate or joint venture company as on the date of this Report. Accordingly, Form AOC-1 is not required to be attached to the financial statements.

20. Statutory Auditors

Your Company had appointed M/s. BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) as its statutory auditors to hold office from the conclusion of 7th Annual General Meeting until the conclusion of the 11th Annual General Meeting of the Company.

RBI had issued new guidelines on appointment of Statutory Auditors (SA) on 27 April, 2021. The Board had earlier approved appointment of Walkar Chandiok & Co, LLP as the new Statutory Auditors of the Company from the conclusion of 11th AGM till the conclusion of 16th AGM of the Company subject to approval of shareholders. However, Walkar Chandiok & Co. LLP has now expressed their inability to be appointed as our Statutory Auditors pursuant to the aforesaid RBI guidlines which allows audit firm to take up statutory audit for a maximum of 8 NBFCs.

As per the above-mentioned RBI guideline and as recommended by the Audit Committee, the Board has proposed the appointment of M/s. M. P. Chitale & Co., Chartered Accountant as the Statutory auditor for a term of three year subject to shareholders approval. The period of three years will be effective from the date of conclusion of forthcoming AGM, i.e. the 11th AGM of the Company till the conclusion of the 14th AGM of the Company.

21. Secretarial Auditors

During the year under review, M/s. Vinod Kothari & Company, Practicing Company Secretaries (Unique Code P1996WB042300) continued to function as the Secretarial Auditors of the Company. They had conducted secretarial audit in accordance with provisions of Section 204 of the Companies Act, 2013 and issued a Secretarial Audit Report. Copy of the report is attached as Annexure IV to this report. The report does not contain any qualification or reservation or any adverse remarks and is self-explanatory.

22. Response to Auditor's Report

There were no qualifications, reservation or adverse remark or disclaimer, made by the statutory auditors in their report.

23. Vigil Mechanism

The Company has a whistle-blower policy in place as part of the vigil mechanism for reporting of genuine concerns by any stakeholder about any other one. The policy, displayed on the website of the Company, provides an opportunity for anyone to report their concerns to the management about any actual or suspected unethical behaviour, fraud or violation of the Company's Code of Conduct. This policy also provides safeguards against victimisation of stakeholders, who report their concerns. The whistle-blower policy comprehensively covers processes for receiving, analysing, investigating, inquiring, taking corrective action and reporting of the issues raised. The policy can be accessed at **https://www.grihashakti.com/corporate-governance.aspx**. An update on whistle blower cases and investigation conducted thereon is presented to the Audit Committee on a quarterly basis.

24. Secretarial Standards

Your Company has followed the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

25. Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

There have been no such material changes and commitments affecting the financial position of the Company which have occurred during the said period.

26. Details of significant and material orders passed by the regulators/courts/ tribunals impacting the going concern status and the Company's operations in future

There were no significant and material orders passed by the regulators/courts/ tribunals impacting the going concern status of the Company and its operations in future.

During the FY 2020-21, National Housing Bank ('NHB') levied a penalty of ₹ 10,000 for non-compliance with the provisions of Para 22 and 27A of the NHB Directions relating to Income recognition and Loan-to-Value ratio respectively. The Company maintains that this is not significant or material in nature.

Directors' Report *Contd...*

27. Particulars of loans / advances / investments outstanding during the financial year

The disclosures relating to particulars of loans/advances/investments outstanding as per Regulation 53(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are as under:

A. With respect to Holding Company

Sr. No.	In the books of the Company in capacity of	Disclosures of amounts at the year end and the maximum amount of loans/advances/investments outstanding during the year	Disclosure
1.	Holding Company	Loans and advances in the nature of loans to subsidiaries by name and amount Loans and advances in the nature of loans to associates by name and amount: (i) No repayment schedule or repayment beyond seven years; or (ii) No interest or interest below section 186 of the Companies Act, 2013 by name and amount. Loans and advances in the nature of loans to firms/companies in which Directors are interested by name and amount	Nil
2.	Subsidiary	Same disclosures as applicable to the parent company in the accounts of subsidiary company	Nil
3.	Holding Company	Investments by the loanee (borrower) in the shares of parent company and subsidiary company, when the company has made a loan or advance in the nature of loan.	Nil

B. Cash Flow statement has been included in the financial statements.

28. Deposits

The Company did not hold any public deposits at the beginning of the year nor has it accepted any public deposits during the year under review.

29. Annual Return

Pursuant to Section 92(3) read with Section 134(3) (a) of the Companies Act, the Annual Return as on 31 March, 2021 will be available on the Company's website on https://www.grihashakti.com/corporate-governance.aspx, once filed with the Ministry of Corporate Affairs.

30. Details of Loans, Guarantees and Investments

The provisions of Section 186 of the Companies Act, 2013 pertaining to giving of loans, guarantees, providing security in connection with a loan and acquisition of securities of any body-corporate are not applicable to the Company as the Company is a Housing Finance Company.

31. Particulars of contracts or arrangements with related parties

All contracts/ arrangements/ transactions entered into/ by the Company during the financial year under review with related parties were on arms' length basis and in the ordinary course of business of the Company. There were no materially significant related party transactions made by the Company with its promoters, directors, key managerial personnel or other designated persons, which may have potential conflict with the interest of the Company at large. All related party transactions had been placed before the Audit Committee and the Board for approval. The policy on related party transactions, as approved by the Board is available on the website of the Company at https://www.grihashakti.com/corporate-governance.aspx as well as annexed with the directors report as **Annexure VI**.

The particulars of the transactions between the company and 'related parties' are provided at Note No. 36 in Notes to accounts published elsewhere in the Annual Report.

32. Corporate Governance

A detailed report on Corporate Governance and copy of the Certification of the Chief Executive Officer and Chief Financial Officer of the Company are provided as Annexures II and III to this report respectively.

33. Management Discussion and Analysis

In accordance with the Para 4.7 of Annex IV of RBI Master Direction on Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, a detailed review of the operations, financial performance, risk management, outlook, among others, is provided under the section 'Management discussion and analysis' enclosed as Annexure I to this report.

34. Fraud reporting

The Company reports occurrence of frauds to the National Housing Bank every quarter in terms of the NHB/RBI regulations. The details of the frauds occurred during the quarter are placed before first Audit Committee meeting held after the end of each quarter. There were 3 instances of fraud cases, which were reported to the Board in the financial year 2021. The Company has taken appropriate action in these cases. No material frauds were reported by the Auditors, during the financial year 2021.

35. Revision of financial statements or Board's Report

There have been no revisions in the financial statements or Board's Report.

36. Details of debenture trustees

The details of the entities which acted as the debenture trustees for the debenture holders of the Company during the year are as under:

Sr. No.	Trustee	Contact details
1	Catalyst Trusteeship Limited	GDA House, Plot No. 85, Bhusari Colony, Paud Road, Pune – 411038 Phone: 020 – 25280081 Extension: 107 Fax: 020 – 25280275

37. Credit rating

The credit ratings' details of the Company as on 31 March, 2021 were as follows:

Rating Agency	Facility	Type	Rating
CRISIL	LT	NCD/BL/SD	CRISIL AAA with stable outlook
	ST	CP	CRISIL A1+
CARE	LT	NCD/BL/SD	CARE AAA with stable outlook
	ST	CP	CARE A1+

LT - Long-term
ST - Short-term
NCD - Non-convertible debentures
SD - Subordinate debt
CP - Commercial paper
BL - Bank lines
STD - Short-term debt

The ratings mentioned above were reaffirmed by the rating agencies (CRISIL and CARE) during the FY 2021.

38. Conservation of energy, technology absorption and foreign exchange earnings and outgo

The provisions relating to conservation of energy and technology absorption do not apply as the Company is a Housing Finance Company.

However, the Company adopts usage of information technology along with its parent company and is prudent in utilizing non-renewable resources.

During the year under review foreign exchange outflow was ₹ 930,439.

39. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013

Pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has framed a policy on Prevention of Sexual Harassment at Workplace. During the year under review, no cases had been reported under the provisions and guidelines of this policy.

Directors' Report *Contd...*

40. Corporate Social Responsibility

The details of the composition of CSR Committee and its terms of reference are given in Corporate Governance report. The Company's CSR policy, including overview of projects is enclosed as **Annexure V** to this report. The CSR policy can also be accessed at https://www.grihashakti.com/corporate-governance.aspx.

41. Directors' Responsibility Statement

As per the provisions of Section 134(3)(c) read with Section 134(5) of the Companies Act, 2013, your Directors confirm that:

(i) in the preparation of the annual accounts for the year ended 31 March 2021, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(ii) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

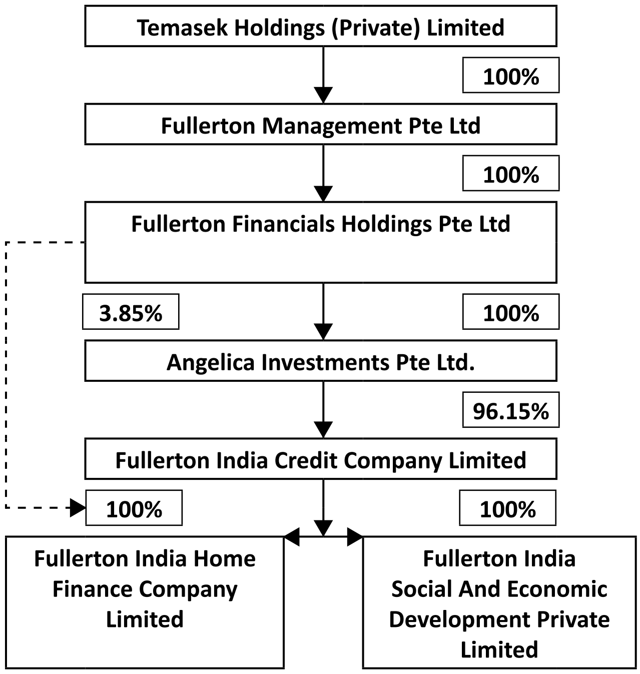
(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors had prepared the annual accounts on a going concern basis;

(v) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

(vi) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

42. Diagrammatic representation of group structure



43. General

i. There is no proceeding pending under the Insolvency and Bankruptcy Code, 2016.

ii. There was no instance of onetime settlement with any Bank or Financial Institution.

44. Acknowledgment

Your directors would like to place on record, their gratitude for the cooperation and guidance received from all the statutory bodies, especially the National Housing Bank. The directors also thank the shareholders, clients, vendors, investors and other stakeholders for placing their faith in the Company and contributing to its growth. We would also like to appreciate the hard work put in by all our employees, and we look forward to their continuing patronage, going forward.

On behalf of the Board of Directors

Sd/-
Anindo Mukherjee
Chairman

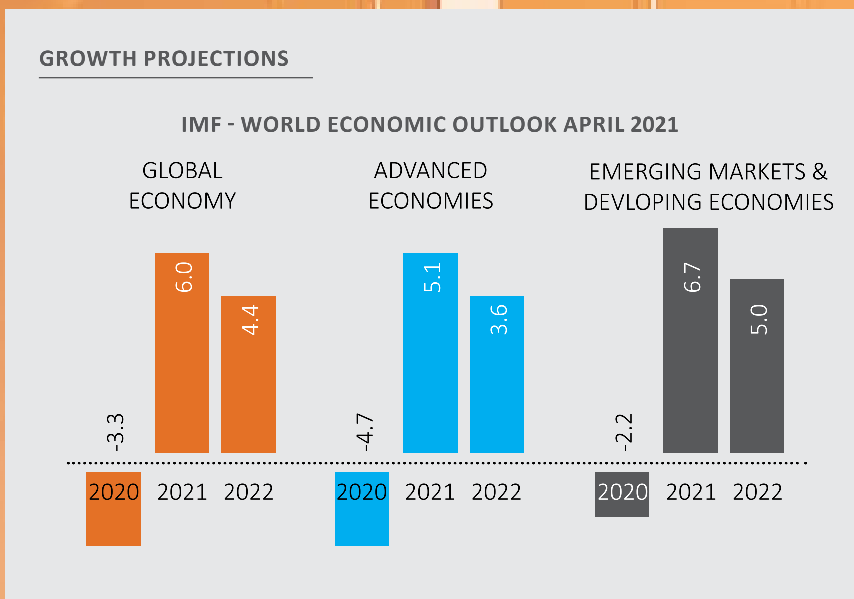
Place : Singapore
Date : 10 August, 2021

Management Discussion & Analysis

Economic Overview and Outlook

Global Economy

As per the International Monetary Fund's (IMF) projections, global growth is estimated at 6% in 2021, moderating to 4.4% in 2022. Moreover, the predictions made for 2021 and 2022 are more robust against the estimates published in WEO, October 2020. The upward revision reflects additional financial support in a few large economies, the anticipated vaccine-supported recovery in the second half of 2021, and continued recovery in economic activity. However, high uncertainty surrounds this outlook based on divergences in the recovery speed between different economies. The extent of persistent economic damage from the crisis keeps unraveling. While governments worldwide have imposed several measures to control the contagion spread, new mutations of the virus and the accumulating human toll raise concerns, even as growing vaccine coverage lifts sentiment.



Management Discussion & Analysis *Contd...*

Outlook:

While there are high uncertainty levels around global growth, future developments will depend on the containment of the pandemic; government actions. The pattern of these drivers and their interaction with country-specific characteristics will determine the pace of the revival and the extent of medium-term scarring.

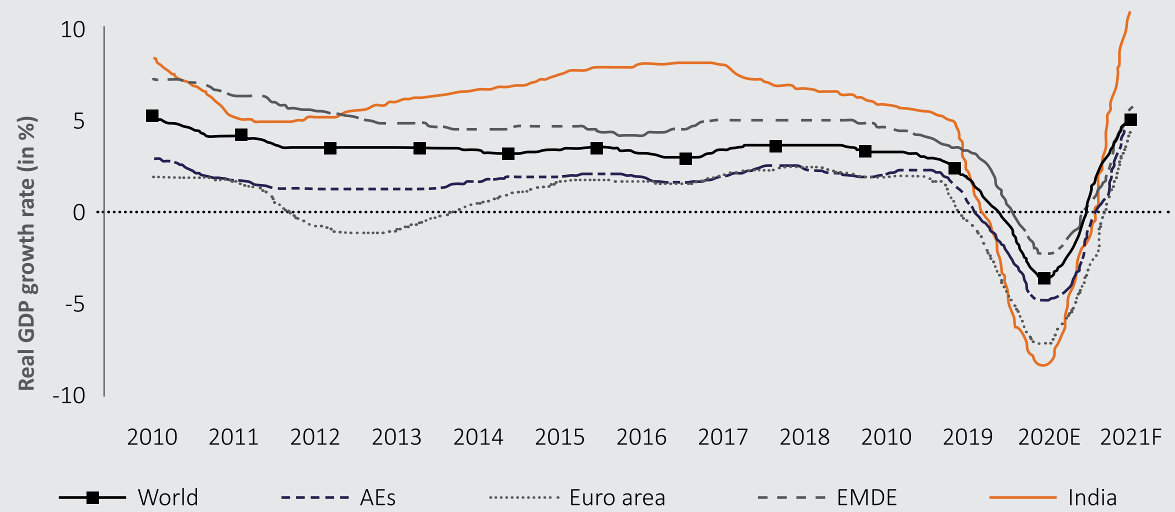
Indian Economy

As reported by CRISIL, India's Gross Domestic Product (GDP) is expected to rebound to 11% in FY2022, after an estimated 8% contraction in FY2021 on the back of four main drivers, that is, people learning to live with the new normal; flattening of the COVID-19 curve; mega vaccination drives; and investment-focused government spending. However, recovery and revival of the economy will not be accessible due to several underlying reasons such as the second wave of contagion, virus mutations, and the effects of the pandemic intensifying on businesses and industries, amongst others. On a positive note, the rural economy has been more resilient than the urban. Also, trade has normalized faster than the rest of the economy, with both exports and imports scaling to pre-pandemic levels. As estimated by CRISIL, the GDP growth would average around 6.3% between fiscals 2023 and 2025, lower than the 6.7% average growth seen in the decade preceding the pandemic, the 5.8% average in the three fiscals prior.

The outbreak of the COVID-19 pandemic has been a test of strength for the Indian Government. The Government's first response involved accelerated safety efforts such as thermal screening of people arriving in India from other countries and sanitization measures to contain the spread of the virus. Throughout March 2020, several shutdowns and business closures were initiated. By the end of the month, the Indian Government imposed a nationwide lockdown. However, the lockdown resulted in a temporary pause in activities across the country, leading to financial and operational stress. To revive business and industries, an economic stimulus package named 'Atmanirbhar Bharat' was announced in May 2020, which focused on five pillars – economy, infrastructure, system, vibrant demography, and demand.

As reported by CRISIL, India's Gross Domestic Product (GDP) is expected to rebound to 11% in FY2022, after an estimated 8% contraction in FY2021.

GDP GROWTH (SOURCE: INDIA.GOV.IN)



Much relief has also been seen after the announcement of the Union Budget for FY2022. The focus of this fiscal's Budget has been to strengthen the pledge of Nation First, doubling farmer's income, robust infrastructure, healthy India, good governance, opportunities for youth, education for all, women empowerment, and inclusive development, amongst others.

Key Features of the Union Budget for 2021-22:

1	Government Reforms	• Increase in borrowing limits of states • Privatization of Public Sector Enterprises
2	Agriculture and Allied Sectors	• Emergency working capital and Concessional Credit Boost for farmers • Agriculture marketing reforms • Extending SWAMITVA Scheme to all States/UTs • Additional 1,000 Mandis to be integrated with e-NAM
3	MSMEs & Industry	• Collateral free loans for businesses • PM Garib Kalyan Yojana • Change in definition of MSMEs
4	NBFCs & HFCs	• Applicability of SARFAESI Act to smaller NBFCs • Tax incentives for Affordable Housing and Affordable Rental Housing Project, to continue for one more year
5	Social Sector	• National Digital Health Blueprint • Technology-driven education: PM eVidya, National Foundational Literacy, and Numeracy Mission
6	Health	• 137% rise in allocation • ₹35,000 crore for COVID-19 vaccine
7	Research & Development	• National Research Foundation with an outlay of ₹50,000 crores over five years • National Language Translation Mission to boost internet access
8	Infrastructure	• National Rail Plan aims at 100% electrification of Broad Gauges by 2023 and developing adequate rail infrastructure by 2030 to cater to projected traffic needs up to the year 2050 • Increase modal share of rail in freight from 27% to 45%
9	Urban Development	• MetroLite and MetroNeo for tier II and peripherals of tier I cities • Voluntary Vehicle Scrapping policy • ₹2,217 crores for 42 urban centers to tackle air pollution

Financial Sector

Non-Bank lenders (NBFCs and HFCs) are an integral part of the Indian financial system. Over the years, they have emerged as the primary financier to a broad section of the population, including small and medium scale enterprises and economically unserved and underserved individuals. Through their extensive geographical reach, understanding of varied financial needs of people, and low turnaround time, they have been able to cater to the specific requirements of borrowers in the most result-focused and time-effective manner.

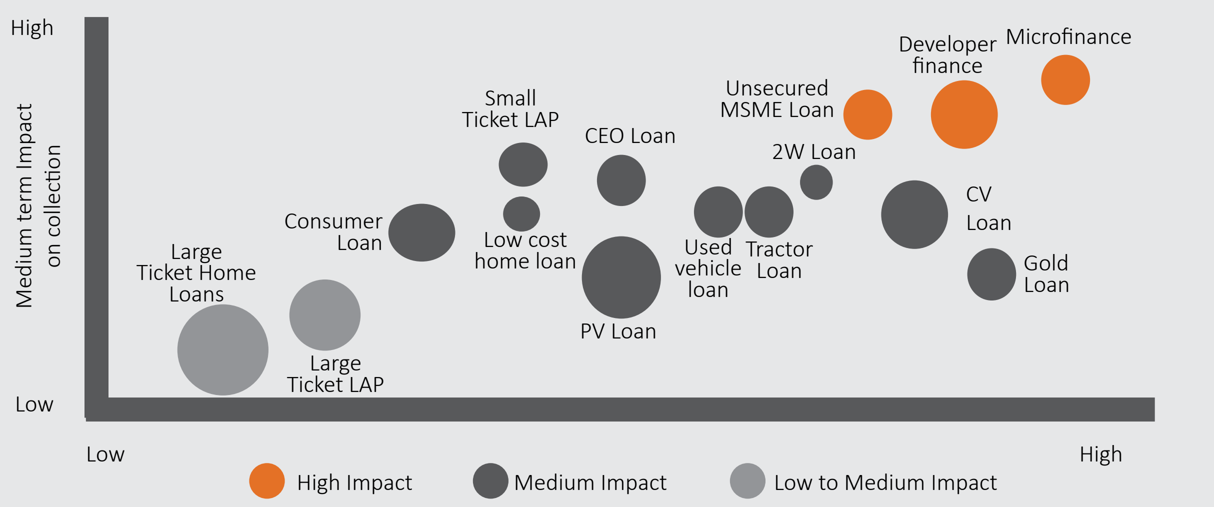
The effects of the pandemic have been observed across companies in the Non-bank sector. There has been a decline in non-bank credit growth, which began in the second half of FY2019 continuing to FY2020, initially impacted by the economic slowdown and then by the pandemic. Due to the stringent lockdowns, businesses and supply chains came to a standstill, which has affected trade and receivables, resulting in reduced liquidity for both self-employed and corporates. Furthermore, an extension of the moratorium on term loans by regulators resulted in a sharp decline in the collection efficiencies across asset classes for non-bank lenders.

As estimated by CRISIL, GDP growth is expected to average around 6.3% between fiscals 2023 and 2025, which is lower than the 6.7% average growth seen in the decade preceding the pandemic, and the 5.8% average in the three prior fiscals.

Management Discussion & Analysis *Contd...*

Impact of COVID-19 on collections of various asset classes

PROPORTION OF CUSTOMERS CHOOSING MORATORIUM
(SOURCE: EY ANALYSIS)



In addition to the above, the lockdown measures also resulted in a temporary suspension of business activities. As a result, many non-bank lenders reported a 20-30% drop in disbursements volume in Q4FY2020 over the previous year. Furthermore, NBFC lenders have relied on securitization as a tool for raising funds and address Asset Liability Management (ALM) mismatch, with its volume reaching as high as 30% of the assets for a few non-bank lenders. However, the uncertainty from the outbreak of the COVID-19 pandemic, long moratorium period, and resultant economic slowdown has adversely affected loan volumes.

Housing Finance Industry in India

As per an analysis by E&Y, the total home loans outstanding are expected to reach ₹35 lakh crore by FY2022 from ₹20 lakh crore in FY2019, with HFCs having approximately 43% market share (in terms of outstanding loans) . While banks have a larger market share, HFCs have gained significant momentum over the years. The essential factors that drive growth in housing finance include urbanization, housing shortage, fall in average household size, rising affordability, and lower penetration in rural and semi-urban areas.

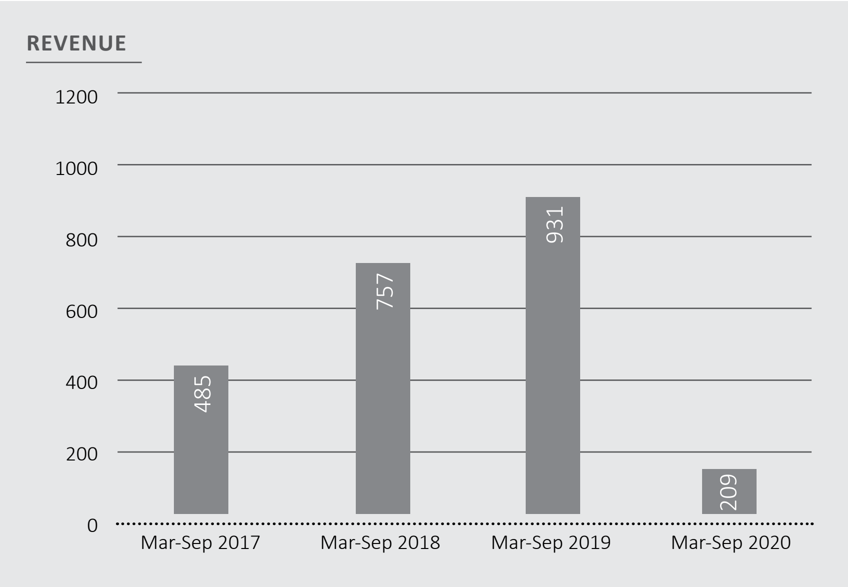
The disruptions caused by the COVID-19 crisis have led to challenges within the housing finance sector. A few of the obstacles are:

1. A sharp decline in the new customer base.
2. Significant decrease in repayments and collections due to customer-related stress.
3. High liquidity stress due to dependence on wholesale funding sources and drying up of new funding.

The Indian housing finance market experienced healthy growth in the housing loan outstanding of nearly 16% over the fiscals 2015-20 on the back of rising disposable income, increasing demand, and a rising number of players in the industry. However, the IL&FS fiasco of 2018 impacted almost every housing finance company due to highly tight liquidity conditions. In addition to this, the unprecedented outbreak of the COVID-19 pandemic and the following lockdowns imposed by the Government has affected the sector even further. The pandemic-induced disturbances worsened the slowdown in the housing credit growth in H1 FY2021. As a result, mortgage financing was severely impacted due to lower disbursements by HFCs and a high mismatch in asset-liability management. The overall on-book housing loan portfolio of the HFCs and NBFCs declined marginally in H1 FY2021. Although the pace of growth of banks also declined in H1 FY2021, it remained higher than HFCs, partly supported by portfolio buyouts. The crisis-induced loss of income is one of the factors that has adversely affected the asset quality of HFCs across the retail and wholesale segments. Salary cuts and job losses in few sectors have led to certain weakening levels in the borrowers' debt repayment capability. The construction finance segment, which was already under pressure due to demand-side issues, was further impacted by labor migration and lockdowns that have resulted in delayed project execution, completion, and sales, affecting the cash flow of this borrower segment.

With the gradual easing of lockdown restrictions and increasing economic activity, the disbursements have considerably increased over the last few months. This is further supported by measures such as concessional stamp duty rates in certain states and lower interest rates in the housing finance space. Though the HFCs continue to face headwinds because of the currently evolving situation, their ability to maintain adequate liquidity and control asset quality would be the key differentiator.

The total value of mortgages in India from March to September 2017 to 2020 (in billion Indian rupees)



Affordable Housing Finance

As per ICRA's report, while HFCs have observed a de-growth in their business due to the challenges caused by the pandemic, Affordable Housing Finance Companies (AHFCs) witnessed growth, although at a slower pace. For FY2022, AHFCs are expected to record an increase of 12-15%, given the largely underserved market, favorable demographic profile, housing shortage, and government support in the form of tax sops and subsidies . The total portfolio of the new AHFCs in the affordable housing space stood at ₹55,061 crores as of September 30, 2020, and registered a moderate YoY growth of 9% as against the sector's overall negative growth.

Opportunities

1. Revival of the real estate industry: The residential real estate space sales have been picking up across India's central states. In addition to this, the sector remains one of the top priorities for the Indian Government. Measures such as government stimulus during the pandemic, announcements in the Union Budget to benefit construction activities, and affordable housing have been the key drivers for the real estate industry. The revival of the residential real estate sector offers a multi-year growth opportunity to the housing finance industry. Moreover, factors such as urbanization, the nuclear family concept, and low housing penetration in the rural and semi-rural zones provide a market for expansion and growth to the HFCs.
2. Lowering interest rates: The Indian housing finance market is expected to grow at a CAGR of around 22% during 2021-2026 due to a rapid increase in urbanization and affordable mortgage rates. At present, the decline in the home loan rate is a gateway to opportunities for the country's growth of the home loan market.
3. Housing for All: The Indian Government has been consistently working towards its goal, 'Housing for All,' thereby increasingly focusing on providing affordable homes. As a result of the pandemic, there has been a rise in the demand for affordable homes as buyers were reluctant to make big-ticket purchases. Consequently, the affordable housing segment has grabbed maximum market demand, with the mid-income segment closely following the suit.

Product Segmentation – Housing Finance in India

In the past year, policy measures by the regulators and the Government have ensured the smooth functioning of domestic markets and financial institutions, primarily cushioned by abundant liquidity in the banking system. On account of the pandemic, economic activities have been subdued, resulting in muted credit offtake.

The credit growth* of Scheduled Commercial Banks (SCBs), which had declined to 5.7% by March 2020, slid further to 5.0% by September 2020. For the public sector banks (PSBs), credit growth picked up from 3.0% in March 2020 to 4.6% in September 2020, while for the private sector banks, it eased to 7.1% from 10.4% in March 2020. Alternately, deposit growth of SCBs remained robust at 10.3% YoY, driven by precautionary savings. The PSBs recorded an increase of 9.6%, which is among the highest in the last five years.

Management Discussion & Analysis *Contd...*

As per ICRA, Retail NBFCs are expected to be slower in FY2021 at 3-5% than the past trends of 18% compounded annualized growth rate (CAGR) between 2016 and 2020. Resurgence in COVID-19 cases and subsequent state-level lockdowns has impacted recovery. In FY2022, the growth in assets of Retail NBFCs is forecasted at 8-10%, primarily affected by the second wave and prevailing uncertainty around the extent of the economic rebound. Furthermore, asset quality pressure witnessed in Q3 FY2021 is expected to play out fully in FY2022.

The profitability indicators were impacted in FY2021. The provision and credit costs increased sharply due to the expected portfolio stress. They would remain at similar levels even in FY2022. The expectation of high incremental slippages and slower growth vis-à-vis past trends, even in FY2022, would keep the profitability ~30% below the pre-COVID levels.

Given the strain in macro-economic conditions and business de-growth for the housing finance companies, the affordable housing segment grew moderately at 9% YoY. As per ICRA, the total portfolio of the new companies in the affordable housing space stood ₹55,061 crores as of September 30, 2020. At their current size, affordable HFCs accounted for around 5% of the overall Indian HFC market as of September 30, 2020.

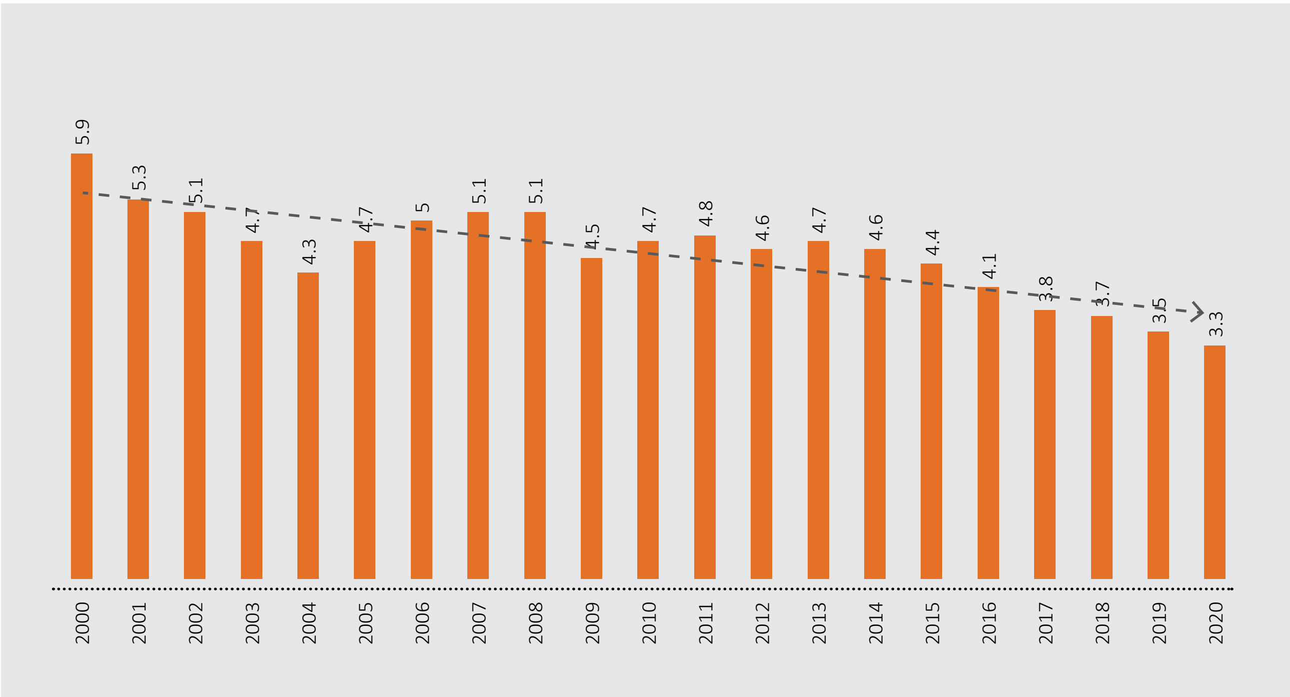
The property cost in the affordable housing segment is usually below ₹20 lakh, and borrowers have relatively low income and typically do not have any formal income proof. At the same time, banks are also present in the smaller-ticket home loan market. Their lending to the Economically Weaker Sections (EWS) and Low-Income Group (LIG) segments and borrowers without formal income proof is limited. Therefore, HFCs are trying to explore the opportunity and tap the customers in this underserved market segment.

Home Loans

The increase in home purchase affordability has been one of the most critical factors driving sales and paving the way for buyers to return to the market. Residential prices have remained stagnant over the last five years, while household incomes have witnessed steady growth.

In the past year, the housing sector benefited immensely due to the relaxation of stamp duty, moderation in interest rates, and time correction on property prices which saw a significant demand in 3Q and 4Q FY2021. Incrementally, with the withdrawal of the stamp duty benefit and slight tightening in housing loan lending rates, demand sustenance for FY2022 could be tested.

Affordability has remained the best in the past two decades, with flattish real estate prices over FY2015-20.



Furthermore, the growth in the housing sector has accelerated as a result of government measures and budgetary allocations.

Key highlights from Union Budget 2021:

1. Additional tax benefits for buyers and developers of affordable housing extended till March 2022.
2. PMAY Urban and PMAY Gramin expenditure at ₹8,000 crores and ₹37 367 crores in FY2022.
3. Innovative modes to finance infrastructure build-out, such as dedicated development finance institutions and debt financing of investment trusts and real estate investment trusts.

Housing Finance is at a robust multi-year growth opportunity given the trend in urbanization, nuclear family structures, favorable demographics, and low housing penetration. Other supporting parameters include price correction post-COVID in the residential market, stamp duty reduction in a few large states, solid and broad-based economic revival leading to income generation, and the Government's focus on resolving stuck projects. The significance of owning a comfortable home has been reinforced during the pandemic.

Loan Against Property

Loan against property has been a substantial funding source for micro, small and medium enterprises. Government measures, including the ₹3 lakh crore emergency credit line guarantee scheme (ECLGS), have been supportive. In FY2021, lending to micro, small and medium enterprises (MSME) has been led by ECLGS. In the first half of this fiscal, the COVID-19 pandemic forced both borrowers and lenders to tread cautiously, leading to a contraction in bank credit. In absolute terms, net credit rose to approximately ₹2.3 lakh crore in the first nine months of FY2021. Notably, disbursements under ECLGS in this period were ₹1.6 lakh crore. Most enterprises would have already utilized all collaterals in hand for catering for their working capital funding needs. As per India Ratings, incremental growth in the LAP segment is likely to be subdued. Furthermore, asset quality pressures have been high, mainly due to a moderation in property prices, reduced balance transfer leading to lower availability of top-up loans.

Construction Finance

Developers in the past few years have been focusing on aligning supply with demand. Strong fundamentals in increased demand-supply alignment, increased affordability and transparency, greater demand from the end-users, and the effective implementation of Government reforms such as RERA have supported the broader recovery of the residential real estate sector.

In Q4 FY2020, uncertainties around the economy and jobs started reducing, which led to an increase in the pace of recovery in residential real estate. As per JLL, new launches and sales across the seven key markets under review witnessed a significant jump.

In the next fiscal, a further improvement in sales across all housing segments is expected. However, development focus on mid and affordable segments will be critical. In 2020, more than 80% of the new launches were in the sub ₹10 million categories. Further launches will remain concentrated in these price segments, with developers trying to reap the benefits of strong pent-up demand in these segments and tax benefits offered by the Government.

Business Update

Grihashakti, Fullerton India Home Finance Company Limited (FIHFC) is a wholly-owned Fullerton India Credit Company Limited subsidiary. Started in December 2015, the Company caters to the housing finance needs of salaried, self-employed customers and firms. Furthermore, the Company is headquartered in Mumbai and has established customer connections through its 70 branches present across India. As of March 31, 2021, the assets under management stood at ₹42,570 Mio.

We offer various products to home buyers, including loans to purchase a new home, home improvement, home construction, and home extensions. The product suite also includes loans against property, loans for purchase and construction of a new commercial property, commercial plots, and developer finance.

Since the inception, we have infused capital at different intervals, increasing our branch distribution, making us a PAN India player, invested in people, technology, and infrastructure. We received external validation on our business model from rating agencies such as CARE and CRISIL. Moreover, we have been rated AAA by both entities. Our brand Grihashakti is well recognized in the housing finance space.

In terms of our branch network, we operate in Tier-II cities and beyond. In Metro and Tier I locations, we primarily originate loans from the outskirts of the town. In terms of its customer profile, we have maintained a healthy balance between salaried and self-employed customers. The sourcing composition in terms of units during FY2021 included 42% salaried customers and 58% self-employed customers.

Management Discussion & Analysis *Contd...*

Due to the uncertainty around the COVID-19 impact, we decided to be extra cautious. During the first half of the fiscal year, only Home Loans for Salaried customers with clear CIBIL cut-offs were allowed under the business rebuild policy. Also, cost optimization initiatives such as rent and vendor renegotiations were undertaken to operate at better efficacy. Despite stiff competition from banks, we have retained our boarding rates in the range of 8.90%-11.00% in Home Loan and 12.00%-14.00% in LAP.

The collection model is primarily operated through our in-house allocation. In select high-volume locations with high-intensity levels, additional collection support and geographic coverage are required. The distribution has been outsourced to an external vendor. A strong in-house team drives the collection strategy, priority tagging and risk segmentation of portfolio, buckets' categorization, specialized external vendors for recoveries, robust governance framework, and solid legal support. Additionally, advanced algorithms have been developed to segment the portfolio into different risk segments (based on bounce and off-us) to enable differential collections treatment per customer risk profile and timely action.

Product and Customer Bifurcation

Housing Loans

In the Housing Loans segment, we made a strategic shift towards going more granular on ticket size by increasing the component of the salaried customers (52% in units) and more direct sourcing (19% in teams). The salaried customer base typically comprises working individuals in the government sector, small companies, or proprietorship firms. Additionally, this includes self-employed customers who run small businesses. Around 50% of our customers qualify for a subsidy under the PMAY scheme. We focus on funding essentially completed properties than under construction. As of FY2021, only 13% of our portfolio on Housing Loan is towards under-construction properties, which helps us de-risk us from builder risk. In addition to this, our average ticket size stood at around ₹1.8 Mio. Our book Loan to Value (LTV) for the fiscal is recorded at 59%.

Loan Against Property

In the LAP segment, we have maintained our focus on low ticket size with an average ticket size of about ₹1.3 Mio (excluding ECLGS) & ₹1 Mio (including ECLGS) clear understanding of the end-use of funds. We primarily take residential property as collateral. The LAP on residential properties is about 79% in the current portfolio for the year under consideration. The customer mix is focused on individual customers' primarily sole proprietorship firms and individual businesses. As of Mar'2021, more than 77% LAP portfolio comprises self-occupied properties, which helps us to reduce the risk. During the fiscal, our book LTV stood at 41% for the LAP segment.

Our USPs

1	Strong Parentage	• AAA-rated • Steady infusion of capital
2	Experienced Management Team	• Industry veterans form part of the Board and Senior Leadership team
3	Strong Footprint in Tier II and III Towns	• Geographically diversified • Sizeable play basis network of 70 branches • ~700 active channel partners
4	Established Niche in the Self-Employed Segment	• Customized product programs for the SENP
5	Expertise in Handling New-to-Credit/Borrowers from Informal Segment	• Region-specific specialty teams on Board – underwriting, collateral management, valuation policy • Sturdy portfolio across market cycles – demonetization, RERA, GST, liquidity crisis, COVID-19
6	Strong Risk Governance Framework	• Pro-active monitoring based on the external environment, customer data, and bureau trends • Robust delinquency management – from early warning signals to effective SARFAESI implementation
7	Comfortable Liquidity Position	• Diversified lender base, low reliance on short term funding, well-managed ALM

Digitisation

During FY2021, the organization undertook many transformation projects for the complete digital onboarding of the customers. The well-established strategy of Agile IT aligns well with the changing dynamics of business and new product launches to grow the market share. At Grihashakti, we aim to achieve industry-best customer experience levels, turnaround time, and employee productivity, which will directly translate into a competitive advantage. Higher Budget is allocated for technology to build a scalable, mobile, and secure infrastructure in the upcoming fiscal.

- Grihashakti Sales App (Speed) for sourcing of salaried and self-employed customer base. Instant CIBIL check and detailed credit report, PAN validation from NSDL, real-time application filing, contact-less document upload, and financial statement analysis are some of the app's salient features.
- The business rule engine has been rewired to leverage new credit risk and scorecard models. This engine enables risk categorization of customers and soft offers for eligible customers at the pre-sanction stage with approved loan amount and tenure.
- Launch of Sales App to enable paperless sourcing of new customers by our channel partners and faster customer onboarding by the sales team.
- Digital payment solution collects loan application fees from customers in real-time using electronic modes like Debit Card, UPI, and Net Banking.
- The enterprise collections system has been expanded to support various payment modes, including UPI, wallets, and virtual accounts.
- C-KYC-based digital KYC tool for enabling digital KYC verification of customers with a credit history, as an alternative to physically meeting the customer for original identity and address validation.
- E-Nach and E-Consent portals help customers register account details using National Automated Clearing House (NACH) and take digital consent as an integrated flow to streamline collections.
- Software Architecture up-gradation for Sales App from client server-based model to liquid architecture for asynchronous processing, third-party API integration flexibility, and less App downtime.

Adoption of technology is helping the Company digitalise its customer onboarding process and partially automate underwriting with the help of digital capabilities. Soon, the Company would continue to focus and invest in advanced technologies for providing an enhanced experience to customers and partners. During FY2021, new features were added to the existing mobile sourcing platform for the frontline sales team, and the current customer portal was revamped. With the help of third-party integrations, both the Sales App and the Web Portal will digitally obtain verified customer data such as KYC, banking, and income, amongst others. Furthermore, the platforms will use a state-of-the-art business rule engine for customer risk profiling and eligibility calculation.

Management Discussion & Analysis *Contd...*

The adoption of technology is helping the Company to digitalise its customer onboarding process and partially automate underwriting with the help of digital capabilities.

We have partnered with certain fin-tech players to provide digital payment solutions, real-time and contactless KYC validation features for our customers, and mobile sourcing solutions for our channel partners during the year. This is part of the organizational strategy by collaborating with new-age digital partners and leveraging their technology to increase the customer base and lower acquisition costs.

Outlook

Focusing on portfolio granularity, we aim to build a strong franchise in the affordable segment with increasing disposable income, aspiring for better quality homes. Given India's under-penetrated mortgage loan market, we seek to build a scalable and resilient portfolio in relatively less competitive markets in semi-urban and rural locations. We have a capable frontline team sourcing an optimal mix of salaried and self-employed customers to achieve profitable and steady growth.

Risk Management Framework

Fullerton Grihashakti operates in an evolving environment and is exposed to various risks, including credit risk, liquidity risk, and operational risk. The Company has a prudent risk management practice that is integral to its operations. The risk management framework measures risk assessment, includes a well-defined risk appetite framework and inter alia focusses on internal controls, and good governance. We clearly articulate our risk appetite, operational policies, and Key Risk Indicators (KRIs) to explicitly define the level and nature of risk that we are willing to take.

At the core of Fullerton Grihashakti's s risk management approach, there is a clear understanding of the Company's desired risk appetite. The risk appetite framework approved by the Board of Directors covers various types of risks that the organization is exposed to and clearly defines the risk-taking perimeters.

The Board has delegated the responsibility for oversight of risk management to its Risk Oversight Committee (ROC), which periodically reviews the efficacy and effectiveness of the risk management framework. The objective of the Company's risk management system is to measure and monitor various risks and to implement policies and procedures to mitigate such risks. Accordingly, the ROC provides necessary oversight and assesses whether it is consistent with the risk tolerance levels as laid down through credit and product approval policies, processes, limits, controls, and procedures.

Risk Mitigation

The Company recognizes that risk identification is a critical function in managing and mitigating the risk. The Company thus identifies the risks in each function. In this process, inputs from all the departments are taken. Their viewpoints are factored in to do a meaningful analysis for the organization. On-going monitoring of loan accounts on a portfolio basis is carried out by a periodic and detailed portfolio monitoring system through a combination of cohorts and reports. The tracking, among other things, also includes early mortality cases and warning signs. The portfolio monitoring reports help protect the Company from credit risk arising from the macroeconomic, industry, segment-level changes, and other consumer behavioral attributes.

Additionally, various analytic tools are being used to maintain portfolio quality by suggesting appropriate policy interventions.

Regular internal audits and checks ensure that the responsibilities allocated are executed effectively. The Audit Committee of the Board of Directors periodically reviews the adequacy and effectiveness.

COVID Impact

The pandemic has resulted in an economic and operational disruption and also has introduced significant uncertainties. The government induced moratorium and other regulatory forbearance measures had delayed collections and collection efforts. The uptrend in delinquency was observed across all segments mainly due to systemic stress post the pandemic and also factors such as vintage impact, low portfolio growth, securitisation of good quality retail portfolio, and more importantly due to legal challenges inter alia due to the Supreme Court verdict of not declaring NPAs and local legal and mobility related challenges imposed by several state governments at various points in time. The company has carried suitable provisions including adequate management overlay on our ECL provisions to take care of the same.

Funding and Liquidity Management

Focus on durable and renewable resources is a top priority for the Company. Ensuring adequate liquidity for business and debt servicing is a crucial action area for the treasury team. Due to the global spread of COVID-19 in FY2021, the focus was to conserve the Company's liquidity position. Since the beginning of the year, we have ramped up our liquidity to support growth and debt servicing. In addition to this, borrowing from banks remains the majority of our borrowing, providing stability and renewability to the funding profile. Moreover, long-term capital market borrowings and the issuance of maiden sub-debt have helped the Company improve its asset-liability position. During FY2021, the Company sold pools aggregating to ₹0.6 billion with the underlying assets being loans against property under the direct assignment route and received maiden Special Refinance from NHB for ₹0.5 billion, thereby broad basing its funding sources.

Given the COVID-induced lockdown throughout a significant part of the country during FY2021, the RBI continued to announce a host of measures to provide relief and liquidity to the affected sectors. The Company availed funding under on-lending to priority sector from bank and through Non-Convertible Debentures under Targeted Long Term Repo Operations (TLTRO) scheme.

Since matched funding and lasting liquidity are the key aspects of the Company's overall growth, prudent management of borrowing activity is ensured through various supervision and Board oversight. A healthy pipeline of bank funding is always maintained to add resilience to the Company's funding profile. Furthermore, to bring efficiency, pool sales and capital market sources are strategically tapped when the right opportunities arise. The Company maintained adequate liquidity buffers in high-quality liquid assets. As a result, this has provided support to continue normal operations and avoid unexpected shocks to the business. These are maintained in high quality liquid assets, which are high rated and equivalent to cash. In addition to the liquidity buffer, partly drawn sanctioned bank loans and fee-paying committed credit lines are used as liquidity backup for contingencies. During FY2021, diversification and maintenance of adequate liquidity remained the critical objectives of the Company.

Furthermore, new and well-capitalized lenders were added over the year to create durable and renewable funding sources. During the previous year, we received rating affirmations from CRISIL and CARE. The ratings stand at AAA on our long-term debt and A1+ on our short-term debt, which is the highest short-term rating.

Human Resource Management

At Fullerton Grihasahkti, we believe that our employees constitute the heart of our business. It is their invaluable contribution over the years that have resulted in crafting our success story. Hence, it is the management's focus to continue to build on our people's strengths, aid them to become effective, and contribute to their overall well-being.

Fullerton India features amongst India's 'Employer of Choice 'and bagged the title of "Companies with great managers" for the 2nd year in a row. Our corporate culture is dynamic with solid roots. It provides our people with a shared sense of identity. It helps them deliver meaningful work & enhances their employee experiences. We value Integrity, Collaboration, Innovation, Diversity, Excellence, and Agility. We continuously strive to build an adaptive culture that serves as our foundation for continued business success.

Employee wellness has been one of our key areas of focus. During the nationwide lockdown declared by the Government due to COVID-19, we overcame all the challenges by continuously communicating with our employees through technology and our distributed HR presence. We ensured Business Continuity and enabled all our employees to work from home. Regular Health advisories based on WHO guidelines was disseminated to all employees through various methods of communication. A 24x7 pan India Doctor Helpline for all employees was set up through our wellness partner. Throughout the lockdown, we have continuously connected with our existing employees, added new members to our Fullerton Family, and ensured their smooth assimilation.

When the world is going through a health pandemic, an employee engagement strategy plays a crucial role. Fullerton India intensely focused on employee communication to enhance engagement. This has been led by the CEO & Leadership Team through various digital/virtual platforms to connect with employees across the length and breadth of the country. These initiatives have ensured that the Company has positively aligned the organization's objectives and the aspirations & goals of the employees.

To support the business requirement, our Company has recruited talent with solid ethics and deep domain knowledge. Our Company recognizes people as a source of competitive advantage and believes in nurturing their skillsets in this dynamic business environment. Our Company has provided training to 1,600 participants through virtual classrooms in the

Management Discussion & Analysis *Contd...*

areas of product, processes, systems, compliance, and behavioural skills during the year.

Fullerton India Recognition of Excellence (FIRE), our R&R program, enables us to show our genuine appreciation to our colleagues who put in the extra effort while also making sure our people are acknowledged and rewarded while making a difference. During the year, over 154 employees were recognized through the FIRE program. Additionally, employees who exhibited exceptional corporate excellence were included in the 'CEO Awards' and were felicitated. The Company also presented awards to 72 employees who have completed over 3, 5, and 10 years of service.

Besides, Fullerton India has a comprehensive Fun and Joy program called 'JUICE' that acts as a stress buster; breaks workplace monotony; leads to bonding and more effective teams; and reinforces a culture of work-life balance while ensuring employees are motivated, energized, and engaged.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of Grihashakti, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the beliefs, predictions, and other forward-looking statements will not prove accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications, and risk factors referred to in the management's discussion and analysis of Grihashakti's Annual Report, FY2021.

Standalone financials as per IND AS

Analysis of the Financial Statements

The following table presents Company's standalone abridged financials for the financial year 2020-21

Operating Results Information

Particulars	FY2020	FY2021	% change
Interest Income (A)	50,323	51,823	3
Other Income (B)	3,823	763	(80)
Gross Total Income (A+B) = C	54,145	52,587	(3)
Interest Expense (D)	30,657	31,090	1
Net interest income (NII) (A-D)	23,488	21,497	(8)
Operating expenses (E)	12,840	10,856	(15)
Operating profit (C- E)= F	10,648	10,641	(0)
Impairment on financial instruments (G)	8,508	18,049	>100
Profit before tax (F-G)= H	2,140	(7,409)	>(100)
Tax, including deferred tax (I)	748	(1,857)	>(100)
Profit after tax (H-I)	1,391	(5,552)	>(100)
Other Comprehensive Income/ (expense) (J)	(6)	(4)	(37)

₹ in lakhs, except percentages

Key ratios

The following table sets forth key financial ratios:

Particulars	FY2020	FY2021
Net interest Income (%)	4.0	4.8
Capital Adequacy – Total (%)	23.0	24.3
Capital Adequacy- Tier I (%)	22.2	21.3
Return on average equity ROE (%)1	2.1	(7.9)
Return on average assets ROA (%)2	0.4	(1.3)
Debt Equity Ratio (times)	5.2	6.0
Interest Coverage Ratio (times)	1.4	1.4
Book value per share	23.1	21.3
Earning Per Share		
Basic (in ₹)	0.5	(1.8)
Diluted (in ₹)	0.5	(1.8)

Notes

1. *Return on average equity is net profit after tax to the averages of monthly balances of Shareholder's fund*

2. *Return on average assets is net profit after tax to average of monthly customer asset under management*

Gross interest Income decreased by 3% and stood at ₹52,587 lakhs (FY2020: ₹54,145 lakhs). Operating profit remained almost flat from ₹10,648 lakhs at 31 March 2020 to ₹10,641 lakhs at 31 March 2021. Increase in impairment on financial asset for the year resulted into decline in profit before tax from ₹2,139 lakhs at 31 March 2020 to loss of ₹7,409 lakhs at 31 March 2021.

During the year, the company had written off its portfolio loans valued ₹7,444 lakhs and provided for ₹10,604 lakhs towards increase in credit risk of portfolio loans led by COVID 19 pandemic event and accelerated provisioning stance adopted by the Company to recognise the stress upfront.

Net Interest Margin (NIM) improved from 4.0% in FY20 to 4.8% in FY21 on account of reduction in cost of funds. Better interest cost management, reduction in benchmark rate and a prudent mix of business helped the Company to improve its net interest margin compared to previous year.

Total assets increased by 6% from ₹448,766 lakhs at 31 March 2020 to ₹475,865 lakhs at 31 March. 2021, primarily due to increase in Investments (92%). Investments have increased by 92% from ₹50,652 lakhs at 31 March 2020 to ₹97.086 lakhs at 31 March 2021 primarily led by stringent liquidity policy followed by the company. As at March 31, 2021, the Assets under Management (AUM) including de-recognized book through Direct Assignment, stood at ₹419,128 lakhs, as against ₹430,158 lakhs as at March 31,WW2020.

Total liabilities increased by 6% from ₹448,766 lakhs at 31 March 2020 to ₹475,865 lakhs at 31 March 2021. Borrowings increased by 6% from ₹369,743 lakhs at 31 March 2020 to ₹393,667 lakhs at 31 March 2021.

The Company continues to maintain healthy capital adequacy ratio as at March 31, 2021 is 24.3 % as against the regulatory requirement of 14%.

Debt Equity Ratio increased to 6.0x as against 5.2x in previous year, primarily on account of increase in borrowings and decrease in shareholders fund.

Return on average equity (ROE) decreased to (7.8%) as compared to 2.1% in previous year, primarily due to increase in credit cost.

Focusing on portfolio granularity, we aim to build a strong franchise in the affordable segment that has increasing disposable incomes and the aspiration for better quality homes.

Asset quality and composition

The following table sets forth, at the dates indicated, the composition of outstanding portfolio:

Particulars	FY2020		FY2021	
	Total Retail Advances	% of Total Retail Advances	Total Retail Advances	% of Total Retail
Housing Loan	215,182	55	211,394	55
Non- Housing Loan	172,888	44	168,242	44
Developer Funding	5,913	1	3,122	1
Total portfolio	**393,983**	**100**	**382,758**	**100**

₹ in lakhs, except percentages (basis NHB reporting)

Management Discussion & Analysis *Contd...*

With spread of Covid-19 pandemic, resultant local downs impacting economic activities; financial year 2021 has posed unprecedented challenges for NBFCs. During these unprecedented times, while the disbursals have been curtailed with focus on risk management, collection efficiency deteriorated as repayment capacity of borrower was impacted due to slowdown in economic activities. During the year, the Company has disbursed ₹55,794 lakhs as against ₹163,889 lakhs in FY20.

In accordance with RBI guidelines relating to COVID-19 regulatory package, The Company had offered moratorium to eligible customers for EMIs falling due between 1st March 2020 to 31st August 2020. Further, the Company have also offered resolutions to impacted customer as per "Resolution Framework for COVID-19-related Stress" dated 6th August, 2020. During the year, the company has implemented resolution and restructuring for its borrowers valued ₹10,891 lakhs In order to strengthen the balance sheet, the Company has followed conservative provisioning policies and increased its provision coverage across stage 1, Stage 2 and Stage 3. All borrower accounts where resolution is implemented in line with Resolution Framework dated 6th August were classified as minimum stage 2 and all other restructured accounts were classified as Stage 3.

The Company recognised impairment on financials assets applying Expected Credit Loss (ECL) model in accordance with requirements of Ind AS 109. At 31 March 2021, total general provision held against Stage 1 & Stage 2 assets was ₹10,008 lakhs compared with ₹3,312 lakhs at 31 March 2020.

With increase in COVID 19 Wave 2 widespread coupled with existing COVID 19 era have again brought business at low pace in tail end of financial year closing. Lockdown like strict conditions caused disrupted economic activities and hence impacted to cashflow of the customers as business got standstill. This has casted cloud on collection and increased delinquency.

The ratio of GNPA stood at 5.46% as at Mar-21 as against 3.83% as at Mar-20. Net NPAs increased to 2.85% as at Mar-21 from 2.13% as at Mar-20.

Resource & Liquidity

The Company maintain optimum and well matched Asset Liability Management (ALM) profile with continued focus on diversification of borrowing resources and conservative liquidity management. The liquid investments are spread across various high-quality liquid assets in the form of fixed deposits, money market instruments and treasury bills.

During FY2021, the Company raised funds from diversified sources including banks, capital market and from money markets to support the business momentum. As of 31 March 2021, total borrowings stood at ₹386,710 lakhs of which Tier-II subordinated debt included ₹7,000 lakhs.

The Company continued to maintain/ reaffirmed its highest credit rating of AAA/stable from CRISIL and CARE for its long term debt programme and A1+ from CRISIL and CARE for its short term debt programme. Rating demonstrates strong financial management and Company's ability to meet financial obligations.

Annexure II

Report on Corporate Governance

I. Corporate Governance Philosophy and Practice

Fullerton India Home Finance Company Ltd (FIHFCL) believes in adopting and adhering to the best recognized corporate governance practices and continuously benchmarks itself against each such practice. It also understands and respects its fiduciary role and responsibility towards its shareholders, customers, employees and other stakeholders and strives hard to meet their expectations.

The Company believes that best board practices and transparent disclosures are necessary for creating shareholders' value. The Company has infused the philosophy of corporate governance into all its activities. The philosophy on corporate governance is an important tool for shareholders' protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility, etc., serve as the means for implementing the philosophy of corporate governance in letter and spirit. In addition to compliance with regulatory requirements, FIHFCL endeavors to ensure highest standards of ethical and responsible conduct.

The Company continuously focuses on upgrading its governance practices and systems to effectively meet the new challenges faced by the Company. It is focused on raising the standards of corporate governance and adopting best systems and procedures. It is also committed to achieve and maintain the highest standards of corporate governance by timely and accurate disclosure of information regarding the performance of the Company.

The constitution of the Board and its Committees are in compliance with the provisions of the Companies Act, 2013 and the RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter "LODR, 2015").

II. Board of Directors

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides necessary guidance to the Company. Further the Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities to stakeholders to uphold the highest standards in all matters concerning FIHFCL.

All the Directors of the Company are well qualified persons of proven competence and possess the highest level of personal and professional ethics, integrity and values. The Directors exercise their objective judgment independently. The Board is committed towards representing the long term interests of its stakeholders. The Board members actively participate in all strategic issues which are crucial for the long term development of the organization.

As on date, the Board comprises of five Directors, with one Executive Director (CEO & Whole-time Director), two Independent Directors and two Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

None of the Independent and Non-Executive Directors had any material pecuniary relationship or transactions with the Company.

Four board meetings were held during the year on:

i. 08 June, 2020

ii. 12 August, 2020

iii. 23 November, 2020 and

iv. 16 March, 2021

The time gap between any two meetings was less than 120 days and at least one meeting was held every quarter.

As a matter of good governance, the dates of the Board meetings are fixed in advance for the full calendar year to enable maximum attendance and participation from all the Directors. The relevant background materials of the agenda item are distributed in advance of the meetings. All material information is presented for meaningful deliberations at the meeting. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it.

The Board members meet the senior management personnel from time to time.

The names of the Directors, attendance at Board Meetings and Annual General Meeting during the year, the number of other Directorships and Committee Memberships held by them as on 31 March 2021 are as follows:

Name of the Director	Category of Directorship (i)	Board meetings attended out of 4 held	Attendance at the last AGM held on 04 August 2020	Number of other* Directorships		Number of Committee memberships (iv)
				in other Indian public limited companies (ii)	in other Companies (iii)	
Mr. Rakesh Makkar	CEO & WTD	4/4	Yes	Nil	1	Nil
Mr. Anindo Mukherjee	Chairman, NED	4/4	No	2	15	2
Dr. Milan Shuster	ID	4/4	No	1	Nil	1
Mr. Pavan Pal Kaushal (Appointed w.e.f. 15.01.2021)	NED	1/1	NA	1	Nil	1
Ms. Rajashree Nambiar (Resigned w.e.f. 15.01.2021)	NED	3/3	Yes	Nil	Nil	Nil
Ms. Sudha Pillai	ID	4/4	No	8	1	7

Notes: ** "Others" excludes the Company itself*

i. Category of Directorship:

MD *– Managing Director*

ED *– Executive Director*

NED *– Non Executive Director*

ID *– Independent Director*

ii. Comprises public limited companies incorporated in India.

iii. Other Companies Comprises private limited companies incorporated in India, foreign companies and Section 8 companies.

iv. Only membership/chairmanship of the Audit Committee and Shareholders'/Investors Grievance Committee held in Indian public limited companies have been considered.

v. None of the Directors of the Company hold Directorship in more than 10 Public Companies or is a member in more than 10 Committees or acts as Chairman of more than 5 Committees across all companies in which he or she is a Director.

Report on Corporate Governance Contd...

Regularization of appointment of Additional Director

The Board had appointed Mr. Pavan Pal Kaushal as an Additional Director of the Company with effect from 15 January, 2021. In terms of Section 160 of the Companies Act, 2013, his term of office is up to the date of the ensuing Annual General Meeting. The Company has received his consent to act as a Director, if appointed, and that he is not disqualified under sub-section (2) of section 164 of the Companies Act, 2013. Brief profile of Mr. Pavan Pal Kaushal is as under:

Mr. Pavan Pal Kaushal is the Non-executive Director at Grihashakti and Chief Operating Officer for Fullerton India.

He is a career banker with over three decades of experience in the financial services sectors across several leading global banks and consulting. Prior to joining Fullerton India, Pavan was a member of the founding team at IDFC Bank and its first Chief Risk Officer and member of the Leadership team. He was variously a partner with Ernst & Young, Chief Risk Officer at ANZ Bank India and held several senior leadership roles both domestic and international at Citibank. Pavan is a Chartered Accountant and a MBA (Finance).

Mr. Kaushal holds 1 share in the Company as a nominee shareholder.

Director seeking reappointment

Mr. Anindo Mukherjee will be retiring at the forthcoming annual general meeting of the Company. He being eligible has offered himself for re-appointment. The brief profile of Mr. Anindo Mukherjee is as under:

Mr. Mukherjee is the Chairman of Fullerton India Home Finance Co Ltd and Non-Executive Director. Currently, he is the Chief Operating Officer at Fullerton Financial Holdings Pte Ltd (FFH), Singapore. Mr. Mukherjee oversees the company's operational activities and works closely with the investee companies to implement their business plans, manage risk and governance, and develop operational capabilities.

Mr. Mukherjee has more than 25 years of banking experience. Prior to joining FFH, he was responsible for the Risk Management, Legal and Compliance functions in Fullerton India. His vast experience includes working with Standard Chartered Bank, where he was the Regional Credit Officer for the Consumer Business in India & South Asia and having exposure across a variety of other international and private banks, including Bank of America, ABN AMRO Bank and HDFC Bank.

He is a Chartered Accountant from the Institute of Chartered Accountants of India and Cost & Management Accountant from Institute of Cost and Works Accountants of India.

III. Board Committees

(a) Audit Committee

Terms of Reference

The powers and terms of reference of the Audit Committee are comprehensive and include the requirements as set by Section 177 of the Companies Act, 2013. The Committee is vested with necessary powers as defined in its charter to achieve its objectives. The role of the Committee in brief includes the following:

i. To review and make recommendations for appointment and removal, remuneration and terms of appointment, of Internal and external auditors of the company

ii. To review and monitor the auditors' independence and performance, and effectiveness and scope of internal and external audit process as well as post-audit discussion to ascertain any area of concern

iii. To review the scope, functioning, structure, staffing and methodology of internal audit and to approve the internal audit plans

iv. To review Information System Audit report and discuss significant findings, if any, with the auditors

v. To approve provision of any other services by auditors apart from audit, except those which are prohibited and advice on the remuneration to be paid for such services

vi. To review Company's financial statements, disclosure of financial information to ensure the financial statements are correct, sufficient and credible

vii. To approve and make suitable recommendations to the Board, where necessary with regard to the transactions of the company with related parties and any subsequent modifications therein

viii. To scrutinize inter-corporate loans and investments

ix. To oversee establishment of a vigil mechanism (whistle blower mechanism) for directors and employees, to examine the reports under the vigil mechanism and to take suitable action against complainants including reprimand in case of repeated frivolous complaints

x. To carry out such other functions as may be delegated by the Board from time to time.

Composition

The Audit Committee currently comprises of two independent directors and one non-executive director. All the members of the Audit Committee are financially literate and persons of proven competence and integrity. The Statutory Auditors and Internal Auditors are invited to the meeting to bring out the issues which they may have with regards to finance, operations, processes, systems and other allied matters.

The Audit Committee Meeting was held five times during the year on the following dates and the necessary quorum was present at the meeting.

i. 08 June, 2020

ii. 12 August, 2020

iii. 06 November, 2020

iv. 23 November, 2020 and

v. 16 March, 2021

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of Member	Number of Meetings Attended
Mr. Anindo Mukherjee, Chairman	5/5
Dr. Milan Shuster	5/5
Ms. Sudha Pillai	5/5

The proceedings of the Audit Committee Meetings were noted by the Board of Director at its meeting. The Company Secretary acts as the Secretary to the Committee.

(b) Risk Oversight Committee

The Company has a comprehensive, well-established and detailed risk management framework. The Company especially focuses on improving sensitivity to assessment of risks and improving methods of computation of risk weights, processes and procedures. The Company has constituted Risk Oversight Committee to identify, review and control key risk areas, across the entire organization as per the requirements of RBI Master Directions.

Terms of Reference

Risk Oversight Committee is a dedicated Board-level committee that monitors the risk management in the Company. The risk assessment and mitigation procedures are reviewed by the Board periodically. The role of the Committee in brief includes the following:

i. Evaluate the overall risks faced by the Company and monitor its risk profile;

ii. Provide direction in building strong risk management framework in the Company and inculcate risk culture within the organization;

iii. Review and approve the development and implementation of risk strategies, policies, processes and programs;

iv. Review risk assessment and minimization procedures; and

v. Review the compliance of adherence to various risk parameters by operating departments.

The Risk Oversight Committee (ROC) controls and manages the inherent risks relating to the Company's activities in the following categories:

- Credit Risk
- Market Risk/Liquidity Risk
- Currency Risk
- Interest Rate Risk
- Operational Risk
- Cyber Security/Infosec Risk
- Other Risks
- Other functions as may be delegated by the Board from time to time.

Composition

The Risk Oversight Committee currently comprises of two Independent Director, one Non-Executive Director and one Executive Director.

Meetings

The Risk Oversight Committee meetings were held on the following dates and the necessary quorum was present at all the meetings:

i. 08 June, 2020

ii. 12 August, 2020

iii. 23 November, 2020 and

iv. 16 March, 2021

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name of member	Number of Meetings Attended
Mr. Pavan Kaushal, Chairperson (Inducted as Chairperson w.e.f 28.01.2021)	1/1
Ms. Rajashree Nambiar (ceased to member w.e.f 15.01.2021)	3/3
Dr. Milan Shuster	4/4
Ms. Sudha Pillai	4/4
Mr. Rakesh Makkar (Inducted as member w.e.f 19.07.2021)	0/0

Report on Corporate Governance *Contd...*

The proceedings of the Risk Oversight Committee Meetings were noted by the Board of Directors at its meetings. The Company Secretary acts as secretary to the Committee.

(c) Nomination and Remuneration Committee

Terms of Reference

The Company has a Nomination & Remuneration Committee (NRC) pursuant to the requirements of Section 178 of the Companies Act, 2013 and RBI Master Directions. The Committee is vested with necessary powers, as per its Charter approved by the Board.

The Terms of Reference of Nomination and Remuneration Committee in brief are as under:

Nomination Functions:

i. Review the structure, size and composition of the Board which includes Board diversity, evaluate the balance of skills, knowledge and experience on the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary.

ii. Formulate the criteria for evaluation for determining qualifications, positive attributes and independence of directors

iii. Be responsible for identifying and nominating for the approval of the Board, persons who are qualified to become directors and who are “fit and proper as director” and may be appointed in senior management in accordance with the criteria laid down

iv. Carry out evaluation of the directors’ performance

v. Evaluate suitable candidates and approve the appointment of the CEO and the Company’s Leadership Team members

vi. Formulate plans for succession for the CEO and the Leadership Team members

vii. Re-appoint any non-executive director at the conclusion of his or her specified term of office.

Remuneration Functions:

viii. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees

ix. Determine and recommend to the Board the remuneration payable to the directors

x. Recommend the compensation for the CEO & MD, and each of the Leadership Team members, which will be further ratified by the Board of the Company.

xi. Recommend the compensation strategy and budget covering all employees of the Company

xii. Review deployment of key Human Capital strategies and tools specifically in the area of talent acquisition, employee engagement and development and succession planning.

Composition

The Nomination and Remuneration Committee currently comprises of two independent directors and one non-executive Director.

Meetings

The Nomination and Remuneration Committee meeting was held three times during the year on the following dates and the necessary quorum was present at the meeting.

i. 2 June, 2020;

ii. 6 August, 2020 and

iii. 18 March, 2021

The Committee meets as and when required subject to a minimum of two meetings in a financial year.

The details of the composition of the Committee and attendance at its meetings are set out in the following table:

Name	Number of Meetings Attended
Dr. Milan Shuster, Chairman	3/3
Mr. Anindo Mukherjee	3/3
Ms. Sudha Pillai	3/3

The proceedings of the Nomination and Remuneration Committee meeting was noted by the Board of Directors at its meeting. The Head of Human Resource of the Company acts as secretary to the Committee.

(d) IT Strategy Committee

The Company has an IT Strategy Committee to comply with the requirements of RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. The Committee is vested with necessary powers, as laid down in its charter to achieve its objectives.

Terms of Reference

The Terms of Reference of the IT Strategy Committee in brief are as under:

Technology:

i. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.

ii. Ascertaining that management has implemented processes and practices which ensures that the IT delivers value to the business.

iii. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.

iv. Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.

v. To monitor the cyber security strategies/ preparedness/framework/etc. and review the cyber security policies and cyber crisis management plans.

vi. Evaluate performance of the IT Steering Committee.

vii. To recommend the appointment of IT/IS Auditor to the Audit Committee.

IT Services Outsourcing:

i. Instituting an appropriate governance mechanism for outsourced processes, comprising of risk based policies and procedures, to effectively identify, measure, monitor and control risks associated with outsourcing in an end to end manner.

ii. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements.

iii. Undertaking a periodic review of outsourcing strategies and all existing material outsourcing arrangements.

iv. Evaluating the risks and materiality of all prospective outsourcing based on the framework developed by the Board.

v. Periodically reviewing the effectiveness of policies and procedures.

vi. Ensuring an independent review and audit in accordance with approved policies and procedures. Ensuring that contingency plans have been developed and tested adequately.

vii. Ensuring the business continuity preparedness is not adversely compromised on account of outsourcing and seek proactive assurance that the outsourced service provider maintains readiness and preparedness for business continuity on an ongoing basis.

Composition

The IT Strategy Committee currently comprises of one independent director and two Non-Executive Directors.

Meetings

The IT Strategy Committee meeting was held two times during the year on the following dates and the necessary quorum was present at the meeting.

i. 02 June, 2020 and

ii. 25 November, 2020

The Committee meets atleast once in six months or as frequently as required.

The details of the composition of the Committee and attendance at its meetings are set out in the following table:

Name of Member	Number of Meetings Attended
Ms. Sudha Pillai, Chairperson	2/2
Mr. Anindo Mukherjee	2/2
Ms. Rajashree Nambiar (Ceased to member w.e.f 15.01.2020)	2/2
Mr. Pavan Kaushal (Inducted to member w.e.f 28.01.2021)	0/0

*CIO/CTO was inducted as member w.e.f. 19.07.2021

The proceedings of the IT Strategy Committee meeting was noted by the Board of Directors at its meeting. The Company Secretary acts as secretary to the Committee.

(e) Corporate Social Responsibility Committee

The Company has a Corporate Social Responsibility (CSR) Committee to comply with the requirements of Section 135 of the Companies Act, 2013. The Committee is vested with necessary powers, as laid down in its charter to achieve its objectives.

Terms of Reference

The Terms of Reference of the CSR Committee in brief are as under:

- To formulate and recommend to the Board the Company's CSR policy, or any modifications in the policy, which shall indicate the activities to be undertaken by the Company in accordance with Schedule VII of the Companies Act, 2013.
- To monitor the implementation of the CSR Policy of the Company from time to time, to review CSR programs, reports on CSR activities, recommend changes or alterations if any.
- To review and recommend the Annual Budget for CSR activities/the amount of total expenditure to be incurred on different CSR activities during the year, to the Board.
- To institute a transparent monitoring mechanism for ensuring implementation of the projects/programs/activities proposed to

Report on Corporate Governance *Contd...*

be undertaken by the company and review the amount spent on CSR.

- To review synergy or alignment for various CSR activities along with partners as per the sectors identified by the Company for CSR.
- To review and finalise the Annual CSR Report reflecting fairly the Company's CSR approach, policies, systems and performance.
- To review and recommend the responsibility statement for inclusion in the board's report that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and policy of the company.
- To carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the contribution of its duties to achieve overall CSR objectives of the Company or is mandatory for it to be carried out by any regulatory requirements.

Composition

The CSR Committee currently comprises of one independent director, one Non-Executive Director and one Executive Director.

Meetings

The CSR Committee meeting was held on the following date and the necessary quorum was present at the meeting:

i. 12 March, 2021

The Committee meets as and when required subject to a minimum of two meetings in a financial year.

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name	Number of Meeting Attended
Ms. Sudha Pillai	1/1
Mr. Anindo Mukherjee	1/1
Mr. Rakesh Makkar	1/1

The proceedings of the CSR Committee Meeting were noted by the Board of Directors at its meeting. The Company Secretary acts as secretary to the Committee.

Besides the above committees, your Company has formed Wilful Defaulters Review Committee in terms of NHB guidelines on wilful defaulters.

(f) Wilful Defaulter Review Committee

The Company has a Wilful Defaulter Review Committee (WDRC) to comply with the requirements of RBI master direction. The Committee is vested with necessary powers, as laid down in its charter to achieve its objectives.

Terms of Reference

The Terms of Reference of the WDRC in brief are as under:

- To review the order of the Wilful Defaulters Identification Committee (WDIC) for classification of certain identified borrowers as 'Wilful Defaulters'.
- To review and recommend to the Board for de-classification of borrowers who had been earlier identified as 'Wilful Defaulters' basis their credit discipline and cooperative dealings with the Company.
- Upon identification of borrower/group as Wilful Defaulter, communication of order to the Wilful Defaulters Identification Committee (WDIC) for onward communication to the Borrower /group; ensuring simultaneous reporting to all CICs in prescribed format by the Company.
- Carry out such other functions as may be delegated by the Board from time to time, or as may be necessary or appropriate for the performance of its duties or is mandatory for it to be carry out by any regulatory requirements.

Composition

The Wilful Defaulter Review Committee currently comprises of two independent directors and one Non-Executive Director.

Meeting

The WDRC meeting was held on the following date and the necessary quorum was present at the meeting:

i. 27 October, 2020

The Committee may meet whenever a reference is made by the Wilful Defaulters' Identification Committee (WDIC) or as and when deemed fit by it.

The details of the composition of the Committee and attendance at its Meetings are set out in the following table:

Name	Number of Meeting Attended
Mr. Anindo Mukherjee	1/1
Dr. Milan Shuster	1/1
Ms. Sudha Pillai	1/1

The Company Secretary acts as Secretary to this Committee.

Your Company has other management committees such as Asset Liability (Management) Committee (ALCO) formed as per the circular NHB/ND/DRS/ Pol No. 35/ 2010-11 dated 11 October, 2010 issued by the National Housing Bank (NHB), as amended from time to time.

IV. Code of Conduct

The Company adopted the code of conduct approved by the Board of Directors which is binding on the employees of the Company and the same has been complied with.

V. Directors & Officers Liability Insurance coverage

The Company's holding company viz. Fullerton India Credit Company Limited has obtained Directors and Officers Liability Insurance coverage from HDFC Ergo General Insurance Company Ltd to the extent of INR 20 crores along with entity cover under Employees' Practices Liability and any other legal action that might be initiated against the Directors. The said policy cover extends to the Company as well.

VI. General Body Meetings

The details of the General Body Meetings held in the last three financial years are given below:

General Body Meeting	Day, Date	Time	Venue
Extra-ordinary General Meeting	Thursday, 26 April, 2018	11:00 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Annual General Meeting	Friday, 06 July, 2018	2:30 PM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095
Extra-ordinary General Meeting	Friday, 04 January, 2019	11:30 AM	Corp Office: Floor 6, B Wing, Supreme Business Park, Supreme City, Behind Lake Castle, Powai, Mumbai – 400076
Annual General Meeting	Friday, 12 July, 2019	2:30 PM	Regd. Office: Megh Towers, 3rd Floor, Old No. 307, New No. 165, Poonamallee High Road, Maduravoyal, Chennai – 600095
Extra-ordinary General Meeting	Wednesday, 15 April, 2020	11:30 AM	Through Video Conference
Annual General Meeting	Tuesday, 04 August, 2020	11.30 AM	Through Video Conference
Extra-ordinary General Meeting	Thursday, 25 March, 2021	11:00 AM	Through Video Conference

The details of the special resolutions passed in General Meetings held in the previous three financial years are given below:

General Body Meeting	Day, Date	Resolution
Extra ordinary General Meeting	Thursday, 26 April, 2018	1. To approve power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding Rs. 5000 Crores 2. To approve the power to create charge on the asset of the company pursuant to 180(1)(a) of the Companies Act, 2013 3. To approve issuance of debt securities pursuant to the provisions of section 42 and 71 of the Companies Act, 2013 on private placement basis not exceeding INR 2,500 Crores. 4. To approve issuance of subordinated debt qualifying to raise Tier II capital not exceeding Rs. 300 crores.

Report on Corporate Governance *Contd...*

General Body Meeting	Day, Date	Resolution
Annual General Meeting	Friday, 06 July, 2018	No special resolution was passed
Extra-ordinary General Meeting	Friday, 04 January, 2019	1. Payment of remuneration to Whole Time Director in excess of limits prescribed in Schedule V to the Companies Act, 2013
Annual General Meeting	Friday, 12 July, 2019	No special resolution was passed
Extra-ordinary General Meeting	Wednesday, 15 April, 2020	1. To approve the power to borrow funds pursuant to the provisions of section 180(1)(c) of the Companies Act, 2013, not exceeding Rs. 7,000 Crores 2. To approve the power to create charge on the assets of the company to secure borrowings up to Rs. 7,000 Crores pursuant to section 180(1)(a) of the Companies Act, 2013
Annual General Meeting	Tuesday, 04 August, 2020	1. To extend the current tenure of Dr. Milan Shuster (DIN: 07022462), Independent Director, by two years 2. To appoint Ms. Sudha Pillai (DIN: 02263950) as an Independent Director
Extra-ordinary General Meeting	Thursday, 25 March, 2021	1. To Re-appoint Mr. Rakesh Makkar as Chief-Executive Officer and Whole-time Director of the Company

All the resolutions were passed by show of hands and no resolutions were passed by postal ballot.

VII. Disclosures

i. Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large:

   The particulars of the transactions between the company and 'related parties' are provided at Note No. 36 in Notes to accounts published elsewhere in the Annual Report. None of the transactions are likely to have any conflict with Company's interest.

ii. Details of non-compliance by the company, penalties, structures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years – NIL

VIII. CEO/CFO Certificate:

The CEO and the CFO of the Company have certified to the Board with regard to the financial statements and other matters. This certificate is included as Annexure III to the Directors' Report.

Annexure III

Certification by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

To,
The Shareholders and the Board of Directors
Fullerton India Home Finance Company Limited

We, Rakesh Makkar, Chief Executive Officer & Whole-time Director and Pankaj Malik, Chief Financial Officer, of Fullerton India Home Finance Company Limited, to the best of our knowledge and belief, certify that:

a. We have reviewed the financial statements and the cash flow statements for the year ended 31 March, 2021 (hereinafter referred to as the year) and that to the best of our knowledge and belief:

    i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

    ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's internal policies

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

d. We have indicated to the Auditors and the Audit Committee;

    i. Significant changes in internal control over financial reporting during the year; and

    ii. Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements.

e. There had been 3 instance of fraud reported by the Company to the Board. The Company has taken appropriate action against the same. The Company is registered as a non-deposit taking housing finance company.

Date : 10 August, 2021
Place : Mumbai

Sd/-
Rakesh Makkar
CEO & Wholetime Director

Sd/-
Pankaj Malik
Chief Financial Officer

Annexure IV

Secretarial Audit Report

Form No. MR-3

For the year ended March 31, 2021

[*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,
Fullerton India Home Finance Company Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fullerton India Home Finance Company Limited** [hereinafter called **'the Company'**] for the year ended March 31, 2021 in terms of Audit Engagement Letter dated September 17, 2020 ['**period under review**']. The secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes, 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 period under review for the year ended March 31, 2021 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, minutes, forms and returns filed and other records maintained by the Company for the period under review, according to the provisions of:

1. The Companies Act, 2013 ("the Act") and the rules made thereunder including any re-enactments thereof;
2. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and rules made thereunder;
3. The Depositories Act, 1996 and the regulations and bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
5. **The following Regulations and Guidelines prescribed under Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable;**
   a. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
   d. The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 (in relation to obligations of Issuer Company);
   e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Act and dealing with client;
6. **Specific Laws applicable as mentioned hereunder:**
   a. National Housing Bank Act, 1987;
   b. The Housing Finance Companies (NHB) Directions, 2010;
   c. Housing Finance Companies – Auditor's Report (National Housing Bank) Directions, 2016
   d. Guidelines on 'Know Your Customer and Anti-Money Laundering Measures;
   e. Returns to be submitted by Housing Finance Companies;
   f. Guidelines for Asset Liability Management System in Housing Finance Companies;
   g. Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016;
   h. Housing Finance Companies issuance of Non-Convertible Debentures on private placement basis (NHB) Directions, 2014;
   i. Housing Finance Companies – Auditors Report (National Housing Bank) Directions; 2016;
   j. Guidelines on Fair Practices Code (FPC) for all HFCs;
   k. Miscellaneous Circulars;
   l. Policy Circulars;
   m. RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve

Bank) Directions, 2021 (*effective from February 17, 2021*).

n. RBI Master Direction – Know Your Customer (KYC) Direction, 2016 (*effective from May 19, 2020*).

o. RBI Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 (*effective from October 22, 2020*).

p. RBI Master Direction –Information Technology Framework for the NBFC Sector dated June 08, 2017 (*effective from October 22, 2020*).

q. RBI regulations referred in appendix of RBI Notification dated October 22, 2020 on Review of regulatory framework for Housing Finance Companies (HFCs).

r. Insurance Regulatory and Development Authority of India (Registration of Corporate Agents) Regulations, 2015.

We have also examined compliance with the applicable clauses of Secretarial Standards 1 and 2 issued by the Institute of Company Secretaries of India;

We report that during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, except the following:

1. **Non-compliance with the provisions of paragraph 22 and 27A of the Housing Finance Companies (NHB) Directions, 2010 ('NHB Directions'):**

   During the period under review, National Housing Bank (**'NHB'**) levied a penalty of INR 10,000 for non-compliance with the provisions of Para 22 and 27A of the NHB Directions relating to Income recognition and Loan-to-Value ratio respectively.

We further report that:

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

Adequate 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, 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.

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

All the decisions were unanimous and there were no instances of dissent in the Board and Committee 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 period under review, the Company has not incurred any specific event/ action listed below that can have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., except as follows:

i. **Private Placement of Non – Convertible Debentures (NCDs):**

   During the period under review, the Company has allotted secured NCDs amounting to INR 570 crores.

ii. **Redemption of NCDs:**

   During the period under review, the Company redeemed NCDs amounting to INR 405 crores pursuant to maturity.

iii. **Approval to borrow funds pursuant to Section 180(1)(c) of the Act and to create a charge thereof pursuant to Section 180(1)(a) of the Act:**

   During the period under review, the Company approved borrowing of funds up to INR 7,000 crore and creation of charge on the assets of the Company to secure such borrowings pursuant to Sections 180(1)(c) and 180(1)(a) respectively of the Act at its extraordinary general meeting held on April 15, 2020.

For **M/s Vinod Kothari & Company**
Company Secretaries in Practice
Firm Registration No: P1996WB042300

Abhirup Ghosh
Partner
Membership No: ACS 39076
CP No.: 21571
UDIN: A039076C000605829
Peer Review Certificate No.: 781/2020

Place : Kolkata
Date : July 09, 2021

Annexure IV

Secretarial Audit Report *Contd...*

Annexure I

Annexure to Secretarial Audit Report (Non-Qualified)

To,
The Members,
Fullerton India Home Finance Company Limited

Our Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit. The list of documents for the purpose, as seen by us, is listed in **Annexure II**;

2. We have followed the audit practices and the processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;

3. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.

4. Wherever our Audit has required our examination of books and records maintained by the Company, we have also relied upon electronic versions of such books and records, as provided to us through online communication. Wherever for the purposes of our Audit, there was a need for physical access to any of the places of business of the Company, the same was not possible due to the lockdowns and travel restrictions imposed by Central and State Governments respectively. We have conducted online verification & examination of records, as facilitated by the Company, due to Covid 19 and subsequent lockdown situation for the purpose of issuing this Report.

5. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.

6. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulation and happening of events etc.

7. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedure on test basis.

8. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.

9. The contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.

10. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Annexure II

List of documents (Soft Copy)

1. Minutes of the following (final draft of signed minutes furnished electronically, on account of lockdown due to COVID-19):
    a. Board Meetings;
    b. Audit Committee Meetings;
    c. Risk Oversight Committee Meetings;
    d. Nomination and Remuneration Committee Meetings;
    e. Corporate Social Responsibility Committee Meeting;
    f. IT Strategy Committee Meetings;
    g. General Meetings;
    h. Asset Liability Management Committee Meetings;
2. Proof of agenda and notice circulation on sample basis;
3. Resolution passed by circulation;
4. Annual Report for FY 19-20, Audited Financial Statements for FY 20-21;
5. Disclosure by directors under the Act and rules made thereunder;
6. Statutory Registers under the Act;
7. Documents submitted to Debenture Trustee;
8. Intimations filed with Stock Exchanges and Credit Rating Agencies;
9. Forms and returns filed with the ROC, NHB;
10. Documents as provided under IRDA Corporate Agent Regulations.

Annexure V

CSR Report.

1. A brief outline of the company's CSR policy:

CSR policy of Fullerton India Home Finance (brief outline)

i. INTRODUCTION

Grihashakti, Fullerton India Home Finance Co. Ltd (FIHFC) is a wholly owned subsidiary of Fullerton India Credit Company Limited and offers loans to salaried and self-employed individuals and organizations. With the motto of Iraada Hai Toh Raasta Hai, Grihashakti has always believed in putting its customers and their dreams first.

Like its parent company Fullerton India, FIHFC is also committed to grow in a socially responsible manner, with financial inclusion as its guiding business vision and aims to reach out to the under-banked and unbanked by not just providing them with financial services but also by enabling the communities with services and skills that would help improve their standard and quality of living.

Thus, FIHFC's Corporate Social Responsibility (CSR) initiative aims at having a long-term sustainable impact on the community. The CSR initiatives shall, however, not directly relate to (i) the business of the Company and (ii) welfare of its employees and their families and are independent of the normal conduct.

ii. CSR Vision

FIHFC's CSR Vision is to enable sustainable development and inclusive growth across communities through innovative socio-economic interventions, in fulfillment of its role as a socially responsible corporate citizen.

iii. CSR Objectives

FIHFC's CSR Initiative focusses on the three keys aspects of the community's development- Social, Economic and Education. To achieve long-term sustainable impact on the community, FIHFC's CSR objectives are:

- **Improve the social well-being** of the community through
  - Health awareness and intervention programs for community
  - Women- focused health interventions through awareness and implementation of programs enabling adoption of best health practices
- **Advance livelihoods** through
  - Identification of technical expertise for guidance and facilitation of programs
  - Income enhancement through skill development & market linkages
- **Promotion of Education** through
  - Access to quality education for underprivileged children
  - Financial Literacy to unbanked and under banked communities
- **Adoption of sustainable environmental practices** through
  - Promotion and adoption of environmentally sustainable practices

iv. SCOPE

The CSR Policy (the "Policy") shall be applicable to all CSR initiatives and activities undertaken by FIHFC and all its employees for the welfare and sustainable development benefit of different segments of the society at large.

This Policy is in line with the Section 135 of the Companies Act, 2013 (the "Act") and the rules made thereunder. If the relevant provisions of the Companies Act, 2013 are amended, this Policy should be construed to have adopted such amendment from the effective date of such amendment.

The scope of the Policy has been kept as wide as possible, so as to allow FIHFC to respond to different situations and challenges appropriately and flexibly, subject to the activities or subjects enumerated in Schedule VII of the Companies Act, 2013.

2. The Composition of the CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Sudha Pillai	Independent Director	1	1
2	Mr. Anindo Mukherjee	Chairman, Non-Executive Director	1	1
3	Mr. Rakesh Makkar	Chief Executive Officer and Whole-time Director	1	1

CSR Report *Contd...*

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:

https://www.grihashakti.com/corporate-governance.aspx

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report):

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Not Applicable

6. Average net profit of the company as per section 135(5).

Average net Profit for last three financial years (Rs.) in crore				
Company/ Year	FY2018	FY2019	FY2020	Average for last 3 years
FIHFC	(3.43)	2.96	21.39	6.97

7. (a) Two percent of average net profit of the company as per section 135(5):

₹ 14,00,000

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:

Nil

(c) Amount required to be set off for the financial year, if any:

Nil

(d) Total CSR obligation for the financial year (7a+7b-7c)

₹ 14,00,000

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Rs.)	Amount Unspent (in Rs.)				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
14,00,000	NIl		-	-	-

(b) Details of CSR amount spent against on-going projects for the financial year:

Nil

Annexure V

CSR Report *Contd...*

(c) Details of CSR amount spent against other than on-going projects for the financial year:

Sr. No	Name of the Project	Item from the list of activities in Schedule VII of the Act	Local Area	Location of the project		Amount Spent for the Projects	Mode of Implementation Direct (Y/N)	Mode of Implementation- Through Implementing agency	
				State	District			Name	CSR Registration number
1	Education-Scholarship	Schedule VII, Item (ii)- Promoting education, including special education and employment enhancing vocational skills	N	Gujarat	Ahmedabad, Surat	14,00,000	N	Buddy4Study India Foundation	CSR00000121
				Rajasthan	Jaipur				
				Uttar Pradesh	Lucknow				
				Uttrakhand	Dehradun				
					Total	**14,00,000**			

(d) Amount spent in Administrative Overheads:

Nil

(e) Amount spent on Impact Assessment, if applicable

Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e):

₹ 14,00,000

(g) Excess amount for set off, if any

Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (Asset-wise details):

Not Applicable

11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5)

Not Applicable

Rakesh Makkar
Chief Executive Officer

Sudha Pillai
Chairperson CSR Committee

Annexure VI

Related Party Transactions Policy

1. Background

Since the Securities of the Company are listed on National Stock Exchange, The Security Exchange Board of India (Listing Obligation and disclosure Requirements), 2015 are applicable to it. The said regulations require the Company to adopt on transaction with its related parties.

Accordingly, this policy, known as "Related Party Transaction Policy" (the Policy) is being put in place with the approval of Board.

2. Definitions

Related Party:

Under this Policy, the term 'Related Party 'shall mean all persons/entities mentioned in Sec 2(76) of Companies Act, 2013(Act, 2013) read with Rule 3 of Companies (Specification of Definition Details) Rules, 2014 as well as SEBI Regulations and, include the following:

- a director or his relative;
- a key managerial personnel or his relative;
- a firm, in which a director, manager or his relative is a partner;
- a private company in which a director or manager or his relative is a member or director;
- a public company in which a director or manager is a director and holds along with his relatives, more than two per cent. of its paid-up share capital;
- anybody corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, directions or instructions of a director or manager other than advice, directions or instructions given in a professional capacity;
- any person on whose advice, directions or instructions a director or manager is accustomed to act other than advice, directions or instructions given in a professional capacity;
- any company which is:
    - o a holding, subsidiary or an associate company (>20% or control of business decisions under an agreement) of such company; or
    - o a subsidiary of a holding company to which it is also a subsidiary;
    - o an investing company or the venturer of the company, whose investment in the company would result in the company becoming an associate company of the investing or venturer company
- a director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company.

Relative:

Under this policy, the term 'Relative' would have the same meaning as defined under Sec 2(77) of Act, 2013 read with Rule 4 of Companies (Specification of Definition Details) Rules, 2014. Hence, the following would be considered relatives of an individual:

- Members of Hindu undivided family
- Husband or wife
- Father (including step-father)
- Mother (including step-mother)
- Daughter
- Daughter's husband
- Son (including step-son)
- Son's wife
- Brother (including step-brother)
- Sister (including step-sister)

Related Party Transaction (RPT):

Under this Policy, the RPT would have the same meaning as per section188 of Act, 2013 i.e. any contract or arrangement with a Related party with respect to:

- Sale, purchase or supply of any goods or materials;
- Selling or otherwise disposing of, or buying, property of any kind;
- Leasing of property of any kind;
- Availing or rendering of any services;
- Appointment of any agent for purchase or sale of goods, materials, services or property;
- Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- Underwriting the subscription of any securities or derivatives thereof, of the company.

Turnover:

The gross amount of revenue recognized in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year

Net Worth:

The aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and

Annexure VI

Related Party Transactions Policy *Contd...*

miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

All words and expressions used herein, unless defined herein, shall have the same meaning as respectively assigned to them under the Act, 2013 and Rules framed thereunder or any other applicable law.

3. Powers and approval process to undertake RPTs

No transaction would be entered into with any Related Party, beyond the Single Borrower Limits prescribed by the Housing Finance Companies (NHB) Directions, 2010 and other applicable acts if any.

Any RPT would go through the approval process as laid down by Sec 188 of Companies Act, 2013 as briefly summarized below but not limited to the summary:

- Transactions that are entered into in the ordinary course of business, and on arms' length basis would be approved by the Audit Committee of the Board; except for the following transactions:

    i. Transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company

    ii. Any transaction that involves providing of compensation to a director or Key Managerial Personnel, in accordance with the provisions of Companies Act, 2013, in connection with his or her duties to the Company or any of its subsidiaries or associates, including the reimbursement of reasonable business and travel expenses incurred in the ordinary course of business.

    iii. Reimbursement made of expenses incurred by a Related Party for business purpose of the Company, or Reimbursement received for expenses incurred by the Company on behalf of a Related Party.

    iv. Any transaction in which the Related Party's interest arises solely by way of ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as the Related Party, or other pro rata interest of a Related Party included in a transaction involving generic interest of stakeholders involving one or more Related Parties as well as other parties.

    v. Recurring transactions flowing out of a principal transaction or arrangement for which the Audit Committee has granted its omnibus approval.

    vi. Any other exception which is consistent with the Applicable Laws, including any rules or regulations made thereunder, and does not require approval by the Audit Committee.

- Transactions, which are either not in the ordinary course of business or not on arm's length basis, would need the approval at the Meeting of the Board in addition to approval by Audit Committee.

- In case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board.

- The Audit Committee may grant omnibus approval for related party transactions, in accordance with the provisions of Rule 6A of the Companies (Meetings of Board and its Powers) Rules, 2014, proposed to be entered into by the company subject to the following conditions:

    i. After obtaining approval of the Board of Directors, specify the criteria for making the omnibus approval which shall include maximum value of the transactions in aggregate in a year; the maximum value per transaction; extent and manner of disclosures to be made to the Audit Committee at the time of seeking omnibus approval; periodic review and transactions which cannot be subject to omnibus approval.

    ii. While specifying the criteria for making omnibus approvals, the Audit Committee should consider the repetitiveness of the transactions and the need of omnibus approval. They should satisfy themselves on the need and that the approval is in the interest of the company.

    iii. The omnibus approval should contain name of the relate parties; nature and duration; maximum amount of transaction; the indicative base price or current contracted price along with formula for variation and any other relevant information.

    iv. If the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may make omnibus approval for such transactions subject to their value not exceeding rupees one crore in aggregate

    v. Omnibus approval shall be valid for a period not exceeding one financial year and shall require fresh approval after the expiry of such financial year.

Related Party Transactions Policy *Contd...*

vi. Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the company

vii. Any other conditions as the Audit Committee may deem fit

In case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it.

- The following transactions would require a prior approval of the Company by way of an ordinary resolution as required under section 188 of Act, 2013. All the related parties shall abstain for voting except where ninety per cent or more members, in number, are relatives of promoters or are related parties.

  i. Sale, purchase or supply of any goods or materials (directly or through agent) exceeding10% of Turnover or Rs. 100 crores, whichever is lower;

  ii. Selling or otherwise disposing of, or buying property of any kind (directly or through agent) exceeding 10% of Net Worth of the Company or Rs. 100 crores, whichever is lower;

  iii. Leasing of property of any kind exceeding 10% of Net Worth of the Company or 10% of Turnover of the Company or Rs. 100 crores, whichever is lower;

  iv. Availing or rendering of any services (directly or through agent) exceeding 10% of Turnover of the Company or Rs. 50 crores, whichever is lower.

  v. Appointment to any office or place of profit in the Company, its subsidiary company or associate company with remuneration exceeding Rs.2,50,000 per month.

  vi. Underwriting the subscription of any securities of the company or derivatives thereof with remuneration exceeding 1% of Net Worth.

- The Limits specified in (i) to (vi) above shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

The Turnover or Net Worth shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

In the case of a wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.

4. Disclosures related to RPT

- All Related Party Transactions carried out by the Company and covered under the provisions of omnibus approval by the Audit Committee, including transactions with wholly owned subsidiaries, shall be placed for review by Audit Committee.
- This Policy would be placed at the Company's website and would also form part of the annual report.
- The particulars of RPTs would form part of the Board's Report prepared in compliance and requirement of section 134(3) of Act, 2013.
- Details of Related Parties and RPTs should be recorded in MBP-4 Part A and B respectively.

5. Exceptions

- Loans/ security or guarantee to following are prohibited unless it is in accordance with provisions of Section 185 (3) (b) of Companies Act, 2013:

  (a) any director of company, or of a company which is its holding company or any partner or relative of any such director; or

  (b) any firm in which any such director or relative is a partner.

Loan/security or guarantee to 'any person in whom any of the director of the company' shall be permitted subject to compliance of Section 185 of Companies Act 2013.

6. Review

The Policy should be subjected to an annual review by the management and modifications, if any warranted, should be taken up for the approval of the Board. If there are any amendments in the regulations, revision in the policy should be staged for Board's approval in the immediately ensuing Board Meeting, after the amendments are notified by the regulator.

Independent Auditor's Report

To the Members of

Fullerton India Home Finance Company Limited

Report on the Audit of the Financial Statements Opinion

We have audited the financial statements of Fullerton India Home Finance Company Limited Company Limited (the "Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How the matter was addressed in our audit
Impairment of portfolio loans Refer to the accounting policies in "Note 1.C.2 to the Financial Statements: Impairment and write off", "Note 1.B.v to the Financial Statements: Significant Accounting Policies- use of estimates and judgments", Note 31 to the Financial Statements: Impairment on financial instruments" and "Note 50 to the Financial Statements: Financial Risk Management – Credit Risk"	
Subjective estimate Recognition and measurement of impairment on portfolio loans involves significant management judgement. As per Ind AS 109 Financial instruments, allowance for loan losses is based on Expected Credit Loss (ECL) estimation model. The estimation of ECL on financial instruments involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Company's estimation of ECLs are: Data inputs- The application of ECL model requires several data inputs. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In some cases, data is unavailable and reasonable alternatives have been applied to allow calculations to be performed.	**Our audit procedures included:** **Design / controls** We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual (including spreadsheet controls), general IT and application controls over key systems used in the ECL process. • Understanding management's processes, controls and systems implemented in relation to impairment allowance; • Testing the design and operating effectiveness of key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models ; • Testing the 'Governance Framework' controls over validation, implementation and model monitoring in line with the RBI guidance; • Testing the design and operating effectiveness of the key controls over the application of the staging criteria;

Independent Auditor's Report *Contd...*

Key audit matter	How the matter was addressed in our audit
• Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default ("PD"), Loss Given Default ("LGD"), and Exposures at Default ("EAD"). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are considered the most significant judgmental aspect of the Company's modelling approach. • Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward- looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them (including changes to methodology) especially when considering the current uncertain economic environment arising from COVID 19	• Testing key controls relating to selection and implementation of material macro-economic variables and the controls over the scenario selection and application of probability weights; • Testing management's controls over authorisation and calculation of post model adjustments and management overlays; Testing management's controls on compliance with Ind AS 109 disclosures related to ECL;
Impairment of portfolio loans • Restructuring – the Company has had restructured loans in the current year on account of COVID-19 related regulatory measures. This has resulted in increased management estimation over determination of losses for such restructured loans. • Qualitative adjustments – Adjustments to the model-driven ECL results are recorded by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 39% of the ECL balances as at 31 March 2021. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers, including off balance sheet elements, has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk sections of the financial statements disclose the sensitivities estimated by the Company. **Disclosures** The disclosures regarding the Company's application of Ind AS 109 are key to explaining the key judgements and material inputs to the Ind AS 109 ECL results. Further, disclosures to be provided as per RBI circulars with regards to non-performing assets and provisions will also be an area of focus, particularly as this will be the first year some of these disclosures will be presented and are related to an area of significant estimate.	• Testing key controls operating over the information technology in relation to loan impairment management systems, including system access and system change management, program development and computer operations and • Test checked management review controls over measurement of impairment allowances and disclosures in financial statements. **Involvement of specialists - we involved financial risk modelling specialists for the following:** • Evaluating the appropriateness of the Company's Ind AS 109 impairment methodologies and reasonableness of assumptions used (including management overlay); • For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology and • The reasonableness of the Company's considerations of the impact of the current economic environment due to COVID-19 on the ECL determination. **Test of details** **Key aspects of our testing included:** • Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data and reasonableness of economic forecasts, weights, and model assumptions applied; • Model calculations testing through re-performance, where possible; • Test of details of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data;

Key audit matter	How the matter was addressed in our audit
	• Evaluated the appropriateness of management rationale for determination of criteria for SICR considering both: adverse effects of COVID 19 and mitigants in the form of the RBI / Government financial relief package;
Impairment of portfolio loans	
	• Evaluated the appropriateness of management's judgments was also independently reconsidered in respect of calculation methodologies, segmentation, economic factors, the period of historical loss rates used and the valuation of recovery assets and collateral and • Assessing disclosures - We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As part of this, we assessed the sensitivity analysis that is disclosed. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear
Information technology	
IT systems and controls relating to Loan Management System The Company's processes on sanctions, disbursements and recovery of portfolio loans are highly dependent on the automated controls in information systems, such that there exists a risk that gaps in the IT control environment could result in the financial accounting and reporting records being materially misstated. The Company uses Loan Management Systems to manage its portfolio loans. Due to the large transaction volumes and the increasing challenge to protect the integrity of the Company's systems and data, controls over data integrity has become more significant. We have focused on program development, user access management, change management, segregation of duties and system application controls over loan management systems. We have identified 'IT system and controls' as key audit matters since the Company relies on automated processes and controls for recording of portfolio loans.	Our audit procedures to assess the IT system controls relating to Loan Management System included the following: • Evaluated the design of General IT controls i.e. access management, change management, program development and computer operations and IT application controls i.e. controls on system generated reports and system / application processing over key financial accounting and reporting related to loans; • Tested a sample of key internal financial controls operating over the information technology in relation to Loan Management System, including granting access right, new user creation, removal of user rights and preventative controls designed to enforce segregation of duties and system change management; • Engaged our IT and Data & Analytics specialists to evaluate the design, implementation and operating effectiveness of the significant accounts related selected IT automated controls which are core to automated computation carried out by the IT system and the consistency of data transmission and • Other areas that were independently assessed included password policies, controls over changes to applications and databases and that business users, developers and production support did not have access to change applications, the operating system or databases in the production environment.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's Director's report and management discussion & analysis section – "Analysis of the Financial Statements" but does not include the financial statements and our auditor's report thereon.

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

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

Independent Auditor's Report *Contd...*

obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Director's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

Report on Other legal and regulatory requirements

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

2. (A). As Required to report under section 143(3) of the Act we report that:

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

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

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

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

   e) On the basis of the written representations received from the directors as on 31 March 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act and

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

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

   i. the Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 41 to the financial statements;

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

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

   iv. the disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

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

   In our opinion and according to the information and explanations given to us and as per the special resolution passed by the Company at its extra ordinary general meeting and as further explained in Note 36 to the financial statements, the remuneration paid by the Company to its Directors during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

sd/-
Ajit Viswanath
Partner
Membership No. 067114
UDIN: 21067114AAAABI1009

Mumbai
24 May 2021

Annexure A to the independent Auditor's Report on the Financial Statements of Fullerton India Home Finance Company Limited for the year ended 31 March 2021

(Referred to in our report of even date)

i. (a) According to the information and explanations given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all the property, plant and equipment are verified annually. During the year, management has covered all property, plant and equipment in its physical verification. According to the information and explanations given to us no material discrepancies were noticed on such physical verifications.

(c) According to the information and explanations given to us, the title deeds of immovable properties recorded as property, plant and equipment in the books of account of the Company are held in the name of the Company.

ii. The Company is in the business of providing housing finance services and consequently, does not hold any inventories. Thus, paragraph 3 (ii) of the Order is not applicable to the Company.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Thus, paragraph 3 (iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, there are no loans/ guarantees or security provided in connection with any loan which have been given to directors or to any other person in whom the director is interested, therefore the provisions of Section 185 of the Act are not applicable to the Company. The Company is a housing finance company and consequently is exempt from the provisions of Section 186 of the Act.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and Rules framed there under. Thus, paragraph 3 (v) of the Order is not applicable to the Company.

vi. The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act, for any of the services rendered by the Company. Thus, paragraph 3 (vi) of the Order is not applicable to the Company.

vii. According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including employee's state insurance, income tax, goods and services tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except provident fund of ₹ 29 lakhs which is deposited with appropriate authority with few delays. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

viii. According to the information and explanations given to us, there are no dues of provident fund, employee's state insurance, income tax, goods and services tax, cess and other material statutory dues which have not been deposited by the Company on account of disputes.

ix. According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to financial institution, bank or debenture holders. During the year, the Company did not have any loans or borrowing from the government.

x. According to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer.

Further, monies raised by the Company by way of debt instruments and term loans were applied for the purpose for which those were raised, though idle / surplus funds which were not required for immediate utilisation were invested in liquid assets.

xi. During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud by the Company or on the Company by its officer or employees, noticed or reported during the year, nor have been informed of such case by the management

xii. According to the information and explanations given to us and based on our examination of the records, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xiii. According to the information and explanations given to us, the Company is not a Nidhi Company as per the Act. Thus, paragraph 3 (xii) of the Order is not applicable to the Company.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, transactions entered into by the Company with the related parties are in compliance with Sections

Annexure A to the independent Auditor's Report on the Financial Statements of Fullerton India Home Finance Company Limited for the year ended 31 March 2021

(Referred to in our report of even date) ***Contd...***

177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xv. According to the information and explanations given to us and based on our examination of the records, the Company has not made preferential allotment or private placement of shares or allotted fully or partly convertible debentures during the year. Thus, paragraph 3(xiv) of the Order is not applicable to the Company.

xvi. According to the information and explanations given to us and based on our examination of the records, the Company has not entered into non-cash transactions with Directors or person connected with him. Thus, paragraph 3(xv) of the Order is not applicable to the Company.

xvii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company being a housing finance company is registered with National Housing Bank and is not required to be registered under Section 45- IA of the Reserve Bank of India Act, 1934.

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

sd/-
Ajit Viswanath
Partner
Membership No. 067114
UDIN: 21067114AAAABI1009

Mumbai
24 May 2021

Annexure B to the Independent Auditor's Report on the Financial Statements of Fullerton India Home Finance Company Limited for the year ended 31 March 2021

(Referred to in our report of even date)

Report on the Internal Financial Controls with reference to the financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

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

Opinion

We have audited the internal financial controls with reference to financial statements of Fullerton India Home Finance Company Limited (the 'Company') as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the 'Guidance Note').

Management's responsibility for internal financial controls

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

Auditor's responsibility

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

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

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

Meaning of internal financial controls with reference to financial statements

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

Inherent limitations of internal financial controls with reference to financial statements

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

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

sd/-
Ajit Viswanath
Partner
Membership No. 067114
UDIN: 21067114AAAABI1009

Mumbai
24 May 2021

Balance Sheet
as at 31 March, 2021

	Note	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
ASSETS			
Financial assets			
Cash and cash equivalents	2	6,770	11,890
Bank balances other than cash and cash equivalents	3	59,566	250
Investments	4	30,750	38,512
Trade receivables	5	68	25
Other financial assets	6	904	1,076
Loans and advances	7	368,674	389,843
		466,732	**441,596**
Non financial assets			
Current tax assets (net)	8	621	374
Deferred tax asset (net)	9	5,638	2,937
Other non financial assets	10	575	819
Property, plant and equipment	11	456	820
Right of use assets	12	1,646	2,020
Intangible assets	13	197	172
Intangible assets under development	13	0	28
		9,133	**7,170**
Total Assets		**475,865**	**448,766**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Trade payables	14		
i) total outstanding dues to micro enterprises and small enterprises		37	0
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		260	198
Debt Securities	15	100,186	89,401
Subordinated liabilities	16	7,218	-
Borrowings	17	286,263	280,342
Other financial liabilities	18	14,607	6,706
		408,571	**376,647**
Non financial liabilities			
Current tax liabilities (net)	19	-	148
Provisions	20	285	175
Other non financial liabilities	21	1,475	707
		1,760	**1,030**
Equity			
Equity share capital	22	30,803	30,803
Other equity	23	34,731	40,286
		65,534	**71,089**
Total liabilities and equity		**475,865**	**448,766**
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-55		

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Ajit Viswanath
Partner
Membership No.: 067114

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date : 24 May 2021

Statement of Profit and Loss

for the year ended 31 March, 2021

	Note	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Revenue from operations			
Interest income	24	51,823	50,323
Fees and commission income	25	52	839
Net gain on financial asset at FVTPL	26	42	1,460
Ancillary income	27	474	812
Total revenue from operations		**52,391**	**53,434**
Other income	28	196	711
Total Income		**52,587**	**54,145**
Expenses			
Finance costs	29	31,090	30,657
Net loss on fair value changes	30	1	-
Impairment on financial instruments	31	18,048	8,508
Employee benefits expense	32	7,107	7,896
Depreciation, amortisation and impairment	11,13&43	716	727
Other expenses	33	3,033	4,218
Total expenses		**59,995**	**52,006**
(Loss)/Profit before tax		**(7,408)**	**2,139**
Tax expense	34		
Current tax		843	2,186
Deferred tax expense / (credit)		(2,700)	(1,438)
		(1,857)	**748**
Net (loss)/profit after tax		**(5,551)**	**1,391**
Other comprehensive income / (loss)	34(b)		
Items that will not be reclassified to profit or loss			
Re-measurement of gain/loss on defined benefit plans		(5)	(8)
Income tax relating to above		1	2
Other comprehensive loss		**(4)**	**(6)**
Total comprehensive (loss)/income for the year		**(5,555)**	**1,385**
Earnings per equity share:	35		
Basic earnings per share (in ₹)		(1.80)	0.48
Diluted earnings per share (in ₹)		(1.80)	0.48
Face value per share (in ₹)		10.00	10.00
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-55		

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Sd/-
Ajit Viswanath
Partner
Membership No.: 067114

For and on behalf of the Board of Directors of
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DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date : 24 May 2021

Statement of cash flow

for the year ended 31 March, 2021

		Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	(Loss)/Profit before tax	**(7,408)**	**2,139**
	Adjustments for :		
	(Includes amount spent towards Corporate Social Responsibility expense as per Section 135 (5) of the Companies Act, 2013 (Refer Note 45))		
	Financial asset measured at amortised cost	(284)	(597)
	Financial liabilities measured at amortised cost	122	218
	Depreciation, amortisation and impairment	716	727
	Interest income on fixed deposits, bonds and investments	(3,388)	(2,187)
	Net (gain)/loss on financial assets at FVTPL	(41)	(1,460)
	Impairment on financial instruments	18,048	8,508
	Write off of fixed assets & intangible assets	2	-
	Profit on sale of property, plant and equipment	23	(0)
	Fair valuation of Stock appreciation rights	(71)	88
	Operating profit before working capital changes	**7,719**	**7,436**
	Adjustments for working capital:		
	- (Increase)/decrease in loans and advances	3,397	(101,032)
	- (Increase)/ decrease in other Assets (financial and non financial assets)	(301)	97
	- (Increase)/decrease in trade receivables	(43)	37
	- Increase/(decrease) in other liabilities (Provision, financial and non financial liabilities)	11,232	(12,453)
	Cash generated from/(used in) operating activities	**22,004**	**(105,915)**
	Income tax paid (net)	(1,238)	(2,091)
	Net cash generated from/(used in) operating activities (A)	**20,766**	**(108,006)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of property plant and equipment and intangibles	(64)	(288)
	Proceeds from sale of property, plant and equipment and intangibles	33	-
	Purchase of investments	(126,420)	(884,244)
	Sale/maturity of investments	134,223	878,431
	Fixed deposit placed during the year	(334,140)	(30,084)
	Fixed deposit matured during the year	276,474	34,834
	Interest received on fixed deposits and bonds	421	522
	Interest received on investments	2,046	1,048
	Net cash generated from/(used in) investing activities (B)	**(47,427)**	**219**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Proceeds from issuance of share capital (including share premium)	-	20,000
	Proceeds from borrowings from banks and financial institutions	188,541	146,100
	Repayment of borrowings from banks and financial institutions	(165,921)	(55,220)
	Payment of ancillary borrowing costs	(646)	(200)
	Principal payment of lease liability	(433)	(464)
	Net cash generated from/(used in) financing activities (C)	**21,541**	**110,216**
	Net increase / (decrease) in cash and cash equivalents D=(A+B+C)	**(5,120)**	**2,429**
	Cash and cash equivalents as at the beginning of the period **(E)**	11,890	9,461
	Closing balance of cash and cash equivalents (D+E)	**6,770**	**11,890**

Statement of cash flow

for the year ended 31 March, 2021 *Contd...*

	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Components of cash and cash equivalents:		
Cash on hand	1	0
Balances with banks		
- in current accounts	2,668	10,089
- in fixed deposit with maturity less than 3 months	4,101	1,801
Cash and cash equivalents	**6,770**	**11,890**

Note:

The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Sd/-
Ajit Viswanath
Partner
Membership No.: 067114

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place : Mumbai
Date : 24 May 2021

Statement of Changes in Equity

for the year ended 31 March, 2021

A. Equity share capital

Particulars	Number of shares	Amount (₹ lakhs)
Equity share of ₹ 10 each fully paid up as at 31 March 2019	245,356,916	24,536
Changes during the year	62,676,277	6,267
Equity share of ₹ 10 each fully paid up as at 31 March 2020	308,033,193	30,803
Changes during the year	-	-
Equity share of ₹ 10 each fully paid up as at 31 March 2021	308,033,193	30,803

B. Other equity

(₹ lakhs)

Particulars	Reserves and surplus					Items of OCI	Total
	General Reserve	Capital Reserve	Securities premium	Reserve Fund under Section 29C(i) of the NHB Act, 1987	Retained Earnings	Re-measurement of gain/loss on defined benefit plans	
Closing balance as at 31 March 2019	**-**	**10**	**26,454**	**231**	**(1,516)**	**(10)**	**25,169**
Securities Premium on shares issued	-	-	13,732	-	-	-	13,732
Transferred from retained earnings to reserve fund	-	-	-	278	(278)	-	-
Profit for the year	-	-	-	-	1,391	-	1,391
Other comprehensive income/(loss) for the year	-	-	-	-	-	(6)	(6)
Closing balance as at 31 March 2020	**-**	**10**	**40,186**	**509**	**(403)**	**(16)**	**40,286**
Securities Premium on shares issued	-	-	-	-	-	-	-
Transferred from retained earnings to reserve fund	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	(5,551)	-	(5,551)
Other comprehensive income/(loss) for the year	-	-	-	-	-	(4)	(4)
Closing balance as at 31 March 2021	**-**	**10**	**40,186**	**509**	**(5,954)**	**(20)**	**34,731**

As per our report of even date attached.
For **B S R & Co. LLP**
Chartered Accountants
ICAI Firm Registration No.: 101248W/W-100022

Sd/-
Ajit Viswanath
Partner
Membership No.: 067114

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

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Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place : Mumbai
Date : 24 May 2021

Notes to Financial Statements

for the year ended 31 March, 2021

1 Notes to Financial Statement

(A) Company information

Fullerton India Home Finance Company Limited ('the Company') is a public limited Company domiciled in India and incorporated under the provisions of Companies Act, 1956. The Company is a Housing finance Company ('HFC') registered vide Registration number 07.0122.15 dated 14 July, 2015 with the National Housing Bank ('NHB'). The Registered address of the Company is Fullerton India Home Finance Company Limited, 3rd Floor, No 165, Megh Towers, Poonamallee High Road, Maduravoyal, Chennai. The Company provides loans to customers for purchase of home, home improvement loans, home construction, home extensions, loans against property (collectively referred to as "Portfolio Loans").

As at 31 March 2021, Fullerton India Credit Company Limited, the holding Company owned 100% of the Company's equity share capital.

(B) Basis of preparation

(i) Statement of compliance

These financial statements have been prepared, on a going concern basis, in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015, as amended by the Companies (Indian Accounting Standards) Rules, 2016, notified under Section 133 of the Companies Act, 2013 (the "Act"), other relevant provisions of the Act, guidelines issued by the NHB Directions 2010 as applicable to an HFCs and other accounting principles generally accepted in India.

'The financial statements were approved for issue by the Company's Board of Directors on 24 May 2021.

(ii) Presentation of financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity are presented in the format prescribed in the Schedule III vide their Notification G.S.R. 1022(E) dated 11 October 2018 for Non –Banking Financial Companies in Division III to the Act. The statement of cash flow has been presented as per the requirements of Ind AS 7 "Statement of Cash Flows".

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 51.

(iii) Functional and presentation currency

Indian rupees is the Company's functional currency and the currency of the primary economic environment in which the Company operates. Accordingly, the management has determined that financial statements are presented in Indian Rupees. All amounts have been rounded off to the nearest lakhs upto two decimal places, unless otherwise indicated.

(iv) Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments and certain financial assets and financial liabilities measured at fair value (refer accounting policy).

(v) Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make estimates, assumptions and exercise judgement in applying the accounting policies that affect the reported amount of assets, liabilities and disclosure of contingent liabilities at the date of financial statements and the reported amounts of income and expenses during the year.

The Management believes that these estimates are prudent and reasonable and are based upon the Management's best knowledge of current events and actions. Actual results could differ from these estimates and differences between actual results and estimates are recognized in the periods in which the results are known or materialized.

Assumptions and estimation uncertainties

Information about critical judgments, assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2021 is included in the following notes to the policy :

Note 1.C.2 – financial instruments – Fair values, risk management and impairment of financials assets

Note 1.C.8 – recognition of deferred tax assets;

Note 1.C.9 – estimates of useful lives and the residual value of property, plant and equipment and intangible assets;

Note 1.C.10 – Impairment test of non-financial assets : key assumptions underlying recoverable amounts including the recoverability of expenditure on intangible assets;

Note 1.C.11 – measurement of defined benefit obligation : key actuarial assumptions and cash-settled – share-based payments

Note 1.C.12 – recognition and measurement of provisions and contingencies : key assumptions about the likelihood and magnitude of an outflow of resources, if any and

Note 52 – estimation uncertainty relating to the global health pandemic

(vi) Measurement of fair values

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 an appropriate 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.

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

The Company has an established control framework with respect to the measurement of fair values. Measurement of fair value includes determining appropriate valuation techniques.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Valuation models that employ significant unobservable inputs require a higher degree of judgment and estimation in the determination of fair value.

Judgment and estimation are usually required for the selection of the appropriate valuation methodology, determination of expected future cash flows on the financial instrument being valued, determination of the probability of counterparty default and selection of appropriate discount rates.

The management regularly reviews significant unobservable inputs and valuation adjustments.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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

Further information about the assumptions made in measuring fair values is included in the following notes to accounts:
Note 38- Gratuity and Leave encashment
Note 39 - Cash-settled - share-based payments
Note 50- Financial instruments- Fair values and risk management

(C) Significant accounting policies

1 Revenue Recognition

Interest income

The Company calculates interest income by using the effective interest rate (EIR) method.

The effective interest rate method

Interest income is recorded using the effective interest rate (EIR) method for all financial instruments measured at amortised cost. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial instrument.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, commission, fees and costs incremental and directly attributable to the specific lending arrangement.

The Company recognizes interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial asset. The future cash flows are estimated taking into account all the contractual terms of the asset. If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk. The adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortized through Interest income in the statement of profit and loss.

When a financial asset becomes credit-impaired subsequent to initial recognition, the Company calculates interest income by applying the effective interest rate to the amortised cost (net of provision) of the financial asset. If the financial assets cures and

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

is no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

Interest income on financial assets classified as FVTPL is recognized at contractual interest rate of financial instruments.

Penal/additional interest on default in payment of dues by customer is recognized on realization basis.

Fee income

Loan processing fee/document fees/stamp fees which are an integral part of financial assets are recognized through effective interest rate over the term of the loan. For the agreements foreclosed or transferred through assignment, the unamortized portion of the fee is recognized as income to the Statement of profit and loss at the time of such foreclosure/transfer through the assignment. Applications fee is recognized at the commencement of the contracts. Additional charges such as penal, dishonour, foreclosure charges, delayed payment charges etc. are recognized on a realization basis.

Dividend income

Dividend income is recognized as and when the right to receive payment is established.

Net gain from financial instruments at FVTPL

The realised gain from financial instruments at FVTPL represents the difference between the carrying amount of a financial instrument at the beginning of the reporting period, or the transaction price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current reporting period, and its carrying amount at the end of the reporting period.

Rendering of services

The Company recognises revenue from contracts with customers based on a five-step model as set out in Ind AS 115 to determine when to recognize revenue and at what amount.

Revenue is measured based on the consideration specified in the contract with a customer and excludes amounts collected on behalf of third parties. Revenue from contracts with customers is recognized when services are provided and it is highly probable that a significant reversal of revenue is not expected to occur.

If the consideration promised in a contract includes a variable amount, an entity estimates the amount of consideration to which it will be entitled in exchange for rendering the promised services to a customer. An amount of consideration can vary because of discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, or other similar items. The promised consideration can also vary if an entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

Commission income

Commission income earned for the services rendered is recognized on an accrual basis, while rate conversion charges are recognized upfront based on event occurrence.

2 Financial instruments

- **Recognition and initial measurement**

  Financial assets and liabilities are recognsied when the company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially recognised at fair value on a trade date basis. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial assets or financial liability. Transaction costs of financial instrument carried at fair value through profit or loss are expensed in profit or loss.

- **Classification and subsequent measurement**

  The Company assesses the classification and measurement of a financial asset based on the contractual cash flow characteristics of the asset and the Company's business model for managing the asset.

Financial assets (other than equity)

The company subsequently classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through profit or loss
- fair value through other comprehensive income

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortized cost using the Effective Interest Rate (EIR) method if it meets both of the following conditions:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity Instruments

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made an investment – by – investment basis.

The Company subsequently measures all equity investments excluding investment in the subsidary at fair value through profit or loss, unless the Company 's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by instrument basis.

Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed

  and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectation about future sales activity.

At initial recognition of a financial asset, the Company determines whether newly recognized financial assets are part of an existing business model or whether they reflect a new business model. The Company reassess its business models each reporting period to determine whether the business models have changed since the preceding period.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. That principal amount may change over the life of the financial assets (e.g. if there are payments of principal) Amount 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a Particulars period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows;
- Terms that may adjust the contractual coupon rate, including variable interest rate features;
- Prepayment and extension features; and
- Terms that limit the Company's claim to cash flows from specified assets.

Contractual cash flows that are SPPI are consistent with a basic lending arrangement. Contractual terms that introduce exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI.

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the statement of profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Any gain or loss on de-recognition is recognised in the statement of profit or loss.

Financial assets (other than Equity Investments) at FVOCI

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

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Profit and Loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial liabilities and equity instruments

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.

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.

Financial liabilities are subsequently measured at the amortised cost using the effective interest method, unless at initial recognition, they are classified as fair value through profit and loss. Interest expense and foreign exchange gains and losses are recognised in the Statement of profit and loss. Any gain or loss on derecognition is also recognised in the statement of profit or loss.

- **Reclassification**

  If the business model under which the Company holds financial assets changes, the financial assets affected are reclassified. The classification and measurement requirements related to the new category apply prospectively from the first day of the first reporting period following the change in business model that results in reclassifying the Company's financial assets. Changes in contractual cash flows are considered under the accounting policy on modification and derecognition of financial assets described below.

- **De-recognition, modification and transfer**

  Financial Assets

  The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

A modification of a financial asset occurs when the contractual terms governing the cash flows of a financial asset are renegotiated or otherwise modified between initial recognition and maturity of the financial asset. A modification affects the amount and/or timing of the contractual cash flows either immediately or at a future date. In addition, the introduction or adjustment of existing covenants of an existing loan would constitute a modification even if these new or adjusted covenants do not yet affect the cash flows immediately but may affect the cash flows depending on whether the covenant is or is not met (e.g. a change to the increase in the interest rate that arises when covenants are breached).

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Profit/premium arising at the time of assignment of portfolio loans, is recognized as an upfront gain/loss. Interest on retained portion of the assigned portfolio is recognized basis Effective Interest Rate. The Service fee received is accounted for based on the terms of the underlying deal structure of the transaction.

On derecognition of a financial asset in its entirety, the difference between:

I) the carrying amount (measured at the date of derecognition) and

II) the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised as profit or loss.

- **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

- **Impairment and write off**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets at amortized cost along with related undrawn commitments and loans sanctioned but not disbursed.

Undrawn loan commitments are commitments under which, over the duration of the commitment, the Company is required to provide a loan with pre-specified terms to the customer. Commitment starts from the date of the sanction letter till the amount is fully drawn down by the customer.

ECL is recognised for financial assets held under amortised cost, debt instruments measured at FVOCI, and certain loan commitments. Equity instruments are not subjected to ECL.

For recognition of impairment loss on financial assets, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, the credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the Company reverts to recognising impairment loss allowance based on 12-month ECL. Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial asset. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

The Company has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of a default occurring over the remaining life of the financial instrument.

The Company measures ECL on a collective basis for portfolios of loans that share similar economic risk characteristics. It incorporates all information that is relevant including information about past events, current conditions and reasonable forecasts of future events and economic conditions at the reporting date.

A more detailed description of the methodology used for ECL is covered in the 'credit risk' section of note no. 50.

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. ECL impairment loss allowance (or reversal) recognized during the period is accounted as income/ expense in the statement of profit and loss.

Write off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the counter party does not have assets or sources of income that could generate cash flows to repay the amounts. However,

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for recovery of amounts due.

- **Collateral valuation and repossession**

  To mitigate the credit risk on financial assets, the company seeks to use collateral, where possible as per the board approved credit policy. The Company provides fully secured to customers. The parameters relating to acceptability and valuation of each type of collateral is a part of the credit policy of the company.

  In its normal course of business, the Company does not physically repossess properties in its retail portfolio. For other collaterals, the Company liquidates the assets and recovers the amount due against the loan. Any surplus funds are returned to the customers/obligors.

3 Cash and cash equivalents

Cash and cash equivalents for the purpose of the cash flow statement comprise of the cash on hand, call deposits and other short term, highly liquid securities with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

4 Leases

The Company assesses whether the contract is, or contains, a lease at the inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

As a lessee

The Company has various offices, branches and other premises under non-cancellable various lease arrangements to meet its operational business requirements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and is discounted using the Company's incremental borrowing rate. Lease payments as at commencement date are adjusted for any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at their carrying amount at the commencement date and are discounted using the Company's incremental borrowing rate at the date of initial application. Right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

Leases may include options to extend or terminate the lease which is included in the right-of-use Assets and Lease Liability when they are reasonably certain of exercise.

The lease liability is remeasured when there is a change in one of the following:

- future lease payments arising from a change the in inflation rate,
- the Company's estimate of the amount expected to be payable under a residual value guarantee, or
- the Company's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to nil.

The company presents right-of-use assets and lease liabilities on the face of the Balance sheet.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of real estate properties that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor:

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognized representing the lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The company holds the leased assets on-balance sheet within property, plant and equipment.

5 Borrowing costs

Borrowing cost is calculated using the Effective Interest Rate (EIR) on the amortised cost of the instrument. EIR includes interest and amortization of ancillary cost incurred in connection with the borrowing of funds. Other borrowing costs are recognised as an expense in the period in which they are incurred.

6 Foreign currency

The Company's financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Income and expenses in foreign currencies are initially recorded by the Company at the exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the functional currency spot rates of exchange at the reporting date and exchange gains and losses arising on settlement and restatement are recognized in the statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Thus, translation differences on non-monetary assets and liabilities such as equity instruments held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income.

7 Trade and other payables

These amounts represent liabilities for goods and services provided to the company before the end of the financial year which are unpaid. Trade and other payables are presented as financial liabilities. They are recognised initially at their fair value, net of transaction costs, and subsequently measured at amortised cost using the effective interest method where the time value of money is significant.

8 Income taxes

Income tax expense comprises current tax expenses, net change in the deferred tax assets or liabilities during the year and any adjustment to the tax payable or receivable in respect of previous years. Current and deferred taxes are recognised in the Statement of profit and loss, except when they relate to business combinations or to an item that is recognised in Other comprehensive income or directly in Equity, in which case, the current and deferred tax are also recognised in Other comprehensive income or directly in Equity respectively.

Current Income taxes

The current income tax includes income taxes payable by the Company computed in accordance with the tax laws applicable in the jurisdiction in which the Company generate taxable income and does not include any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred income taxes

Deferred income tax is recognised using Balance sheet approach. Deferred income tax assets and liabilities are recognised for the deductible and taxable temporary differences arising between the tax base of an assets and liabilities and their carrying amount.

Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be reversed or settled. Deferred tax asset are recognised to the extent that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The carrying amount of deferred tax assets are reviewed

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

at each reporting date and reduced to the extent that it is no longer probable sufficient taxable profit will be available to allow part of deferred income tax assets to be utilised. At each reporting date, the company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset deferred tax assets and liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax input credit

Goods and services tax input credit is recognised in the books of account in the period in which the supply of goods or service received is recognised and when there is no uncertainty in availing/utilising the credits.

Expenses and assets are recognised net of the goods and services tax/value-added taxes paid, except:

- When the tax incurred on a purchase of assets or receipt of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

9 Property plant and equipment (including Capital Work-in-Progress) and Intangible assets

Recognition and measurement

Property, plant and equipment and intangible assets are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price(after deducting trade discounts and rebates) including import duties and non-refundable taxes, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Intangible assets are initially measured at cost. Subsequently, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All other expenditure is recognized in the Statement of Profit and Loss as incurred.

Depreciation/Amortisation

Depreciation on Property, plant and equipment is provided on a straight-line basis as per the estimated useful life of the assets as determined by the management, which is in line with Schedule II of the Companies Act, 2013 except for certain assets as stated below.

	Useful life estimated by the Company (in years)	Useful life as per Schedule II (in years)
Computer Server and Other Accessories *	4	6
Computer Desktop and Laptops *	3	3
Furniture and Fixtures *	5	10
Office Equipment's *	5	5
Handheld devices *	2	5
Vehicles *	4	8

* Useful life of the assets has been assessed based on internal assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Depreciation/Amortization method, useful life and residual value are reviewed at each financial year end and adjusted if required. Depreciation/Amortization on addition/disposable is provided on a pro-rata basis i.e from/upto the date on which asset is ready to use / disposed off except assets valued less than ₹ 5,000. Changes in the expected useful life are accounted for by changing the amortisation period or methodology, as appropriate, and treated as changes in accounting estimates. All assets costing utpo ₹ 5,000 are depreciated fully in the year of capitalization.

Leasehold improvements are amortized over the period of the lease subject to a maximum lease period of 66 months.

Intangible assets are amortized using the straight line method over a period of five years commencing from the date on which such asset is first installed.

Derecognition

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss. Assets to be disposed off are reported at the lower of the carrying value or the fair value less cost to sell.

10 Impairment on Non Financials Assets

The carrying amount of the non-financial assets other than deferred tax are reviewed at each Balance Sheet date if there is any indication of impairment based on internal /external factors. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit.

The Company reviews at each reporting date, whether there is any indication that the loss has decreased or no longer exists. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there were no impairment.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. The recoverable amount of the assets/ Cash generating unit is estimated as the higher of net selling price and its value in use. Asset/ cash generating unit whose carrying value exceeds their recoverable amount is written down to the recoverable amount by recognising the impairment loss as an expense in the Statement of Profit and Loss. After impairment, depreciation / amortisation is provided on the revised carrying amount of the asset over its remaining useful life.

11 Employee Benefits

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

Defined Contribution Plans

Contributions to defined contribution schemes includes employees' state insurance, superannuation scheme, employee pension scheme. A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into an account with a separate entity and has no legal or constructive obligation to pay further amounts. The Company makes specified periodic contributions to the credit of the employees' account with the Employees' Provident Fund Organisation. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss in the periods during which the related services are rendered by employees..

Defined Benefit Plans

Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligation is performed periodically by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in Other Comprehensive Income (OCI). The Company determines the net interest expense /income on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/asset, taking into account any changes in the net defined benefit liability /asset during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Statement of Profit or Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in the Statement of Profit or Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long term employee benefits

The Company's net obligation in respect of long-term

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

employee benefits other than post-employment benefits, which do not fall due wholly within 12 months after the end of the period in which the employees render the related services, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The obligation is measured on the basis of an independent actuarial valuation using the projected unit credit method. Remeasurements gains or losses are recognised as profit or loss in the period in which they arise.

Share Based Payment (Stock Appreciation Rights)

For cash-settled share based payments, the fair value of the amount payable to employees is recognised as 'employee benefit expenses' with a corresponding increase in liabilities, over the vesting period on straight line basis. The liability is re-measured at each reporting period up to, and including the settlement date, with changes in fair value recognised in employee benefits expenses. Refer Note 39 for details.

12 Provisions (other than for employee benefits), contingent liabilities, contingent assets and commitments

A provision is recognized when an enterprise has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are neither recognized nor disclosed in the financial statements. However, it is disclosed only when an inflow of economic benefits is highly probable.

The Company operates in a regulatory and legal environment that, by nature, has inherent litigation risk to its operations and in the ordinary course of the Company's business. Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents.

Commitments include the amount of purchase order (net of advances) issued to the counterparties for supplying/ development of asset and amount of undisbursed portfolio loans.

Provisions, contingent assets, contingent liabilities and commitments are reviewed at each reporting date.

13 Earnings per share

Basic earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed by dividing profit after tax (excluding other comprehensive income) attributable to the equity shareholders as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the profit per share.

14 Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM's function is to allocate the resources of the Company and assess the performance of the operating segments of the Company.

15 Dividend on equity shares

The Company recognizes a liability to make cash distributions to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when it is approved by the shareholders except in case of interim dividend. A corresponding amount is recognized directly in equity.

16 Trade receivables

These amounts represent receivable for goods and services provided by the company. Trade receivables are presented as financial asset. They are measured at amortised cost, using the effective interest method, less any impairment loss. An allowance for impairment of trade receivable is established if the collection of the receivable becomes doubtful.

(D) Recent accounting developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. In line with the amendments made to IFRS, on July 24, 2020, the MCA has issued amendments to certain Ind AS as summarized below :

Standard / amendments	Summary of amendments
Ind AS 1 - Presentation of Financial Statements and Ind AS 8 - Accounting policies, Change in Accounting Estimates and Errors	• Refined definition of terms 'material' and related clarifications • Consequential amendments to other standards basis refined definition of material
Ind AS 103 - Business Combinations	• Revised definition of a business • Introduction of an optional concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business • Additional guidance how to assess whether an acquired process is substantive, if the acquired set of activities and assets does not have outputs and if it does have outputs
Ind AS 107 – Financial Instruments : Disclosures	Additional disclosures pertaining to interest rate benchmark reforms
Ind AS 109 – Financial Instruments	Modification to some specific hedge accounting requirements to provide relief to the potential effects of uncertainty caused by the interest rate benchmark (IBOR) reform
Ind AS 116 – Leases	Practical expedient which permits leases not to account for COVID 19 related rent concessions as a lease modification
On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:	**Balance Sheet:** • Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current. • Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period. • Specified format for disclosure of shareholding of promoters. • Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development. • If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used. • Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc. **Statement of profit and loss:** • Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the standalone financial statements. The amendments are extensive and the Company will evaluate the same to give effect to them as required by law

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

2. Cash and cash equivalents

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Cash on hand	1	0
Balances with banks		
- in current accounts	2,668	10,089
- in fixed deposit with original maturity less than 3 months	4,101	1,801
Total	**6,770**	**11,890**

3 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
In Deposits accounts- with original maturity of more than 3 months*	59,566	250
Total	**59,566**	**250**

* Includes deposit with bank kept as lien or guarantee as detailed below:

1) Deposits amounting to ₹ 25 lakhs (31 March 2020: ₹ Nil lakhs) pertain to collateral deposits towards recovery expense fund (REF) with NSE in the interest of investors.

4 Investments

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Measured at fair value through profit and loss		
Quoted: Government securities and T-bills		-
10,000,000 (31 March 2020: Nil) units 0% ₹ GOI TB 2021/182	9,869	-
5,000,000 (31 March 2020: Nil) units 0% ₹ GOI TB 2021/182	4,949	-
Unquoted: Certificate of deposits		
Nil (31 March 2020: 10,000) units of Rs. 100,000 each of Axis Bank Limited	-	9,708
7,500 (31 March 2020: 10,000) units of Rs. 100,000 each of SIDBI	7,186	9,526
1,500 (31 March 2020: 10,000) units of Rs. 100,000 each of NABARD	1,462	9,622
Nil (31 March 2020: 5,000) units of Rs. 100,000 each of ICICI Bank Limited	-	4,812
7,500 (31 March 2020: 5,000) units of Rs. 100,000 each of INDUSIND Bank	7,284	4,844
Total	**30,750**	**38,512**
Investments within India	30,750	38,512
Investments Outside India	-	-

5 Trade receivables

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Receivables considered good- Unsecured	68	25
Less: Provision for impairment	-	-
Total	**68**	**25**

No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Also, no trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

6 Other financial assets

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Security Deposits	100	120
Interest Accrued on Investment	104	831
Receivable from Government of India for exgratia claim	475	-
Others	225	125
Total	**904**	**1,076**

7 Loans and advances

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Loans carried amortised cost		
(i) Loans repayable on Demand	-	-
(ii) Portfolio Loan*	389,533	400,098
Gross loans and advances	**389,533**	**400,098**
Less- Impairment allowance	(20,859)	(10,255)
Net loans and advances	**368,674**	**389,843**
(i) Secured by tangible assets	387,341	400,098
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government Guarantees	2,192	-
(iv) Unsecured	-	-
Gross loans and advances	**389,533**	**400,098**
Less: Impairment loss allowance	(20,859)	(10,255)
Net loans and advances	**368,674**	**389,843**

* All the loans are disbursed in India and there are no loans issued to public sector.

8 Current tax assets

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Advance tax (net of provision)	621	374
Total	**621**	**374**

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

9 Deferred tax assets (net)

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Deferred tax asset arising on account of :		
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	109	50
Timing difference between book depreciation and Income Tax Act, 1961	71	24
Provision for expected credit loss on financial assets	5,206	2,472
Processing fees and LOC adjustment related to financial assets at amortized cost	420	523
Provision for expenses disallowed as per Income-tax Act, 1961	151	126
Re-measurement of gain/loss on defined benefit plans	-	2
On account of lease liabilities	461	546
MTM on Investments	0	-
Total deferred tax assets (A)	**6,418**	**3,743**
Deferred tax liability arising on account of :		
MTM on Investments	-	29
On account of right to use asset	419	513
Borrowing cost adjustment related to financial liabilities at amortized cost	233	136
Special Reserve created as per section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	128	128
Total deferred tax liabilities (B)	**780**	**806**
Deferred tax assets (net) (A-B)	**5,638**	**2,937**

10 Other non-financial assets

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Advances recoverable in cash or in kind or for value to be received	143	42
Prepayments	268	300
Capital advances	-	3
Advances to employees	0	1
Others	164	473
Total	**575**	**819**

11 Property, plant and equipment

(₹ lakhs)

Particulars	Office Equipments	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land & Building*	Leased assets	Total
Gross block								
Balance as at 31 March 2019	126	442	348	293	53	6	-	1,268
Additions	15	45	12	58	6	-	-	136
Deletions	(0)	-	-	(31)	-	-	-	(31)
Balance as at 31 March 2020	**141**	**487**	**360**	**320**	**59**	**6**	**-**	**1,373**
Additions	2	2	-	2	6	-	-	12
Deletions	(10)	(49)	(9)	(18)	(45)	-	-	(131)
Balance as at 31 March 2021	**133**	**440**	**351**	**304**	**20**	**6**		**1,254**
Accumulated depreciation								
Balance as at 31 March 2019	**17**	**63**	**112**	**50**	**16**	**-**	**-**	**258**
Depreciation charge	28	95	101	61	14	-	-	299
Deletions	-	-	-	(4)	-	-		(4)
Balance as at 31 March 2020	**45**	**158**	**213**	**107**	**30**	**-**	**-**	**553**
Depreciation charge	35	121	87	60	14	-	-	317
Deletions	(4)	(21)	(5)	(6)	(36)	-	-	(72)
Balance as at 31 March 2021	**76**	**258**	**295**	**161**	**8**	**-**	**-**	**798**
Net block								
Balance as at 31 March 2020	96	329	147	213	29	6	-	820
Balance as at 31 March 2021	57	182	56	143	12	6	-	456
Capital Work in Progress								
Balance as at 31 March 2020	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

* Pledged as security against secured non convertible debenture

As per management assessment there are no probable scenario in which the recoverable amount of asset would decrease below the carrying amount of asset. Consequently no impairment required.

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

12 Right of use assets

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Right of use assets	1,646	2,020
Total	**1,646**	**2,020**

13 Intangibles assets

(₹ lakhs)

Particulars	Computer Software	Total
Gross block		
Balance as at 31 March 2019	101	**101**
Additions	124	**124**
Deletions	-	**-**
Balance as at 31 March 2020	**225**	**225**
Additions	79	**79**
Deletions	-	**-**
Balance as at 31 March 2021	**304**	**304**
Amortisation		
Balance as at 31 March 2019	17	**17**
Amortisation	36	**36**
Deletions	-	**-**
Balance as at 31 March 2020	**53**	**53**
Amortisation	54	**54**
Deletions	-	**-**
Balance as at 31 March 2021	**107**	**107**
Net block		
Balance as at 31 March 2020	**172**	**172**
Balance as at 31 March 2021	**197**	**197**
Intangibles under development		
Balance as at 31 March 2020	28	**28**
Balance as at 31 March 2021	0	**0**

14 Trade payables

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Dues to micro enterprises and small enterprises (refer note 44 for dues to Micro, Small and Medium enterprise)	37	0
Dues to creditors other than micro enterprises and small enterprises	260	198
Total	**297**	**198**

15 Debt Securities

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
At amortised cost		
Non convertible debentures (secured)*	100,186	89,401
Total	**100,186**	**89,401**
Borrowings within India	**100,186**	**89,401**
Borrowings Outside India	**-**	**-**

*All secured NCDs issued by the Company are secured by first pari-passu charge on the Company's immovable property at Chennai and by hypothecation of book debts / loan receivables and by fixed deposit with the banks to the extent of shortfall in asset cover as mentioned in respective information memorandum.

The funds raised by the Company during the year by issue of Secured Non Convertible Debentures were utilised for the purpose intended, i.e. towards lending, financing, to refinance the existing indebtedness of the Company or for long-term working capital, in compliance with applicable laws.

16 Subordinated liabilities

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
At amortised cost		
Non convertible debentures (unsecured)	7,218	-
Total	**7,218**	**-**
Borrowings within India	**7,218**	**-**
Borrowings Outside India	**-**	**-**

17 Borrowings

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
At amortised cost		
Term loans from bank (secured)*	279,062	280,342
Cash Credit (Secured)	41	-
Other Loans		
Commercial papers (unsecured) #	7,160	-
Total	**286,263**	**280,342**
Borrowings within India	**286,263**	**280,342**
Borrowings Outside India	**-**	**-**

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

(a) Nature of securities and terms of repayment for borrowings

* Indian rupee loan from banks are secured by first pari passu charge over all loan receivables. Term loan from bank include borrowing from National Housing Bank amounting to ₹ 5,000 lakhs (31 March 2020: ₹ Nil lakhs) that are secured by way of specific charge on loan receivables.

\# Commercial paper carries interest in the range of 5 to 6% p.a. and tenure of 90 to 365 days fully payable at maturity. The interest rate is on XIRR basis.

(b) Net debt reconciliation

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Borrowings	286,263	280,342
Debt securities (including Subordinated liabilities)	107,403	89,401
Less: Cash and cash equivalents	(6,770)	(11,890)
Net Debt	**386,896**	**357,853**

(₹ lakhs)

	Borrowings	Debt securities (including Subordinated liabilities)
Balance as at 31 March 2019	**201,111**	**74,988**
Cash flows (net)	78,780	12,100
Others*	451	2,313
Balance as at 31 March 2020	**280,342**	**89,401**
Cash flows (net)	6,120	16,500
Others*	(199)	1,503
Balance as at 31 March 2021	**286,263**	**107,404**

* Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

Covenant Breach

The economic fallout of the Covid-19 pandemic led to significant financial stress for customers of the Company. Consequently, additional provisions towards expected credit losses were made during the year in accordance to Ind AS 109. These resulted in breach of some of the borrowing related covenants especially GNPA to Total Assets ratio, Net worth maintenance etc. The Company has been regular in servicing of its borrowings and has represented to the lenders seeking for waiver with respect to non-compliance of these covenants. The consequence of breach if not waived could result in repricing of facility or a recall of the facilities if the lender so chooses.

As at 31 March 2021, there has been a breach of covenant in facilities amounting to ₹ 8,750 lakhs with repricing as a consequence. The Company is in advance discussion with lenders to receive formal waiver by Q1 FY 2022 which has been disclosed under maturity analysis and liquidity risk disclosures as per original terms. None of the lenders have chosen to recall any facility as at reporting date given Company's track record and relationship. Further, the Company has sufficient liquidity to tide over any potential recall due to covenant breaches in the foreseeable future.

Details of terms of contractual principal redemption/repayment in respect of debt securities and borrowing

(A) Debt securities and Subordinated Debt as on 31 March 2021

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Issued at par and redeemable at par						
731-1095	07%- 08%	-	10,000	40,000	-	50,000
More than 1460	08%- 09%	-	4,000	6,800	19,100	29,900
	09%- 11%	-	-	-	2,500	2,500
Issued at par and redeemable at premium						
1096-1460	08%- 09%	10,000	-	-	-	10,000
	09%- 11%	7,500	-	-	-	7,500
Total		**17,500**	**14,000**	**46,800**	**21,600**	**99,900**

Debt securities as on 31 March 2020

Original maturity of loan (in no. of days)	Rate of interest	Due within 1 year	Due 1 to 2 Years	Due 2 to 3 Years	More than 3 Years	Total
		₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs	₹ lakhs
Issued at par and redeemable at par						
731-1095	09%- 11%	17,500	-	-	-	17,500
1096-1460	07%- 08%	13,000	-	-	-	13,000
	08%- 09%	-	5,000	-	-	5,000
	09%- 11%	-	-	-	-	-
More than 1460	08%- 09%	-	-	4,000	18,900	22,900
	09%- 11%	-	-	-	2,500	2,500
Issued at par and redeemable at premium						-
731-1095	08%- 09%	5,000	-	-	-	5,000
1096-1460	08%- 09%	-	10,000	-	-	10,000
	09%- 11%	-	7,500	-	-	7,500
Total		**35,500**	**22,500**	**4,000**	**21,400**	**83,400**

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

(B) Borrowings as on 31 March 2021

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	₹ lakhs
Monthly repayment schedule										
More than 1460	07%- 08%	36	3,214	36	3,214	36	3,214	88	6,554	16,196
Quarterly repayment schedule										
366-730	07%- 08%	2	1,250	-	-	-	-	-	-	1,250
731-1095	07%- 08%	2	1,250	-	-	-	-	-	-	1,250
	08%- 09%	-	-	-	-	-	-	-	-	-
1096-1460	07%- 08%	-	-	4	2,500	4	2,500	2	1,250	6,250
More than 1460	07%- 08%	20	7,333	44	22,194	42	19,694	15	8,958	58,181
	08%- 09%	8	3,714	12	7,048	7	4,976	5	4,167	19,905
Half yearly repayment schedule										
1096-1460	07%- 08%	-	-	1	1,000	2	2,000	2	2,000	5,000
More than 1460	07%- 08%	49	30,347	57	39,125	50	39,625	35	28,917	138,014
	08%- 09%	6	7,361	6	7,361	5	6,111	3	4,306	25,139
	06%- 07%	4	1,250	4	1,250	2	625	-	-	3,125
Bullet repayment schedule										
Less than 365	07%- 08%	2	5,041							5,041
Total		**129**	**60,761**	**164**	**83,692**	**148**	**78,746**	**150**	**56,151**	**279,350**

Borrowings as on 31 March 2020

Original maturity of loan (in no. of days)	Rate of Interest	Due within 1 year		Due 1 to 2 Years		Due 2 to 3 Years		More than 3 Years		Total
		No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	No. of installments	₹ lakhs	₹ lakhs
Quarterly repayment schedule										
More than 1460	08%- 09%	8	7,857	8	7,857	8	7,857	4	3,929	27,500
	09%- 11%	40	16,802	40	16,802	40	16,801	42	20,325	70,729
Half yearly repayment schedule										
366-730	09%- 11%	-	-	-	-	-	-	-	-	-
731-1095	08%- 09%	1	1,250	2	2,500	2	2,500	1	1,250	7,500
1096-1460	08%- 09%	1	833	2	1,667	2	1,667	1	833	5,000
	09%- 11%	4	1,667	-	-	-	-	-	-	1,667
More than 1460	07%- 08%	4	1,250	4	1,250	4	1,250	2	625	4,375
	08%- 09%	27	14,640	43	28,805	45	30,680	54	40,958	115,082
	09%- 11%	16	7,319	16	7,321	11	5,694	15	5,208	25,544
Yearly repayment schedule										
731-1095	06%- 07%	1	5,000	-	-	-	-	-	-	5,000
	08%- 09%	1	1,667	1	1,667	1	1,666	-	-	5,000
More than 1460	08%- 09%	1	6,667	1	6,666	-	-	-	-	13,333
Total		**104**	**64,952**	**117**	**74,535**	**113**	**68,115**	**119**	**73,128**	**280,730**

Particulars of Secured Redeemable Non-convertible Debentures:

Particulars	Face Value (₹ lakhs)	Quantity	Date of Redemption	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
8.25% Series-1	10	500	May 27, 2020	-	5,000
7.95% Series-3	10	1,000	August 28, 2020	-	10,000
7.95% Series-4	10	300	November 27, 2020	-	3,000
9.67% Series-11	10	500	March 22, 2021	-	5,000
9.68% Series-10	10	1,250	March 24, 2021	-	12,500
8.05% Series-5	10	500	April 20, 2021	-	5,000
8.48% Series-7	10	1,000	April 20, 2021	10,000	10,000
9.2% Series-8	10	750	July 28, 2021	7,500	7,500
8.05% Series-2	10	400	March 24, 2023	4,000	4,000
8.75% Series-6	10	680	May 28, 2023	6,800	6,800
8.65% Series-12	10	1,210	February 9, 2025	12,100	12,100
7.95% Series-13	10	1,750	May 18, 2023	17,500	-
7.2% Series-14	10	1,000	June 29, 2023	10,000	-
6.00 % Series-15	10	1,000	October 14, 2022	10,000	-
FRB (Linked to 3 Months T-Bills plus spread of 2.25%) Series-16	10	1,250	September 26, 2023	12,500	-
9.25% Series-9	10	250	August 8, 2025	2,500	2,500
Total				**92,900**	**83,400**

Particulars of Unsecured Non-convertible Debentures:

Particulars	Face Value (₹ lakhs)	Quantity	Date of Redemption	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
8.5% Sub-debt-1	10	300	June 8, 2030	3,000	-
8.5% Sub-debt-2	10	400	January 1, 2031	4,000	-
Total				**7,000**	**-**

18 Other financial liabilities

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Employee benefits and other payables	913	1,258
Book overdraft	7,325	434
Payable towards asset assignment / securitization	1,227	627
Lease liabilities	1,831	2,171
Others	3,311	2,216
Total	**14,607**	**6,706**

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

19 Current tax liabilities (net)

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Provision for income tax (net of advance tax)	-	148
Total	**-**	**148**

20 Provisions

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Provision for employee benefits		
Provision for compensated absences	80	13
Provision for defined benefit plans	205	162
Total	**285**	**175**

21 Other non-financial liabilities

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Statutory dues	142	171
Others	1,333	536
Total	**1,475**	**707**

22 Equity share capital

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Authorised Equity shares Capital	150,000	150,000
1,500,000,000 (31 March 2020: 1,500,000,000) equity shares of ₹10 each		
Issued, subscribed and fully paid up	30,803	30,803
308,033,193 (31 March 2020: 308,033,193) Equity shares of ₹10 each fully paid		

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Balance at the beginning of the year	308,033,193	30,803	245,356,916	24,536
Add: Shares issued during the year		-	62,676,277	6,267
Balance at the end of the year	**308,033,193**	**30,803**	**308,033,193**	**30,803**

(b) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of Rs 10 per share. Each holder of equity shares is entitled to one vote per share.

Any Dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. Dividend is declared and paid in Indian rupees.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all the preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding company

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/associates are as below:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Fullerton India Credit Company Limited, the holding company and its nominees 308,033,193 (31 March 2020: 308,033,193) equity shares of Rs.10 each fully paid)	308,033,193	30,803	308,033,193	30,803

(d) Shareholders holding more than 5% of the shares in the Company

Particulars	As at 31 March 2021		As at 31 March 2020	
	Number of shares	% of holding	Number of shares	% of holding
Fullerton India Credit Company Limited, the holding company and its nominees	308,033,193	100.0%	308,033,193	100.0%

(e) The Company has not issued any bonus shares or shares for consideration other than cash nor has there been any buyback of shares during five years immediately preceding 31 March 2021.

23 Other equity

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Capital Reserve	10	10
Securities premium	40,186	40,186
Reserve Fund under Section 29C(i) of the NHB Act, 1987	509	509
Items of other comprehensive income	(20)	(16)
Surplus in the statement of profit and loss	(5,954)	(403)
Total	**34,731**	**40,286**

(Refer Statement of Change in Equity for the year ended 31st March 2021 for movement in Other Equity)

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

Nature and purpose of reserves

(i) Capital Reserve

Capital Reserve is created on account of reversal of debenture issue costs charged to securities premium under previous GAAP. The same shall be utilised as per the provisions of Companies Act, 2013.

(ii) Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised in accordance with the provisions of the Companies Act, 2013.

(iii) Reserve Fund under Section 29C(i) of the NHB Act, 1987

The Company is required to create a fund by transferring not less than 20% its net profit every year as disclosed in the statement of profit and loss account and before any dividend is declared. The fund shall be utilised for the purpose as may be specified by the National Housing Bank from time to time and every such appropriation shall be reported to the National Housing Bank within 21 days from the date of such withdrawal.

(iv) Retained Earning & Surplus in the statement of profit and loss

Retained earning are profit that the company has earned to date, less any dividend or other distributions paid to the shareholders, net of utiliasation as permitted under applicable law.

24 Interest Income

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
On Portfolio Loans	48,435	48,136
On Deposits withs banks	2,070	517
On Investments	1,318	1,670
Total	**51,823**	**50,323**

25 Fees and commission income

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Fees and commission income	52	839
Total	**52**	**839**

26 Net gain on financial asset at FVTPL

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Realised Gain	42	1,346
Unrealised Gain	-	114
Total	**42**	**1,460**

Notes to Financial Statements
for the year ended 31 March, 2021

27 Ancillary income

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Other fee income	474	812
Total	**474**	**812**

28 Other income

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Profit on derecognition of property plant and equiptment (net)	-	0
Interest on Security Deposits	8	9
Miscellaneous income	188	702
Total	**196**	**711**

29 Finance costs

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
On financial liabilities measured at amortised cost		
Borrowings	21,450	23,413
Debt securities	9,041	6,603
Interest expense on lease rental liabilities	119	210
Bank charges and others	480	431
Total	**31,090**	**30,657**

30 Net loss on financial assets at FVTPL

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Unrealised Loss	1	-
Total	**1**	**-**

31 Impairment on financial instruments

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Bad debts and Write off (net of recovery)	7,444	2,831
Expected credit loss on portfolio loans	10,604	5,677
Total	**18,048**	**8,508**

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

32 Employee benefits expense

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Salaries, bonus and allowances	6,505	7,174
Share based payment to employee's and director's	(71)	88
Contribution to provident and other funds	313	333
Gratuity expense (refer note 38)	41	10
Staff welfare and training expenses	319	291
Total	**7,107**	**7,896**

33 Other expenses

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Printing and stationery	34	85
Rent	40	44
Rates and taxes	2	4
Insurance	-	0
Legal charges	479	179
Professional charges	990	1,948
Collection expenses	6	82
Courier charges	13	42
Repairs and maintenance		
Office premises	91	78
Others	0	0
Directors' sitting fees	24	19
Travelling expenses	123	269
Telecommunication expenses	90	121
Payment to auditor (refer details below)	26	29
Electricity charges	76	71
Security charges	51	77
Recruitment expenses	15	42
Fees and subscription	6	13
Corporate social responsibility expenses as per section 135 (5) of Companies Act, 2013 (see note 45)	14	-
Miscellaneous expenses*	928	1,115
Write off of Property, plant & equipment and intangible assets	25	-
Total	**3,033**	**4,218**
Professional fees payable to auditors		
Statutory Audit fee	14	14
Tax Audit fee	3	3
Other services	3	2
In other capacity		
- Certification matter	6	9
- Reimbursement of expenses	-	1
	26	**29**

* Miscelleneous expense includes business promotion expenses and other expense incurred by the company

34 Tax expense

(a) Amount recognised in the statement of profit and loss

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Current tax for the year	843	2,186
Current tax expense (A)	**843**	**2,186**
Deferred taxes for the year		
Change in deferred tax assets	(2,675)	(1,821)
Change in deferred tax liabilities	(25)	383
Net deferred tax expense (B)	**(2,700)**	**(1,438)**
Total income tax expense (A+B)	**(1,857)**	**748**

(b) Amount recognised in Other comprehensive income

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Items that will not be reclassified to profit or loss		
Actuarial loss on defined benefit obligations	(5)	(8)
Income tax relating to above	1	2
Total	**(4)**	**(6)**

(c) Tax reconciliation (for profit and loss)

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2021 and 2020 is, as follows:

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Net profit / (loss) before OCI as per PL	**(7,408)**	**2,139**
Income tax @ Statutory Tax Rate of 25.17%	(1,865)	538
Tax effects of:		
Items which are taxed at different rates	-	203
Net expenses that are not deductible in determining taxable profit	8	7
Tax deductible expenses debited to OCI	-	-
Recognition of previously unrecognised temporary differences	-	0
Income tax expenses reported in PL	**(1,857)**	**748**
Tax Rate Effective*	25.06%	34.98%

The Company elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. Accordingly, the Company has recognized provision for income tax for the half year ended September 30, 2019 and re-measured its deferred tax assets as on March 31,2019 basis the rate provided in the said section and continued to apply the aforesaid option as on March 31 2020. The impact of remeasurement of deferred tax asset as on March 31, 2019 of ₹ 203 lakhs has been recognised in the results for the half year ended September 30, 2019.

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

Significant components and movement in deferred tax assets and liabilities

Particulars	As at 31 March 2020	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2021
Deferred tax liabilities on account of:					
Timing difference between book depreciation and Income Tax Act, 1961	-	-	-	-	-
Fair valuation of loans assigned	-	-	-	-	-
MTM on Investments	29	(29)	-	-	-
On account of right to use asset	513	(94)	-	-	419
Borrowing cost adjustment related to financial liabilities at amortized cost	136	97	-	-	233
Special Reserve created as per section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	128	(0)	-	-	128
Deferred Tax liability (A)	**806**	**(25)**	**-**	**-**	**780**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	50	59	-	-	109
Timing difference between book depreciation and Income Tax Act, 1961	24	47	-	-	71
Provision for expected credit loss on financial assets	2,472	2,734	-	-	5,206
Processing fees and LOC adjustment related to financial assets at amortized cost	523	(103)	-	-	420
Provision for expenses disallowed as per Income-tax Act, 1961	126	25	-	-	151
Re-measurement of gain/loss on defined benefit plans	2	(2)	-	-	-
On account of lease liabilities	546	(85)	-	-	461
MTM on Investments	-	0	-	-	0
Deferred tax asset (B)	**3,743**	**2,675**	**-**	**-**	**6,418**
Net Deferred tax assets (B-A)	**2,937**	**2,700**	**-**	**-**	**5,638**

Note

1. The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.
2. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the Company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

Particulars	As at 31 March 2019	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2020
Deferred tax liabilities on account of:					
Timing difference between book depreciation and Income Tax Act, 1961	8	(8)	-	-	-
Fair valuation of loans assigned	184	(184)	-	-	-
MTM on Investments	-	29	-	-	29
On account of right to use asset	-	513			513
Borrowing cost adjustment related to financial liabilities at amortized cost	164	(28)			136
Special Reserve created as per section 29C of NHB Act, 1987 and claimed as deduction u/s 36 (1) (viii) of Income Tax Act, 1961	67	61	-	-	128
Deferred Tax liability (A)	**423**	**383**	**-**	**-**	**806**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	27	23	-	-	50
Timing difference between book depreciation and Income Tax Act, 1961	-	24	-	-	24
Rent equalisation reserve	6	(6)	-	-	-
Provision for expected credit loss on financial assets	1,284	1,188	-	-	2,472
Provision for security deposits	1	(1)	-	-	-
Processing fees and LOC adjustment related to financial assets at amortized cost	479	44	-	-	523
Provision for expenses disallowed as per Income-tax Act, 1961	109	17	-	-	126
Re-measurement of gain/loss on defined benefit plans	-	-	2	-	2
On account of lease liabilities	-	546	-	-	546
MTM on Investments	14	(14)	-	-	-
Deferred tax asset (B)	**1,920**	**1,821**	**2**	**-**	**3,743**
Net Deferred tax assets (B-A)	**1,497**	**1,438**	**2**	**-**	**2,937**

35 Earnings per share

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Net Profit after tax attributable to Equity Holders (₹ lakhs)	(5,551)	1,391
Weighted Average number of Equity Shares for basic earnings per share	308,033,193	290,394,787
Weighted Average number of Equity Shares for diluted earnings per share	308,033,193	290,394,787
Earnings per Share		
Basic earning per share ₹	(1.80)	0.48
Diluted earning per share ₹	(1.80)	0.48
Nominal value of shares ₹	10	10

The Company has not issued any potential equity shares. Accordingly diluted EPS is equal to basic EPS

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

36 Related Party Disclosures

Name of the related party and nature of the related party relationship have been disclosed where control exists or related party is KPM, irrespective of whether or not there have been transactions between the related parties. In other cases, disclosure has been made only when there have been transactions with those parties

Related party disclosures as required under Indian Accounting standard 24, "" Related party disclosure"" are given below

Nature of Relationship	Name of Related Party
Ultimate Holding Company	Temasek Holdings (Private) Limited
Holding Company	Angelica Investments Pte Ltd, Singapore (Holding Company of FICCL)
	Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica)
	Fullerton India Credit Company Limited
Key Management Personnel	Dr. Milan Shuster-Independent Director
	Ms. Renu Challu- Independent Director till (upto 04 August 2019)
	Mr. Anindo Mukherjee- Non-Executive Director
	Ms. Rajashree Nambiar- Non-Executive Director (upto 15th January, 2021)
	Mr. Pavan Kaushal- Additional Director in Non-executive capacity (from 15th January, 2021)
	Ms. Sudha Pillai- Independent Director
	Mr. Rakesh Makkar, Chief Executive Officer and Whole time Director

36.1 Transactions during the period with related parties

Nature of Transaction	For the year ended 31 March, 2021 (₹ lakhs)	For the year ended 31 March, 2020 (₹ lakhs)
Expense incurred by related party on behalf of the Company		
Fullerton India Credit Company Limited	-	40
Income as per Resource sharing agreement		
Fullerton India Credit Company Limited	89	-
Issue of Share capital (including securities premium) to		
Fullerton India Credit Company Limited	-	20,000
Expense as per Resource sharing agreement		
Fullerton India Credit Company Limited	1,055	1,063
Commitment Charges on Committed lines provided by parent Company		
Fullerton India Credit Company Ltd	221	8

Remuneration to Company's Key Management Personnel	For the year ended 31 March, 2021 (₹ lakhs)	For the year ended 31 March, 2020 (₹ lakhs)
Salary, bonus and allowances (including short term benefits)	303	256
Share based payments (on accrual basis recognised in P/L)	-	68
Post-employment benefits	3	12
Director's sitting fees	24	19
Total	**330**	**355**

Note : The managerial remuneration paid by the Company to its Directors during the current year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act vide special resolution passed at its extra ordinary general meeting held 25 March 2021.

36.2 Amount Outstanding to / from related parties:

Balance outstanding as at the period end	As at 31 March, 2021 (₹ lakhs)	As at 31 March, 2020 (₹ lakhs)
Equity investment made by the parent company		
Fullerton India Credit Company Ltd	71,000	71,000
Other Payable (Net)		
Fullerton India Credit Company Ltd	116	189

37 Capital Management

Equity share capital and other equity are considered for the purpose of the Company's capital management. The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Company is based on management's judgement of its strategic and day-to-day needs with a focus on total equity so as to maintain investor, creditors and market confidence. The funding requirements are met through equity, borrowings and operating cash flows generated. The management monitors the return on capital and the board of directors monitors the level of dividends to shareholders of the Company. The Company may take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company maintains its capital base to cover the risks inherent in the business and in meeting the capital adequacy requirements of the National Housing Bank (NHB). The Company endeavours to maintain capital higher than the mandated regulatory norms. The adequacy of the company's capital is monitored using, among other measures, the regulations issued NHB. Company has complied in full with all its externally imposed capital requirements over the reported period. For details refer "Additional disclosure as per NHB Notes

38 Retirement Benefit Plans

(A) Defined Contribution Plan

The total expense charged to income statement of ₹ 313 lakhs (2020: ₹ 333 lakhs) represents contributions payable to these plans by the Company at rates specified in the rules of the plan.

(B) Defined Benefit Obligation

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	6.33% p.a.	5.45% p.a.
Rate of increase in compensation	8.00% p.a.	9.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	35.68%	67.35%
5 years and above	1.25%	1.00%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years		
5 years and above	29.91%	54.97%
Assets information:	1.25%	1.00%
Insured Managed funds	2	-

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	162	107
Interest expense	9	8
Current service cost	33	24
Past service cost	-	-
Liability Transferred In	1	22
Liability Transferred Out	(3)	(6)
Benefit Paid From the Fund	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	83	(3)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(71)	8
Actuarial (Gains)/Losses on Obligations- Due to Experience adjustments	(6)	2
Present Value of obligation at the end of the year	**208**	**162**
Changes in the Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	-	-
Interest income	-	-
Contributions by the Employer	2	-
Mortality charges and taxes	-	-
Benefit Paid from the Fund	-	-
Return on Plan Assets, Excluding Interest Income	(0)	-
Fair Value of Plan Assets at the end of the year	**2**	**-**
Assets and liabilities recognised in the balance sheet		
Present value of the defined benefit obligation at the end of the year	(208)	(162)
Fair Value of Plan Assets at the end of the Period	2	-
Funded Status (Surplus/ (Deficit))	(205)	(162)
Net (Liability)/Asset Recognized in the Balance Sheet	**(205)**	**(162)**

Expenses recognised in the Statement of Profit and Loss	As at 31 March, 2021 (₹ lakhs)	As at 31 March, 2020 (₹ lakhs)
Current Service Cost	33	24
Past service cost	-	-
Net interest (income)/ expense	9	8
Net gratuity expense recognised	41	32
Included in note 32 ‘Employee benefits expense’		
Expenses recognised in the Statement of Other comprehensive income (OCI)		
Actuarial gain/ loss on post-employment benefit obligation	5	8
Total remeasurement cost / (credit) for the year recognised in OCI	**5**	**8**

Reconciliation of Net asset / (liability) recognised:	As at 31 March, 2021 (₹ lakhs)	As at 31 March, 2020 (₹ lakhs)
Opening Net Liability	162	106
Expenses recognised at the end of period	41	32
Amount recognised in other comprehensive income	5	8
Net Liability/(Asset) Transfer In	1	22
Net (Liability)/Asset Transfer Out	(3)	(6)
Employer's Contribution	(2)	-
Net Liability/(Asset) Recognized in the Balance Sheet	**205**	**162**

Sensitivity Analysis:

Particulars	As at 31 March, 2021 (₹ lakhs)		As at 31 March, 2020 (₹ lakhs)	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	35	(29)	28	(23)
Future Salary Growth (1% movement)	(29)	34	(22)	27
Rate of Employee Turnover (1% movement)	8	(7)	9	(8)

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the Balance Sheet.

Maturity analysis of projected benefit obligation

Position as at Year end	As at 31 March, 2021 (₹ lakhs)	As at 31 March, 2020 (₹ lakhs)
1	2	1
2	2	1
3	3	1
4	3	2
5	3	2
Sum of Years 6 to 10	58	52

Risks associated with Defined Benefit Plan:

(i) Interest Rate Risk

A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

(ii) Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

(iii) Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments

(iv) Asset Liability Matching (ALM) Risk

The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

(v) Mortality Risk

Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

(vi) Concentration Risk

Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very less as insurance companies have to follow regulatory guidelines.

During the year, there were no plan amendments, curtailments and settlements.

(C) Compensated absences

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	6.33% p.a.	5.45% p.a.
Rate of increase in compensation	8.00% p.a.	9.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	35.68%	67.35%
5 years and above	1.25%	1.00%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	29.91%	54.97%
5 years and above	1.25%	1%
Funding status	**Unfunded**	**Unfunded**
Projected Benefit Obligation	**80**	**12**

39 Employee stock appreciation rights

Date of Grant	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 6A	Grant 10
	1-Apr-14	1-Apr-15	1-Apr-16	1-Apr-17	1-Apr-18	1-Apr-19	1-Apr-19	1-Apr-17	1-Apr-20
Value of the Grant	₹ 115 Lakhs	₹ 115 Lakhs	₹ 145 Lakhs	₹ 155 Lakhs	₹ 126 Lakhs	₹ 179 Lakhs	₹ 38Lakhs	₹ 251 Lakhs	₹ 159 Lakhs
Performance Condition	Achievement of Profit before tax (PBT) and Return on Equity (ROE) targets as per approved plan			Achievement of PAT and ROE –Targets as per approved plan				Achievement of specific targets	Achievement of certain targets
Graded Vesting (subject to achievement of performance condition given above)	Tranche I: 33% vesting on 1st December 2017	Tranche I: 33% vesting on 1st December 2018	Tranche I: 33% vesting on 1st December 2019	Tranche I: 33% vesting on 1st December 2020	Tranche I: 33% vesting on 1st December 2021	Tranche I: 33% vesting on 1st December 2022	Tranche I: 33% vesting on 1st December 2022	Tranche I: 50% vesting on 1st December 2020	Tranche I: 33% vesting on 1st December 2023
	Tranche II: 33% vesting on 1st December 2018	Tranche II: 33% vesting on 1st December 2019	Tranche II: 33% vesting on 1st December 2020	Tranche II: 33% vesting on 1st December 2021	Tranche II: 33% vesting on 1st December 2022	Tranche II: 33% vesting on 1st December 2023	Tranche II: 33% vesting on 1st December 2023	Tranche II: 50% vesting on 1st December 2021	Tranche II: 33% vesting on 1st December 2024
	Tranche III: 34% vesting on 1st December 2019	Tranche III: 34% vesting on 1st December 2020	Tranche III: 34% vesting on 1st December 2021	Tranche III: 34% vesting on 1st December 2022	Tranche III: 34% vesting on 1st December 2023	Tranche III: 34% vesting on 1st December 2024	Tranche III: 34% vesting on 1st December 2024	-	Tranche III: 34% vesting on 1st December 2025
Vesting period (including performance period)	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months	Tranche I: 3 years 8 months
	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months	Tranche II: 4 years 8 months
	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	Tranche III: 5 years 8 months	-	Tranche III: 5 years 8 months
Exercise period	Within 30 days from each vesting date but not later than 2 years from the date of last vesting except for Grant 1 & 6A where period is 3 years								
Method of Settlement	Cash Payout as per terms of the scheme								

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

The estimated fair value of the grant at a notional value of ₹ 10 per unit (as at the date of grant) is as below:

Particulars	Grant 4	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 6A	Grant 10
As at 31 March 2021	NA	18.12	14.00	12.62	11.08	8.74	8.74	12.62	7.51
As at 31 March 2020	30.00	25.32	19.47	17.25	15.14	11.91	11.91	17.25	NA
As at 31 March 2019	25.84	20.88	16.18	14.47	12.70	NA	NA	14.47	NA
As at 31 March 2018	19.76	15.96	12.54	11.39	NA	NA	NA	11.39	NA
Exercise price vest 1	17.01	15.96	16.18	17.25	11.08	NA	NA	17.25	NA
Exercise price vest 2	19.76	20.88	19.47	12.62	NA	NA	NA	12.62	NA
Exercise price vest 3	25.84	25.32	14.00	NA	NA	NA	NA	NA	NA

Fair value is computed using the method provided in the scheme for estimating the valuation of the grant which is linked to the Net Book Value of the business and board approved business plan.

The movement of the stock appreciation rights during the year is as under:

Particulars (No. of Options)	As at 31 March, 2021	As at 31 March, 2020
Options outstanding as at the beginning of the year	5,988,750	5,371,125
Options granted during the year	1,593,000	2,165,000
Options forfeited during the year	(1,543,500)	(852,500)
Options exercised during the year	(37,125)	(844,875)
Options lapsed during the year	-	-
Grants of employee transferred during the year from holding company	-	150,000
Options Outstanding as at the end of the year	5,413,875	5,939,250
Options vested and exercisable	587,250	49,500
Expense recognised (₹ in Lakhs)	**(71)**	**88**

40 Segment Information

Business Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM regularly monitors and reviews the operating result of the whole Company as one segment of “Financing”. Thus, as defined in Ind AS 108 “Operating Segments”, the Company’s entire business falls under this one operational segment.

Entity wide disclosures

The Company operates in a single business segment ie. financing, which has similar risks and returns taking into account the organisational structure and the internal reporting systems. No revenue from transactions with a single external customer or counterparty amounted to 10% or more of the company’s total revenue in year ended 31 March 2021 or 31 March 2020. The Company operates in single geography i.e. India and therefore geographical information is not required to be disclosed separately.

41 Contingent Liability and commitments

a) Contingent liabilities

The Company has assessed its obligations arising in the normal course of business, including pending litigations, proceedings pending with tax authorities and other contracts including derivative and long term contracts. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

a) Contingent liabilities

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Guarantees	25	-
Contingent liability for litigations pending against the Company	3	1

b) Capital and other commitments

The Company is obligated under various capital contracts. Capital contracts are work/purchase orders of a capital nature, which have been committed. Further, the commitments have fixed expiration dates and are contingent upon the borrower's ability to maintain specific credit standards.

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2021 is ₹ 32 Lakhs (31 March 2020: ₹ 38 Lakhs).

(ii) Loans sanctioned not yet disbursed as at 31 March 2021 were ₹ 21,835 Lakhs (31 March 2020: ₹ 13,661 Lakhs).

c) Litigation

Litigations constitutes the number of pending litigations filed by customers/vendors/ex-employees/others against the Company for service deficiency/title claims/monetary claims/back wages/reinstatement issues respectively which is in the course of business as usual.

Asides the above the Company in its rightful entitlement initiates Civil or Criminal litigations for recovery of loan and enforcing security interest.

A provision is noted/created where an unfavourable outcome is deemed probable based on review of pending litigations with its legal counsels including loss contingency on account of such litigation and claims, and classification of such contingency as 'low', 'medium' or 'high' with due provisioning thereof . The management believes that the outcome of such matters will not have a material adverse effect on the Company's financial position, its operations and cash flows.

d) Tax contingencies

Various tax-related legal proceedings are pending against the Company at various levels of appeal with the tax authorities. Management to best of its judgement and estimates where a reasonable range of potential outcomes is estimated basis available information accrues liability. Based on judicial precedents in the Company's and other cases and upon consultation with tax counsels, the management believes that it is more likely than not that the Company's tax position will be sustained. Accordingly, provision has been made in the accounts wherever required. Disputed tax issues that are classified as remote are not disclosed as contingent liabilities by the Company.

42 EMI Moratorium as per RBI Regulatory package

In accordance with Moratorium policy, framed as per guidelines issued by Reserve Bank of India (RBI) dated March 27, 2020, April 17, 2020 and May 23, 2020 relating to 'COVID-19- Regulatory Package' and approved by the Board of Directors of the Company, the Company has granted moratorium to its eligible customers for the equated monthly instalments (EMIs) falling due between March 1, 2020 to August 31, 2020, as applicable. In respect of such accounts, staging of those accounts is based on the day past due status considering the benefit of guidelines referred to above. The Company continues to recognize interest income during the moratorium period. The Company has considered appropriate criteria for assessing the change in credit risk on account of moratorium accepted by the customer and their repayment behavior post moratorium.

Salient features of moratorium policy

- EMI moratorium policy approved by Board of Directors of the Company
- Implementation process note approved by CEO, CRO and CFO of the Company
- Approval for moratorium proposal based on credit approval delegation matrix of the Company
- Criteria established for eligibility of customers for availing moratorium benefits in line with RBI circular and guidelines
- Changes in repayment schedules of customers based on capitalization of interest and collection of the same from customer in any one of the following manner :
    1) Immediately after the moratorium ends (i.e. along with June month's EMI)
    2) By adding tenor at the end of loans and keeping EMI intact

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

3) By increasing EMI over the balance tenor including extended tenor

- The rescheduling of payments, including interest, will not qualify as a default for the purposes of supervisory reporting and reporting to Credit Information Companies
- For regulatory reporting and reporting to credit information companies, the accounts will continue to be in same classification as at 1st March' 20 for up to 6 months i.e. August'20, there will not be any change in asset classification. There will be no "days past due" (dpd) movement for these accounts for the moratorium/deferment period
- Asset classification criterial and provision criterial related to portfolio loans as per RBI prudential norms

42A Resolution framework for Covid 19 related stress

Reserve Bank of India (RBI) issued circular dated 6 August 2020 prescribing resolution framework for COVID-19 related stress permitting lending institutions to implement a resolution plan for corporate, MSME and personal loans. Salient features of the Scheme are as under :

- The scheme covers those borrowers whose accounts were classified as 'standard' but not in default for more than 30 days with the Company as on the reference date, i.e. 1 March 2020. The eligible borrowers' account should be continued to be classified as 'standard' until invocation of the resolution i.e. the date when the parties agree to proceed with a resolution plan.
- One time restructuring is implemented as per the policy approved by Board of Directors of the Company prescribing the eligibility criteria and terms of resolution plan for eligible borrowers based on reassessment of repayment behavior of customer, appropriate due diligence etc.
- The Lending Institutions are required to make adequate disclosures in the format provided in the August 6 Circular till all exposures pertaining to which resolution plan was implemented is either fully extinguished or completely slips into NPA, whichever is earlier.

Disclosure as required by RBI for moratorium and resolution framework are provided under RBI disclosure section, refer note 55 (xxiii).

42B Supreme Court Order dated 23 March 2021

The Honourable Supreme Court of India (Hon'ble SC) In a public interest litigation (Gajendra Sharma Vs. Union of India & Anr), vide an interim order dated September 03, 2020 (""Interim Order), had directed banks and NBFCs that accounts which were not declared NPA till August 31, 2020 shall not be declared as NPA till further orders.

Basis the said interim order, until 28 February 2021, the Company did not classify any additional borrower account as NPA which were not NPA till August 31, 2021, however, during such periods, the Company has classified these accounts as stage 3 based on their DPD as at reporting period and provisioned accordingly for financial reporting purposes.

The interim order granted to not declare accounts as NPA stood vacated on March 23, 2021 vide the judgement of the Hon'ble SC in the matter of Small Scale Industrial manufacturers Association vs. UOI & Ors, and other connected matters, In accordance with the instructions in paragraph 5 of the RBI circular no. RB1/2021-22/17DOR. STR.REC,4/21.04.048/2021.22 dated April 07, 2021 issued in this connection, the Company has declared the borrowers accounts as NPA as per the extant RBI instructions / IRAC norms and continued to classified these as Stage 3 as per ECL framework under Ind AS financial statements for the year ended 31 March 2021.

In accordance with the instructions in aforementioned RBI circular dated April 07 2021, and the Indian Banks' Association ('IBA') advisory letter dated 19 April 2021 the Company has estimated the amount of 'Interest on Interest' charged to borrowers during the moratorium period i.e. 1st March 2020 to 31st August 2020 and made a provision amounting to ₹ 154 lakhs in the financial statements for the year ended March 31, 2021.

43 Leases

Implementation of Ind AS 116

The Company has entered into leasing arrangements for premises. Majority of the leases are cancellable by the Company. ROU has been included after the line 'Property, Plant and Equipment' and Lease Liability has been included under 'Other Financial Liabilities' in the Balance Sheet.

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued a Practical expedient for Ind AS 116 Leases, which permits lessees not to account for COVID-19 related rent concessions as a lease modification. The Company has, for the Rent Concessions received, chose not to apply the practical expedient and accordingly has re-measured the Lease Liability by decreasing the carrying amount to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease and recognized any gain or loss relating to the partial or full termination of the lease in the Statement of Profit and Loss and also made corresponding adjusted in the amount of Right of Use Asset.

(i) Amounts recognised in Balance Sheet

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
a) Right-of-use assets (net)	1,646	2,020
b) Lease liabilities		
Current	279	267
Non-current	1,552	1,904
Total Lease liabilities	1,831	2,171
c) Additions to the Right-of-use assets	408	261

(ii) Amount Recognised in profit & loss

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Depreciation charge for right-of-use assets	345	392
Interest expenses (included in finance cost)	119	211
Variable lease payments not included in the measurement of lease liabilities	-	-
Income from sub-leasing right-of-use assets	-	-
Expenses relating to short-term leases and leases of low value assets	-	-

(iii) Maturity analysis of undiscounted lease liability

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Less than one year	433	454
One to five years	1565	1,688
More than five years	342	769
Total payments	**2,340**	**2,911**

(iv) Cash flows

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
The total cash outflow of leases	433	464

(v) Future Commitments

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Future undiscounted lease payments to which leases is not yet commenced	-	-

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

(vi) Future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities and are as follow :

(a) Variable lease payments - This variability will typically arise from either inflation or market-based pricing adjustments. Currently, the Company do not have any lease which have variable lease payment terms based on inflation or market based pricing.

(b) Extension options and termination options- The table above represents Company's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options.

(c) Residual value guarantees- The Company has asset retiral obligations and accordingly have recognised them as part of ROU.

(d) The Company does not have have any lease arrangements as at reporting date which are not yet commenced to which the Company is committed.

(vii) The Company currently does not have any sale and lease back transactions. The Company does not have any restrictions or covenants imposed by the lessor on its operating leases which restrict its businesses.

44. Micro and Small Enterprises

The Company identifies suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) by obtaining confirmations from all suppliers. Based on the information received by the Company, some of the suppliers have confirmed to be registered under MSMED Act, 2006. Accordingly the disclosure relating to amount unpaid as at the year ended together with interest paid/payable is disclosed below:

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year	37	0
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year;	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro small and Medium Enterprise Development Act, 2006.	-	-

Notes to Financial Statements
for the year ended 31 March, 2021

45 Corporate Social Responsibilities Expenses

Gross amount required to be spent by the company is ₹ 14 lakhs for the year ended 31 March 2021 and ₹ Nil lakhs for 31 March 2020.

The details of amounts spent towards CSR are as under :

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
i) Construction / acquisition of any asset	-	-
ii) On purpose other than (i) above		
Amount spent in cash	**14**	**-**

The Company's CSR policy is both community and environment- based. Various programmes are planned in areas as diverse as health, educations, livelihood generations, skill developments and rural development.

46 Events after reporting date

There have been no events after the reporting date that require adjustment or disclosure in these financial statements.

47 Support Service Cost

During the year, the holding company leased its premises to its subsidiary, Fullerton India Home Finance Company Limited to carry out its operations. The holding company has entered into resource sharing agreement with the subsidiary company, as per which the holding company has agreed to share premises and other resources and thereby to facilitate achieve economies of scale and avoid duplication. The reimbursement of cost is calculated as pe arm's length price certified by the independent third party.

During the year the Company has paid ₹ 1,055 lakhs (31 March 2020; ₹ 1,063 lakhs) on account of above mentioned arrangement.

During the year, the Company has also co-shared the premises to its holding company to carry out its operations. The Company has entered into resource sharing agreement with its holding company. Under the arrangement the company have leased the premises and other resources to facilitate the business operation. The reimbursement of cost is calculated as per arm's length price certified by the independent third party.

During the year the Company has charged to ₹ 89 lakhs (31 March 2020; ₹ Nil lakhs) on account of above mentioned arrangement.

48 IRDA

Disclosure as per Schedule VI B for insurance commission income earned during the year ended:

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
ICICI Lombard General Insurance Company Ltd	5	396
TATA AIG General Insurance Company	-	65
HDFC Life Insurance Company Ltd	2	-
ICICI Prudential Life Insurance Company Ltd	3	2

49 There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2021 (31 March 2020: Nil).

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

50 Financial risk management

Risk management framework

The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company places emphasis on risk management practices to ensure an appropriate balance between risks and returns. The Board of Directors of the Company (BOD) along with the management are primarily responsible for Financial Risk Management of the Company. The BOD's oversight of risk includes review and approval of key risk strategies and policies. These are monitored and governed through the Risk Oversight Committee (ROC). Audit Committee (AC) ensures that an independent assurance is provided to the BOD.

The ROC controls and manages an inherent risks related to the Company's activities by the following risk categories:

Risk	Exposure arising from	Management
Credit Risk	Cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables, financial assets measured at amortised cost	ROC is actively involved in the following: - Oversight over the implementation of Core Credit Policies and Remedial Management Policies of the Company; - Review of the overall portfolio credit performance of the Company and establishing concentration limits by product programs, collateral types, tenors and customer profile; - Determination of portfolio credit quality by reviewing observed default rates, provisions held, write-offs and status of recoveries from defaulting borrowers; and - Review of product programs and recommending improvements/ amendments thereto.
Liquidity Risk	Financial liabilities	BOD is responsible for setting the strategic direction for the Company. This includes, establishing the liquidity risk appetite and the liquidity required to fulfil its strategic initiatives, setting boundaries/ limits within such levels of tolerance and approving the policies that govern risk management under business as usual and stressed conditions. Liquidity risk is managed by the Asset Liability Committee (ALCO), based on the Company's Liquidity Policy and procedures which are based on guidelines provided by ROC. ALCO derives its authority from the ROC and is responsible for ensuring adherence to the liquidity and asset – liability management limits set by the BOD and to oversee implementation of the strategic direction articulated by the BOD. ALCO not only ensures that the Company has adequate liquidity on an on-going basis but also examines how liquidity requirements are likely to evolve under different assumptions.
Market Risk- Foreign Exchange	Recognised financial assets and financial liabilities not denominated in functional currency	ROC is involved in the formulation of policies for monitoring market risk. The risk is managed through close identification, supervision and monitoring of risks arising from movements in market rates such as interest rates, foreign exchange rates, traded prices and credit spreads, which may result in a loss of earnings and capital.
Market Risk- Interest Rate / Dividend Coupon	Investments in equity securities, units of mutual funds, bonds, goverments securities, certificate of deposits and commercial paper	

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to the financial instrument fails to meet its contractual obligation, and arises principally from the cash and cash equivalents, bank balance other than cash and cash equivalents, trade & other receivables and financial assets measured at amortised cost.

The Risk Management Policy addresses the recognition, measurement, monitoring and reporting of the Credit risk. The ROC reviews and approves Loan Product programs on an on-going basis. Key aspects of the product programs outline the framework of any credit financial product being offered by the Company. Within this established framework, credit policies are established to manage the sourcing of proposals, channels of business acquisition, process of underwriting, information systems involved, credit appraisal, verification, documentation, disbursement and collection / recovery procedures.

Product level credit risk policies are implemented to align all new customer acquisitions across locations and regions, individual profiles, income levels, leverage positions, collateral types and value, source of income and continuity of employment/business.

The Company has additionally taken the following measures:-

- Credit risk team is appointed to enhance focus on monitoring of borrowers and to facilitate proactive action wherever required.
- Enhanced monitoring of portfolio through periodic reviews.
- Periodic trainings to its credit officers

Credit approval

The Board of Directors has delegated credit approval authority to the Company's Credit Committee, Chief Risk Officer / National Credit Manager, Regional Credit Manager and Credit Manager under the Company's Credit Policy. The branch credit team/operations team monitors compliance with the terms and conditions of credit facilities prior to disbursement. It also reviews the completeness of documentation and creation of security by the borrower.

The central operations team verifies adherence to the terms of the credit approval prior to the disbursement of credit facilities.

Credit underwriting

The Company's credit officers evaluate credit proposals on the basis of credit underwriting policies and procedures approved by the management. The criteria typically include factors such as the customer eligibility, income and debt obligation assessment, nature of the product, customer scorecards wherever applicable, historical experience, type of collateral provided and demographic parameters. Any deviations need to be approved at the designated levels.The company offers to add on funding to existing borrowers basis credit performance governed through credit approvals and approved policy.

External agencies such as field investigation agencies facilitate a due diligence process including visits to offices and residences, risk containment agencies for document frauds, legal & valuer agencies for property evaluation.

Analysis of risk concentration

Since the Company provides only retail loans, there is not significant concentration risk at the borrower / counterparty level. The maximum loan outstanding to any individual borrower or counterparty as of 31 March 2021 was ₹ 1,518 lakhs, before taking into account collateral or other credit enhancements or undisbursed commitments.

Stress testing of portfolio

The Company evaluates potentially adverse scenarios that may impact the business or portfolio performance. Annual stress test exercise covering the entire portfolio is performed to assess vulnerability of the business extreme scenarios to possible extreme scenarios and effectiveness of management actions. The assessed impact is incorporated into risk appetite of the Company to ensure regulatory compliance.

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

Exposure to credit risk

The carrying amount of financial assets represents maximum amount of credit exposure. The maximum exposure to credit risk is as per the table below, it being total of carrying amount of cash and cash equivalent, bank balance other than cash and cash equivalents, trade and other receivables and financial assets measured at amortised cost.

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Maximum exposure to credit risk	435,981	403,085

Analysis of inputs to the ECL model under multiple economic scenarios

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows which the Company expects to receive) discounted at an approximation to the EIR.

Cash shortfalls are identified as follows.

- For 12-month ECLs: Cash shortfalls resulting from default events that are possible in the next 12 months.
- For lifetime ECLs: Cash shortfalls resulting from default events that are possible over the expected life of the financial instrument.

For undrawn loan commitments, a cash shortfall is the difference between:

- the contractual cash flows that are due to the Company if the holder of the loan commitment draws down the loan; and
- the cash flows that the Company expects to receive if the loan is drawn down.

The Company records allowance for expected credit losses for cash and cash equivalents, bank balance, investment, trade and other receivables, loans and advances together with loan commitments and other financial assets measured at amortised cost, collectively named as ‘financial assets at amortised cost’.

The Company performs a collective assessment on a homogeneous pool of outstanding loans grouped on the basis of shared risk characteristic based on the type of products sliced down to geography as part of the impairment analysis.

For estimation of ECL, the entire portfolio is broadly partitioned into products like Loan against property and Housing Loans. Products are further segregated on geography level and sectors. This portfolio is used to arrive exposure at Default, Probability of default and Loss given default.

The Company follows the expected credit loss (ECL) methodology based on historically available information and projection of macroeconomic indicators in order to determine the impairment allowance required against different categories / pool of loan accounts.

All defining parameters (PD, LGD, EL Adjustment factor) are estimated on a half yearly frequency. However, required changes may be done more frequently in case of change in market condition, portfolio changes and other scenarios.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since its initial recognition, in which case, the allowance is based on the 12 months’ expected credit loss (12mECL).

The 12mECL is part of LTECL that represent the ECLs from default events on a financial asset that are possible within the 12 months after the reporting date.

Definition of Default

As per the Company’s policy, all assets are classified into stage 1, stage 2 and stage 3. Assets up to 29 DPD (days past due) are classified as stage 1 assets. Assets with DPD of 30 days up to 89 days are classified as stage 2 assets and assets with DPD greater than 90 days are classified as stage 3 assets. The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of qualitative assessment, of whether the customer is in default, the company also considers a variety of instances that may indicate unlikeliness to pay. In such instances, the Company treats the customer at default and therefore assesses such loans as stage 3 for ECL calculations, following are such instances:

- If the customer has requested restructuring in repayment terms, such restructured, rescheduled or renegotiated accounts
- A stage 3 customer having other loans which are in stage 1 or stage 2
- cases where company suspects fraud and legal proceedings are initiated.

The Company continues to recognize interest income during the moratorium period. As per assessment done by the Company and in the absence of other customer related credit risk indicators, the granting of moratorium period does not result in automatically triggering of significant increase in credit risk criteria of Ind AS 109.

The Company continuously monitors all financial assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments are subject to 12mECL or LTECL, the Company assesses whether there has been a significant increase in credit risk since initial recognition. The Company considers an exposure to have significantly increased in credit risk since initial recognition when contractual payments are more than 29 days past due. The Company also applies a qualitative method for triggering a significant increase in credit risk for an asset. This will be the case for exposure that meets certain heighted risk criteria, such as political situations and exceptions to normal economic scenarios. Such factors are based on its expert judgement and relevant historical experiences. Significant increase in Credit risk has also been recognised for borrowers to whom One Time Restructuring has been granted on account of Covid-19, and LTECL has been computed for such borrowers.

The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

The Company collects performance and default information about its credit risk exposures analysed by Product and geography. The Company employs statistical models of flow analysis and marginal default rate technique to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities and accrued interest whether due or not.

The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due (net of recovery cost) and those that the lender would expect to receive. They are calculated on a discounted cash flow basis using the effective interest rate as the discounting factor. It is usually expressed as a percentage of the EAD.

The Company collects a list of all the defaulters and tracked from the first time they become non-performing asset ("Stage 3"). The Company calculates the LGD based on the present value of month on month recovery post default for Stage 1 and 2 and takes into account of the Stage 3 recovery and present value of the actual Stage 3.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

EL Adjustment Factor is factor used to adjust the ECL computation to eliminate the biasness in different ticket size and number of loan accounts considering the nature of business/products.

Forward Looking Information

While estimating the expected credit losses, the Company arrives at forward-looking PD estimates through the incorporation of forward-looking macro-economic factors. The various macro-economic factors considered are Gross Domestic Product (% real change), Consumer Price Index Change (%), Lending Interest Rate (%), Private consumption (% real change), Manufacturing (% real change), Industrial production (% change), Recorded unemployment (%). Product-wise selection of macro-economic factors is done basis the best fitting of the macro indicators with the historical loss trends also taking into account management views, if any, on the drivers of the portfolio. Apart from considering the base case of the macro outlook, two more scenarios an optimistic and pessimistic views of the outlook are also evaluated taking into account the external market conditions. Appropriate weightage is assigned to each of the scenarios to arrive at the final estimates. Presently, a higher deterioration of the base macro outlook is done to arrive at the pessimistic view and also its weightage has been increased vis-a-vis pre-Covid levels in view of external conditions. The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

Reconciliation of ECL balances in given below :

Particular	As at 31 March, 2021 (₹ lakhs)				As at 31 March, 2020 (₹ lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	**2,538**	**773**	**6,944**	**10,255**	**1,639**	**423**	**2,516**	**4,578**
New assets originated or purchased	132	-	-	132	1,804	-	-	1,804
Assets derecognised or repaid	(349)	(19)	(1,953)	(2,321)	(343)	(49)	(1,084)	(1,476)
Net transfers to/from Stage 1	253	(90)	(163)	-	77	(26)	(51)	-
Net transfers to/from Stage 2	(224)	577	(353)	-	(45)	72	(27)	-
Net transfers to/from Stage 3	(104)	(421)	525	-	(55)	(270)	325	-
Remeasurement of ECL	(696)	7,460	9,776	16,540	(538)	624	5,848	5,934
Amounts written off	(1)	(8)	(3,738)	(3,747)	(1)	(1)	(583)	(585)
ECL allowance - closing balance	**1,549**	**8,272**	**11,038**	**20,859**	**2,538**	**773**	**6,944**	**10,255**

Credit Quality

The Company has classified portfolio loans as financial assets at amortized cost and has assessed it at the collective pool level. The vintage analysis methodology has been used to create the PD term structure which incorporates both 12 month (Stage 1 Loans) and lifetime PD (Stage 2 and stage 3 Loans). The vintage analysis captures a vintage default experience across a particular portfolio by tracking the periodic slippages. The vintage slippage experience/default rate is then used to build the PD term structure.

The vintage analysis methodology has been used to create the LGD vintage. The LGD vintage takes into account the recovery experience across accounts of a particular portfolio post default. The recoveries are tracked and discounted to the date of default using the effective interest rate.

Accordingly, the Company analysis exposure to credit risk on the basis of vintage experience across its products. The Company categorizes its loans into Stage 1, Stage 2 and Stage 3 based on vintage experience.

Particular	As at 31 March, 2021 (₹ lakhs)				As at 31 March, 2020 (₹ lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**370,803**	**8,674**	**14,505**	**393,982**	**288,730**	**4,810**	**5,900**	**299,440**
New assets originated or purchased	55,794	-	-	55,794	163,890	-	-	163,890
Assets derecognised/repaid/ recovery	(54,267)	(67)	(5,454)	(59,788)	(64,543)	(666)	(2,768)	(67,977)
Net transfers to/from Stage 1	1,350	(1,010)	(341)	-	420	(300)	(120)	-
Net transfers to/from Stage 2	(32,749)	33,487	(737)	-	(7,848)	7,912	(64)	-
Net transfers to/from Stage 3	(15,199)	(4,729)	19,928	-	(9,735)	(3,071)	12,806	-
Amounts written off	(134)	(133)	(6,962)	(7,229)	(111)	(11)	(1,249)	(1,371)
Closing balance	**325,598**	**36,222**	**20,939**	**382,759**	**370,803**	**8,674**	**14,505**	**393,982**
Interest accrued and other amortised cost	4,700	1,002	1,072	6,774	4,957	225	934	6,116
	330,298	**37,224**	**22,011**	**389,533**	**375,760**	**8,899**	**15,439**	**400,098**

Trade receivables

Exposures to customers' outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of collection from counterparties on timely basis reflects low level of credit risk. Company creates ECL on trade receivable balances in line with board's approved provisioning policy.

Cash and cash equivalents, other bank balance and other financial assets

The Company has a low credit risk in respect of its exposure with financial institutions and other financial assets. Funds are invested after taking into account parameters like safety, liquidity and post tax returns etc. The Company avoids concentration of credit risk by spreading them over several counterparties with good credit rating profile and sound financial position. The Company's exposure and credit ratings of its counterparties are monitored on an ongoing basis.

The Company holds cash and cash equivalents and other bank balances with banks and financial institutions. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be high.

While exposure with respect to security deposit and advance given for business purpose is spread across and carry low credit exposure as the Company has possession of rental premises and other with whom the Company has worked with for a number of years.

Write off policy

The Company has laid down explicit policies on loan write-offs to deal with assets which are impaired due to customer's inability to repay the loan beyond a timeline wherein loan against property and home loan is written-off at 720 Days Past Due.

Collateral management and associated risks

The Company holds collateral like residential, commercial land & building against its secured portfolio loans such as housing loan, loan against properties, and developer funding.

The Company has a collateral management system to address the risks associated in the mortgage business. Onsite inspections by independent experts are carried out to satisfy that the value of the collateral is sufficient to cover the associated credit risk and that the claim on property is legally enforceable. Credit policy guidelines clearly specify Loan to value (LTV) ratios and ensures a maximum permissible limit on exposure in any collateral backed funding. This takes care of any revaluation or depreciation in value of asset due to unforeseen circumstances.

The Collection team follows up with the customers through field visits as well as through telecommunication for payment of over dues. Collection team is also responsible for initiating legal action including repossession and selling of collaterals. Negotiations with customers with respect to settlement of loans are also carried out by the authorised personnel from collection team. Any surplus funds are returned to the customers/obligors.

An estimate of the lower of fair value of collateral and other security enhancements held and carrying amounts of the financial assets as at the reporting date is shown below. This excludes the value of collateral and other security enhancements that are determined not to be enforceable (legally or practically) by the Company.

As at 31 March 2021 (₹ in lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents	66,336	-	66,336	-
Loans & Advances (gross)	389,533	1,104,756	(715,223)	(20,859)
Trade receivables	68	-	68	-
Financial Assets at FVTPL	30,750	-	30,750	-
Other financial asset	904	-	904	-
Total Financial Asset	**487,591**	**1,104,756**	**(617,165)**	**(20,859)**

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

As at 31 March 2020 (₹ in lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents	12,140	-	12,140	-
Loans & Advances (gross)	400,098	1,034,742	(634,644)	(10,255)
Trade receivables	25	-	25	-
Financial Assets at FVTPL	38,512	-	38,512	-
Other financial asset	1,076	-	1,076	-
Total Financial Asset	**451,851**	**1,034,742**	**(582,891)**	**(10,255)**

The value of the collateral for residential & commercial mortgage loans is based on the collateral value at origination. For credit-impaired loans the value of collateral is based on the most recent appraisals.

The below tables provide an analysis of the current fair values of collateral held and credit enhancements for stage 3 assets.

Fair value of collateral and credit enhancements held under the base case scenario

Portfolio Loans	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
As at 31 March 2021 (₹ in lakhs)	**20,939**	**34,815**	**(13,875)**	**11,038**
As at 31 March 2020 (₹ in lakhs)	14,505	45,091	(30,586)	6,944

Liquidity Risk

Liquidity risk is the risk that the Company, though solvent, either does not have sufficient financial resources available to meet its obligations as they fall due, or can secure them only at excessive costs. Liquidity risk management involves estimating and managing the liquidity requirements of the Company within acceptable structural boundaries and in a cost-efficient manner, and involves the Board and senior management's development and oversight of a comprehensive process that identifies, measures, monitors and controls the Company's liquidity risk exposure.

The Company maintains a reliable management information system designed to provide the senior management with timely and forward-looking information on the liquidity position of the Company. In terms of actions, the Company's liquidity risk management policy is guided by the following principles:

1. Lender diversification demonstrated by an increase in lenders, across instruments (bank finance, bonds, money market instruments, sell down of loan portfolio of loan portfolio) and liquidity pools (banks, mutual funds, insurance companies, pension funds, foreign portfolio investors)
2. Matching of asset and liability tenor
3. Maintenance of adequate liquidity buffer as per internal policy
4. Structural liquidity mismatch

Tools to manage Liquidity Risk

The Company manages its liquidity risk through liquidity gap analysis, monitoring concentration limits (tenor, counterparty and instrument type) and liquidity ratios.

Projected rolling cash flow for the next 6 months is prepared which provides a gap analysis of expected cash inflow and outflow on a given date. Treasury is responsible to prepare a suitable funding plan based on the cash flow.

Single lender limit, single financial instrument or category limit and negative gap mismatches are monitored on a monthly basis to ensure these are within the policy limits.

The Company manages liquidity risk by maintaining sufficient cash and cash equivalents and by having access to funding through an adequate amount of committed credit lines. The Company maintains flexibility in funding by maintaining availability under committed credit lines to meet obligations when due.

Analysis of financial liabilities by remaining contractual maturities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 March 2021 (₹ in lakhs)	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	297	297	-	-	**297**
Borrowings other than debt securities	286,263	86,967	241,427	1,313	**329,706**
Debt Securities (including Subordinated liabilities)	107,403	28,954	88,972	10,231	**128,157**
Lease liabilities	1,831	433	1,565	342	**2,340**
Other financial liabilities	12,776	12,776	-	-	**12,776**

As at 31 March 2020 (₹ in lakhs)	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	198	198	-	-	**198**
Borrowings other than debt securities	280,342	86,701	247,249	1,514	**335,464**
Debt Securities (including Subordinated liabilities)	89,401	42,430	58,304	2,730	**103,464**
Lease liabilities	2,171	454	1,688	769	**2,911**
Other financial liabilities	4,535	4,277	258	-	**4,535**

* The interest payments on variable interest rate loans in the table above reflect interest rates at the reporting date and these amount may change as market interest rates change.

The Company's expected cash flows on some financial assets and financial liabilities vary significantly from the contractual cash flows. As part of the management of liquidity risk arising from financial liabilities, the Company holds liquid assets comprising cash and cash equivalents to meet liquidity requirements. In addition, the Group maintains agreed lines of credit with other banks to maintain the liquidity requirements.

Financing arrangement

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Expiring within one year	40,000	9,000
Expiring beyond one year (term loan)	-	82,500

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to maintenance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in ₹ and have an average maturity of 1 year (FY 2020 : 1 year).

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows related to financial instrument that may result from adverse changes in market rates and prices (such as foreign exchange rates, interest rates, other prices). The Company is exposed to market risk primarily related to currency risk, interest rate risk and price risk.

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

Foreign Currency Risk

The Company has insignificant amount of foreign currency denominated assets and liabilities. Accordingly, there is no significant exposure to currency risk.

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices and related market variables whether caused by factors specific to an individual investment, its issuer and market.

To manage its price risk arising from investments, the Company has invested in the mutual fund after considering the risk and return profile of the mutual funds i.e. the debt profile of the mutual fund indicates that the debt has been given to creditworthy banks and other institutional parties and equity investment is made after considering the performance of the stock.

The Company's exposure to price risk arises from investments in unlisted equity securities, debt securities, units of mutual funds, which are classified as financial assets at Fair Value through Profit and Loss and amounts to as follows:

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Exposure to price risk	30,750	38,512

Sensitivity analysis

The table below sets out the effect on profit or loss due to reasonable possible weakening / strengthening in prices of 5% :

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Impact on profit before tax for 5% increase in prices	(384)	(481)
Impact on profit before tax for 5% decrease in prices	384	481

Interest rate risk

The interest rate risk is the vulnerability of the Company's financial condition to adverse movements in market interest rates. It corresponds to the potential effects of interest rate changes on the Company's profitability, in particular net interest income. Exposure to this risk primarily results from timing spread in the re-pricing of both on and off-balance sheet assets and liabilities as they mature (fixed rate instruments) or contractual re-pricing (floating rate instruments). The objective of interest rate risk policy is to establish boundaries on interest rate risk exposure for the Company and the governance and monitoring policies for interest rate risk management.

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Fixed rate borrowings		
Debt Securities*	99,900	83,400
Borrowings	7,500	-
Variable rate borrowings	279,350	280,730
Total borrowings	**386,750**	**364,130**

* Includes Subordinated liabilities and T-Bill linked NCD

The following metrics are employed for measurement of interest rate risks:

- Repricing Gap analysis – measured by calculating gaps over different time intervals as at a given date, and measures mismatches between rate sensitive liabilities and rate sensitive assets (including off-balance sheet positions).
- Sensitivity analysis – interest rate sensitivity is monitored as per interest rate simulations, viz. potential loss due to an adverse movement in interest rates of 100 bps for mismatch up to 1 year.

Sensitivity analysis

Effect on profit or loss	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Impact on profit before tax of 100 bps increase in interest rate	(2,794)	(2,807)
Impact on profit before tax of 100 bps decrease in interest rate	2,794	2,807

Financial Instrument

a. Classification and Fair Values of Financial Assets & Liabilities

The following table shows the carrying amounts and fair values of financial assets and financial liabilities as at reporting date:

Effect on profit or loss	As at 31 March, 2021 (₹ lakhs)		As at 31 March, 2020 (₹ lakhs)	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets:				
Cash and cash equivalent	-	6,770	-	11,890
Bank balances other than cash and cash equivalent	-	59,566	-	250
Trade Receivables	-	68	-	25
Loans and advances to customers	-	368,674	-	389,843
Investments	30,750	-	38,512	-
Other financial assets	-	904	-	1,076
Total financial assets	**30,750**	**435,982**	**38,512**	**403,084**
Financial liabilities:				
Trade payables	-	297	-	198
Debt securities	-	100,186	-	89,401
Subordinated liabilities	-	7,218	-	-
Borrowing other than debt securities	-	286,263	-	280,342
Other financial liabilities	-	14,607	-	6,706
Total financial liabilities	**-**	**408,571**	**-**	**376,647**

Fair Value of cash and cash equivalents, bank balances other than cash and cash equivalent, trade receivables, loans and advances to customers, other financial assets, trade payables and other financial liabilities approximate their carrying amounts largely due to short term maturities of these instruments.

b. Fair value hierarchy

As per Ind AS 107, 'Financial Instruments: Disclosures', the fair values of the financial assets or financial liabilities are defined as the price that would be received on sale of asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities and lowest priority to unobservable inputs.

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the Ind AS 107. An explanation of each level follows underneath the table.

The hierarchy used is as follows :

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

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

Level 3- Inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

a) Financial assets measured at FVTPL at each reporting date

Particular	Level 1		Level 2	
	As at 31 March, 2021 (₹ lakhs)	As at 31 March, 2020 (₹ lakhs)	As at 31 March, 2021 (₹ lakhs)	As at 31 March, 2020 (₹ lakhs)
Investment	14,818	-	15,932	38,512
Total	**14,818**	**-**	**15,932**	**38,512**

b) Financial assets and liabilities measured at amortized cost at each reporting date

Particular	As at 31 March 2021 (₹ lakhs)		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	389,533	-	389,533
Other financial assets	904	-	914
Total	**390,437**	**-**	**390,447**
Financial liabilities measured at amortised cost			
Debt securities	100,186	-	100,005
Subordinated liabilities	7,218	-	7,385
Borrowing other than debt securities	286,263	-	286,263
Lease liabilities	1,831	-	1,913
Total	**395,498**	**-**	**395,566**

Particular	As at 31 March 2020 (₹ lakhs)		
	Carrying Value	Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	400,098	-	400,098
Other financial assets	1,076	-	1,075
Total	**401,174**	**-**	**401,173**
Financial liabilities measured at amortised cost			
Debt securities	89,401	-	89,345
Borrowing other than debt securities	280,342	-	280,342
Lease liabilities	2,171	-	2,210
Total	**371,914**	**-**	**371,897**

* Gross value of portfolio loans

Fair value of financials assets and financial liabilities at amortized cost (i.e., Loans and advances to customers, Other financial assets, Debt securities, Borrowing other than debt securities) is calculated on pool basis at present values of future cash flows over expected tenure of financial instruments.

Following discounting factor are used for calculation of fair values:

Particulars	Discounting factors
Loans and advances to customers	These are floating advances hence fair value equals to amortised cost
Other financial assets, Debt securities, Borrowing other than debt securities	Average cost of funds as at reporting date

Valuation techniques used to determine fair value

The fair value of a financial instrument on initial recognition is normally the transaction price (fair value of the consideration given or received). Subsequent to initial recognition, the Company determines the fair value of financial instruments that are quoted in active markets using the quoted bid prices (financial assets held) or quoted ask prices (financial liabilities held) and using valuation techniques for other instruments. Valuation techniques include discounted cash flow method, market comparable method, recent transactions happened in the company and other valuation models.

The Company measures financial instruments, such as investments (other than equity investments in Subsidiaries), derivative financial instruments, etc. at fair value.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Each class of financial assets	Techniques
Government securities	The fair value is determined by applying direct quotes available from the active market for such securities.
Units of mutual funds	Net Asset Value (NAV) declared by the mutual fund at which units are issued or redeemed
Certificate of Deposits	The fair value for such securities is determined by applying benchmark yield available in the public domain.
Equity shares	Discounted cash flow based on the present value of the expected future economic benefit and fair value as determined by the management based on MIS review, audited financial statements and information available in public domain

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

In order to assess Level 3 valuations as per Company's investment policy, the management reviews the performance of the investee companies on a regular basis by tracking their latest available financial statements / financial information, valuation report of independent valuers, recent transaction results etc. which are considered in valuation process.

The finance department of the Company includes the team that performs the valuation of financial assets and liabilities required for financial reporting purposes, including level 3 fair value. Discussions on valuation processes and results are held between the valuation team and the senior management at least once every six months which is in line with the Company's half yearly reporting periods.

51 Maturity Analysis of Assets and Liabilities

Particular	As at 31 March, 2021 (₹ lakhs)			As at 31 March, 2020 (₹ lakhs)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	6,770	-	6,770	11,890	-	11,890
Bank balances other than cash and cash equivalents	59,566	-	59,566	250	-	250
Investments	30,750	-	30,750	38,512	-	38,512
Trade receivables	68	-	68	25	-	25
Other financial assets	804	100	904	956	120	1,076
Loans and advances	39,793	328,882	368,674	8,586	381,257	389,843
Non Financial assets						
Current tax assets (net)	-	621	621	-	374	374
Deferred tax asset (net)	-	5,638	5,638	-	2,937	2,937
Other non financial assets	306	268	575	667	152	819
Property, plant and equipment	-	456	456	-	820	820
Right of use assets	-	1,646	1,646	-	2,020	2,020
Intangible assets	-	197	197	-	172	172
Intangible assets under development	0	-	0	-	28	28
Total Assets	**138,057**	**337,808**	**475,865**	**60,886**	**387,880**	**448,766**
Financial liabilities						
Trade payables	297	-	297	198	-	198
Debt Securities	25,206	74,980	100,186	39,433	49,968	89,401
Subordinated liabilities	282	6,936	7,218	-	-	-
Borrowings	68,116	218,147	286,263	64,883	215,459	280,342
Other financial liabilities	12,642	1,965	14,607	4,544	2,162	6,706
Non-Financial liabilities						
Current tax liabilities (net)	-	-	-	148	-	148
Provisions	285	-	285	0	175	175
Other non financial liabilities	972	503	1,475	240	467	707
Equity		-			-	
Equity share capital	-	30,803	30,803	-	30,803	30,803
Other equity	-	34,731	34,731	-	40,286	40,286
Total liabilities	**107,800**	**368,065**	**475,865**	**109,446**	**339,320**	**448,766**

* With reference to para Covenant Breach of Notes 17, the company have classified its facilities as per their contractual maturity given none of lenders have chosen to recall any facilities as at reporting date.

52 Estimation uncertainty due to COVID 19

The COVID-19 pandemic widespread affected across the globe. The pandemic followed by restricted lockdown imposed by the government caused disruption to businesses and economic activities. In assessing the impact of COVID 19 on carrying value of assets and liabilities the Company has considered judgement and assumptions including extent and duration of pandemic, impact of government stimulus, customers and industries responses up to the date of these financial results. The Company's impairment loss allowance estimates are inherently uncertain and, as a result, actual results may differ from these estimates. The Company has factored its risk assessment majorly through its expected credit loss model (ECL), it has recorded a total additional ECL overlay of ₹ 8,072 lakhs as on March 31, 2021 (31 March 2020: ₹ 757 lakhs) in this regard.

The Company has been duly servicing its debt obligations, maintains a healthy capital adequacy ratio and has adequate capital and financial resources to run its business and meet its committed obligations for the foreseeable future. Further, there have been no significant changes in the control and processes followed in the preparation of the financial results. Since the situation is rapidly evolving and that the extent to which the COVID-19 pandemic will impact the Company's financial performance is dependent on future developments, which are highly uncertain, effect on the operations of the Company may be different from that estimated as at the date of approval of these financial results. The Company will continue to closely monitor any material changes to future economic condition from time to time.

53 The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

54 As required by the RBI circular no. DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23 January 2014, the details

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

of accounts restructured during the year ended 31 March 2021 are given below:

No	Type of restructuring	Restructuring Account as on 31 March 2020			Fresh restructuring during the year			Upgradations to restructured standard category during the FY			Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY			Downgradations of Restructured accounts during the FY			Write-offs of restructured accounts during the FY			Restructured accounts as on 31 March 2021		
	Asset Classification	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2021	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2021	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2021	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2021	Provision thereon	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding	Provision thereon
1	**CDR**																					
	standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
2	**Others**																					
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	7	93	55	-	-	-	-	-	-	-	-	-	-	-	-	7	93	55
	Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**7**	**93**	**55**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**93**	**55**
3	Grand Total																					
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	-	-	-	7	93	55	-	-	-	-	-	-	-	-	-	-	-	-	7	93	55
	Doubtful	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	**7**	**93**	**55**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**93**	**55**

Note:

1. The outstanding amount and number of borrowers as at 31 March 2021 is after considering recoveries and sale of assets during the year.
2. The above table pertains to advances and does not include investment in shares which have been fully provided for.
3. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
4. For the purpose of arithmetical accuracy as required by circular, movement in provisions in the existing restructured account as compared to opening balance is disclosed under column fresh restructuring (for increase in provision) and write-off/sale/recovery (for decrease in provision) during the year and are not comparable with the additional facilities availed and partial recovery disclosed under the respective columns.

55 ADDITIONAL DISCLOSURES REQUIRED BY NHB

Disclosures as required in Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI/2020-21/73 DOR.FIN.HFC.CC.No.120/03.10.136/2020-21) dated February 17, 2021. These have been prepared on the basis of INDAS financials in line with Master Direction.

i) Capital to Risk Assets Ratio ('CRAR')

Particulars	As at 31 March 2021	As at 31 March 2020
CRAR (%)	**24.32%**	**23.00%**
CRAR- Tier I Capital (%)	21.26%	22.17%
CRAR- Tier II Capital (%)	3.06%	0.83%
Amount of subordinated debt raised as Tier-II capital (₹ lakhs)	7,000	-
Amount raised by issue of Perpetual Debt Instruments (₹ lakhs)	-	-

ii) Reserve Fund u/s 29 C of NHB Act, 1987

The Company has created a reserve fund as required by section 29C of National Housing Bank Act, 1987, wherein a sum equal to twenty percent of its profit every year, as disclosed in the profit and loss account and before any dividend is declared, is transferred. The Special Reserve qualifies for deduction as specified u/s 36 (1) (viii) of the Income Tax Act, 1961 and accordingly, the Company has been availing tax benefits for such transfers.

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Balance at the beginning of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	**509**	**231**
Addition / Appropriation / Withdrawal during the year		
Add:		
Amount transferred u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	-	278
Less:		
Amount transferred u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
Statutory Reserve u/s 29C of the NHB Act, 1987	-	-
Amount of Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve u/s 29C of the NHB Act, 1987	**509**	**509**

iii) Details of investments with movement in provision for depreciation

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

Particulars	As at 31 March 2021 (₹ lakhs)	As at 31 March 2020 (₹ lakhs)
Value of Investments		
Gross Value of Investments		
In India	30,750	38,512
Outside India	-	-
Provisions for Impairment		
In India	-	-
Outside India	-	-
Net Value of Investments		
In India	30,750	38,512
Outside India	-	-
Movement of provisions held towards depreciation on investments		
Opening balance	-	-
Add : Provisions made during the year	-	-
Less : Write-off / write-back of excess provisions during the year	-	-
Closing balance	**-**	**-**

iv) Derivatives

The Company has not entered into any forward rate agreements, interest rate swaps, exchange traded interest rate derivatives. Hence, no disclosure is made for the same.

v) Securitization

a) The Company has not entered into any agreement for securitisation. Hence, no disclosure is made for the same.

b) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the year Company has not sold financials asset to securitisation/ reconstruction company for asset reconstruction.

c) Assignment

Details of Assignment transactions Undertaken by the Company during the year

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
No. of accounts	325	2,640
Aggregate value (net of provisions) of accounts sold	5,276	34,348
Aggregate consideration	5,276	34,348
Additional consideration realised in respect of accounts transferred in earlier years	-	-
Aggregate gain / loss over net book value*	498	3,214

* Recognised as Upfront gain on Direct Assignment

d) Details of non-performing financial assets purchased / sold

(i) Details of non performing financial assets purchased during the year:

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
No. of accounts purchased during the year	NIL	NIL
Aggregate outstanding		
Of these, number of accounts restructured		
Aggregate outstanding		

(ii) Details of non performing financial assets sold* :

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
No. of accounts sold during the year	77	95
Aggregate outstanding	2,904	2,895
Aggregate consideration received	1,191	1,534
Aggregate outstanding		

vi) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:^

Particular	As at 31 March, 2021 (₹ lakhs)				As at 31 March, 2020 (₹ lakhs)			
	Advances*	Investments	Bank Borrowings	Market Borrowings	Advances	Investments	Bank Borrowings	Market Borrowings
Up to 30/31 days	5,542	-	3,415	12,949	332	-	863	-
Over 1 month upto 2 Months	1,747	-	2,560	1,408	336	9,619	2,292	7,478
Over 2 months upto 3months	2,043	1,459	6,155	207	769	12,151	4,915	-
Over 3 months & up to 6 months	8,399	19,687	18,322	10,420	2,308	9,528	15,477	10,826
Over 6 Months & up to 1 year	22,062	9,604	30,499	7,670	4,839	7,214	41,434	21,182
Over 1 year & up to 3 years	68,914	-	162,439	60,800	22,587	-	142,650	28,639
Over 3 years & up to 5 years	43,400	-	54,901	14,600	29,504	-	71,671	18,900
Over 5 years & up to 7 years	41,078	-	813	-	36,853	-	1,041	2,376
Over 7 years & up to 10 years	60,267	-	-	6,511	63,324	-	-	-
Over 10 years	115,222	-	-	-	228,989	-	-	-
Total	**368,674**	**30,750**	**279,103**	**114,564**	**389,843**	**38,512**	**280,343**	**89,401**

^ The Company does not have any deposit and Foreign currency liabilities hence the disclosure is not applicable

* Advance as at 31 March 2021 are disclosed as per behavioral pattern.

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

vii) Exposures

a) Exposure to real estate sector

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Direct exposure		
Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	350,076	359,316
Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	39,457	40,783
Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	-	-
b) Commercial Real Estate	-	-
Indirect Exposure - Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total Exposure to Real Estate Sector	**389,533**	**400,099**

Above amount includes principal outstanding, Interest accrued thereon and other adjustments for gross carrying value. The Company provides loans against property which are fully collateralized against a residential property, commercial property. All Residential collateral are reported under residential mortgage while commercials (including commercial real estate, shops, hotels and Industry) collateral are reported as commercial real estate. The end use of the loan may be business in case of a business customer or could be personal in case of a salaried and individual customer.

b) Exposure to capital market

The Company has no exposure to the capital markets directly or indirectly in the current and previous year.

c) Details of financing of parent company products

The Company does not finance any of it's holding/parent company products.

d) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC

The Company has not lent / invested / lent and invested in any borrower / group of borrower in excess of limits prescribed by the NHB.

e) Unsecured advances

Refer note note number 7 for unsecured advances. The Company has not given any advances against the rights, licenses, authorizations, etc.

viii) Registration with other financial sector

Name of Regulator	Status	Registration Details
Insurance Regulatory and Development Authority (IRDA)	Corporate Agent	CA0492 valid till April 30, 2020

ix) During the year NHB had imposed a penalty of ₹ 11,800 for contravention of paragraph 22 and 27A of the Housing Finance Companies (NHB) Direction 2010.

x) Refer note 36 for related party transactions during the current and previous year.

xi) Ratings assigned by credit rating agencies and migration of ratings during the year

Particular	For the year ended 31 March, 2021		For the year ended 31 March, 2020	
	CARE	CRISIL	CARE	CRISIL
Non convertible debentures/ Sub debt	AAA Stable	AAA Stable	AAA Stable	AAA Stable
Term Loan	AAA Stable	AAA Stable	AAA Stable	AAA Stable
Short term debt / Comercial Paper	A1+	A1+	A1+	A1+

Ratings are subject to annual surveillance.

xii) Net Profit or Loss for the period, prior period items and changes in accounting policies.

The Company has not debited any prior period items in statement of profit & loss during the current year/previous year. Refer Note 1.C for significant accounting policies

xiii) Revenue recognition.

There has been no instance of revenue recognition being postponed pending resolution of significant uncertainties.

xiv) Break up of 'Provisions and Contingencies' shown under the head Expenditure in the Statement of Profit & Loss Account

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	Year ended 31 March, 2021 (₹ lakhs)	Year ended 31 March, 2020 (₹ lakhs)
Provision towards NPA portfolio loans	3,908	4,404
Provision made towards income tax (incl. adj. for tax of earlier period)	843	2,186
Provisions for depreciation on Investment	-	-
Other Provision and Contingencies	-	-
Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		-
- Housing	3,542	591
- Non Housing (incl. CRE)	3,155	681

The total provision carried by the Company in terms of paragraph 15 of Master Direction – Non-Banking Financial Company

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

– Housing Finance Company (Reserve Bank) Directions, as follows:-

Break up of Loan & Advances and Provisions thereon	As at 31 March, 2021 (₹ lakhs)		As at 31 March, 2020 (₹ lakhs)	
	Housing	Non Housing	Housing	Non Housing
Standard Assets				
a) Total Outstanding Amount	208,868	159,019	215,948	168,816
b) Provisions made	5,919	4,089	2,377	935
Sub-Standard Assets				
a) Total Outstanding Amount	6,798	10,176	8,187	5,484
b) Provisions made	3,530	5,022	3,748	2,352
Doubtful Assets – Category-I			-	-
a) Total Outstanding Amount	3,068	1,575	1,310	354
b) Provisions made	1,537	747	693	151
Doubtful Assets – Category-II			-	-
a) Total Outstanding Amount	29	-	-	-
b) Provisions made	14	-	-	-
Doubtful Assets – Category-III			-	-
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
Loss Assets			-	-
a) Total Outstanding Amount	-	-	-	-
b) Provisions made	-	-	-	-
TOTAL				
a) Total Outstanding Amount	**218,763**	**170,770**	**225,445**	**174,654**
b) Provisions made	**11,001**	**9,859**	**6,818**	**3,437**

xv) Draw down from reserves

The Company has not withdrawn any amount from any of the reserves during the year ended 31 March 2021 (31 March 2020: Nil)

xvi) Concentration of Deposits, Advances, Exposures and NPAs

(a) Concentration of Deposits

The Company has not accepted any deposits during the current and previous year. Also there are no outstanding deposit from earlier years.

(b) Concentration of Advances

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Total advances to twenty largest borrowers	12,809	14,173
Percentage of advances to twenty largest borrowers to total advances of the Company	3.29%	3.54%

(c) Concentration of Exposures (including off-balance sheet exposure)

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Total exposure to twenty largest borrowers / customers (Amount includes carrying value of loans and undrawn loan commitment)	14,257	17,177
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	3.52%	4.34%

(d) Concentration of Non Performing Accounts

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Total Exposure to top ten NPA accounts	3,213	3,534

(e) Sector-wise Non performing accounts

Percentage of NPAs to Total Advances in that sector	Year ended 31 March, 2021	Year ended 31 March, 2020
Housing Loans		
Individuals	4.57%	4.30%
Buider/Project loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others	0.00%	0.00%
Non Housing Loans		
Individuals	7.11%	3.42%
Buider/Project loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others	0.00%	0.00%

xvii) Movement of NPA's, provision, net npa (op, add,reductions,closing)

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Net NPA to Net Advances (%)	2.85%	2.13%
Movement in Gross NPAs		
(a) Opening Balance	15,334	6,501
(b) additions during the year	25,055	17,595
(c) Reductions during the Year	18,742	8,762
(d) Closing Balance	**21,647**	**15,334**
Movement in provisions for NPAs		
(a) Opening Balance	6,944	2,540
(a) Provisions made during the year	10,301	6,173
(b) Write off / Write back of excess provisions	6,393	1,769
(d) Closing Balance	**10,852**	**6,944**
Movement in Net NPAs		
(a) Opening Balance	8,390	3,961
(b) additions during the year	14,754	11,423
(c) Reductions during the Year	12,349	6,994
(d) Closing Balance	**10,795**	**8,390**

xviii) In terms of requirement of NHB's Circular No. NHB (ND) /DRS/ Pol.Circular. 61/2013-14 dated 07 April, 2014 following information on Reserve Fund under section 29C of the National Housing Bank Act, 1987 is provided :

(refer note no. 55 (ii))

Notes to Financial Statements
for the year ended 31 March, 2021 *Contd...*

xix) The Company has not invested in any overseas assets in the current and previous year. Also there are no outstanding investments from earlier years.

xx) The Company has not sponsored any off-Balance Sheet SPV in the current and previous years which were required to be consolidated as per accounting norms. Also there are no outstanding investments from earlier years.

xxa) The Company does not have any subsidiary, associate or joint venture company, hence the disclosure is not applicable. Further the consolidated financial statements is not applicable to the company

xxi) Asset classification based on circular no. RBI/2019-20/170 dated 13 March 2020

Year ended 31 March 2021 (₹ lakhs)

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
	2	3	4	5=(3)-(4)	6	7=(4)-(6)
Performing Assets						
	Stage 1	330,298	1,529	328,769	1,211	318
Standard	Stage 2	37,224	8,266	28,958	1,050	7,215
	Stage 3	365	140	225	1	139
Subtotal		**367,887**	**9,935**	**357,952**	**2,263**	**7,672**
Non-Performing Assets (NPA)						
Substandard	Stage 3	16,975	8,553	8,422	2,551	6,002
Doubtful						
up to 1 year	Stage 3	4,643	2,285	2,359	1,290	994
1 to 3 years	Stage 3	29	14	15	11	3
More than 3 years	Stage 3	-	-	-		
Subtotal for doubtful		4,672	2,299	2,373	1,301	998
Loss	Stage 3	-	-	-		
Subtotal of NPA		**21,647**	**10,852**	**10,795**	**3,852**	**7,000**
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current Income Recognition, Asset Classification and Provisioning (IRACP) norms	Stage 1	21,109	20	21,089	-	20
	Stage 2	437	6	431	-	6
	Stage 3	289	46	243	-	46
Subtotal		**21,835**	**72**	**21,763**	**-**	**72**
Total	Stage 1	351,408	1,549	349,858	1,211	338
	Stage 2	37,661	8,272	29,389	1,050	7,222
	Stage 3	22,300	11,038	11,262	3,854	7,184
	Total	**411,368**	**20,859**	**390,510**	**6,115**	**14,744**

1. Total Gross carrying amount represents loans at amortised cost as per Note 7. Other items in column 3 include undrawn loan commitments.
2. ECL provisioning is presented at the portfolio level for each stage while the Provisions required as per IRACP norms are presented in accordance with RBI/NHB guidelines and circular reference dated 17 April 2020. 3. Interest on NPA portfolio is not recognized under IRAC norms, while interest on Stage 3 assets is accounted as net of ECL provision and forms part of carrying value of portfolio loans.

xxii) Disclosure pursuant to Reserve Bank of India Circular DOR.No.BP.BC.63/21.04.048/2020-21 dated 17 April 2020 pertaining to Asset Classification and Provisioning in terms of COVID19 Regulatory Package

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Respective amounts in SMA/overdue categories, where the moratorium/ deferment was extended*	25,925	20,866
Respective amount where asset classification benefits is extended	25,574	2,142
General provision made**	-	-
General provision adjusted during the period against slippages and the residual provisions	-	-

* Amount as of 29 February 2020

** The Company, being NBFC, has complied with Ind-AS and guidelines duly approved by the Board for recognition of the impairments.

xiii) During the year, to relieve COVID-19 pandemic related stress, the Company has invoked resolution plans for eligible borrowers based on the parameters laid down in accordance with the resolution policy approved by the Board of Directors of the Company and in accordance with the guidelines issued by the RBI on 6 August 2020.

Disclosure as per format prescribed under notification no. RBI/2020-21/16 DOR.No.BP.BC/3/21.04.048/2020-21 for the year ended 31 March 2021

Particular	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan (₹ lakhs)	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan (₹ lakhs)
Personal Loans	200	7,354	-	-	2,708
Corporate Persons	-	-	-	-	-
of which MSMEs >25 Crs	-	-	-	-	-
others	-	-	-	-	-
Total	**200**	**7,354**	**-**	**-**	**2,708**

ii) Disclosure as per format prescribed under notification no. RBI/2020-21/17 DOR.No.BP.BC/4/21.04.048/2020-21 (for restructuring of accounts of Micro, Small and Medium Enterprises (MSME) sector – Restructuring of Advances having exposure less than or equal to Rs. 25 crores) for the year ended 31 March 2021

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

Particular	(A) Number of accounts where resolution plan has been implemented under this window	(B) exposure to accounts mentioned at (A) before implementation of the plan (₹ lakhs)	(C) Of (B), aggregate amount of debt that was converted into other securities	(D) Additional funding sanctioned, if any, including between invocation of the plan and implementation	(E) Increase in provisions on account of the implementation of the resolution plan (₹ lakhs)
MSME of which exposures <25 Crs	90	3,415	-	-	1,203
Total	**90**	**3,415**	**-**	**-**	**1,203**

xxiv) Details of Principal Business Criteria as per Paragraph 4.1.7:

Particular	Year ended 31 March, 2021
Housing Finance Assets of its total assets netted off by intangible assets	45.10%
Individual Housing Finance assets of its total assets netted off by intangible assets	44.40%

xxv) Disclosure on complaints

Particulars	Year ended 31 March 2021	Year ended 31 March 2020
No. of complaints pending at the beginning of the year	4	7
No. of complaints received during the year	145	115
No. of complaints redressed during the year	142	118
No. of complaints pending at the end of the year	7	4

xxvi) The details of frauds noticed / reported are as below:

Particulars	Year ended 31 March 2021 (₹ lakhs)	Year ended 31 March 2020 (₹ lakhs)
Amount Involved	120	420
Amount Recovered	0	6
Amount written off/provided	119	414
Balance	-	-

xxvii) The Company does not have any outstanding loan against gold jewelleries as at 31 March 2021 (31 March 2020: ₹ Nil).

xxviii) Remuneration to directors- Refer Note 36.1 of Notes to Accounts of financial statements

The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

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

Sd/-
Ajit Viswanath
Partner
Membership No.: 067114

Place: Mumbai
Date: 24 May, 2021

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Notes to Financial Statements
for the year ended 31 March, 2021

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY

(as required in terms of paragraph 13 of Non-banking financials (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank of India) Direction 2007)

S.No	Particulars	Year ended 31 March 2021 (₹ lakhs)	
1	**Loans and advances availed by the Non-Banking Financial Company inclusive of interest accrued thereon but not paid:**	**Amount Outstanding**	**Amount Overdue**
	(a) Debentures (other than falling within the meaning of public deposits)		
	Secured (including External Commercial Bonds)	1,00,186	-
	Unsecured	7,218	-
	(b) Deferred Credits	-	-
	(c) Term Loans (including External Commercial Borrowings)	2,79,062	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	7,160	-
	(f) Public Deposits	-	-
	(g) Other Loans	41	-
2	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**	**Amount Outstanding**	**Amount Overdue**
	(a) In the form of Unsecured debentures	-	-
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	-	-
	(c) Other public deposits	-	-

Assets side:

S.No	Particulars	Amount Overdue
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**	**Amount Overdue**
	(a) Gross Secured	3,89,533
	(b) Gross Unsecured	-

S.No	Particulars	Amount Overdue
4	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**	**Amount Overdue**
	(i) Lease assets including lease rentals under sundry debtors :	
	(a) Finance Lease	-
	(b) Operating Lease	-
	(ii) Stock on hire including hire charges under sundry debtors:	
	(a) Assets on hire	-
	(b) Repossessed Assets	-
	(iii) Other Loans counting towards AFC activities :	
	(a) Loans where assets have been repossessed	-
	(b) Loans other than (a) above	-

Notes to Financial Statements

for the year ended 31 March, 2021 *Contd...*

5	Break-up of Investments :	Amount Outstanding
	Current Investments	
	1. Quoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	14,818
	(v) Others	-
	2. Unquoted:	-
	(i) Shares:	-
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others- Certificate of Deposits	15,932
	- Commercial papers	-
	Long Term Investments	
	1. Quoted:	-
	(i) Shares:	-
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. Unquoted:	
	(i) Shares:	
	(a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of mutual funds	-
	(iv) Government Securities	-
	(v) Others	-

6	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances :	Amount net of Provision		
		Secured	Unsecured	Total
	1. Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
	2. Other than related parties	3,89,533	0	3,89,533
	Total	**3,89,533**	**0**	**3,89,533**

7	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):		
	Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
	1. Related Parties		
	(a) Subsidiaries	-	-
	(b) Companies in the same management	-	-
	(c) Other related parties	-	-
	2. Other than related parties	30,750	30,751
	Total	**30,750**	**30,751**

8	Other Information	Amount Outstanding
	(i) Gross Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	21,647
	(ii) Net Non-Performing Assets	
	(a) Related parties	-
	(b) Other than related parties	10,795
	(iii) Assets acquired in satisfaction of debt	-

For and on behalf of the Board of Directors of
Fullerton India Home Finance Company Limited

Sd/-
Anindo Mukherjee
Chairman
DIN : 00019375

Sd/-
Rakesh Makkar
CEO & Whole Time Director
DIN : 01225230

Sd/-
Pankaj Malik
Chief Financial Officer

Sd/-
Seema Sarda
Company Secretary
ICSI Reg. No. : A-15056

Place: Mumbai
Date: 24 May, 2021

Fullerton Grihashakti

Iraada hai toh Raasta hai

FULLERTON INDIA HOME FINANCE COMPANY LIMITED

REGISTERED OFFICE ADDRESS:

3rd Floor, No- 165, Megh Towers,
PH Road, Maduravoyal,
Chennai- 600 095
Tamil Nadu

CORPORATE OFFICE ADDRESS:

Supreme Business Park, Floor 6,
B Wing, Supreme IT Park,
Powai,
Mumbai 400 076
Maharashtra

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