Fullerton Grihashakti

Iraada hai toh Raasta hai

Rapid Acceleration

Through Diversification and Technology

(2021-22)
ANNUAL REPORT

FULLERTON INDIA HOME FINANCE COMPANY LIMITED

Rapid Acceleration

Through Diversification and Technology

ANNUAL REPORT (2021-22)

As we recover from the significant disruption caused by Covid over the last two years, in FY2022, we focused on diversification and maintaining sufficient liquidity. With a robust understanding of the housing sector, we have accelerated our lending and achieved greater levels by encompassing better market intelligence, highly efficient operating procedures, and a more profound emphasis on our client's needs. On top of this, we have successfully achieved our objective of realising the aspirations of millions of people driven by a solid match to target first-time end-user customers.

Today, India's vast population aspires to have their own house. Our primary goal at Fullerton India Home Finance Company is to support the realisation of this desire. To achieve this, we need to be a significant player in the affordable home space – India's fastest-growing home loan business segment. At Fullerton India Home Finance Company, we are fully geared up to make our mark here.

To begin with, we are tapping into well-capitalised lenders to build reliable and sustainable financial sources. In FY2022, we obtained rating confirmations from credit rating agencies CARE and CRISIL. Their rating demonstrated our solid financial management and our Company's ability to meet business obligations. Our short-term debt is rated at A1+, the highest short-term rating, and our long-term debt is rated at AAA.

At Grihashakti, we think that a proper physical infrastructure, combined with the appropriate digital technology, can provide us with a clear competitive and operational edge. This will enable us to enter underpenetrated markets and diversify our product offering effectively. These strategies reassure us that we will continue to grow faster than the industry.

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Contents

Company Overview

Statutory Reports

Financial Statements

Corporate Information

Board of Directors

Mr. Shantanu Mitra,
Chairman, Non-Executive, Non-Independent Director
Appointed w.e.f. 22 December, 2021

Mr. Radhakrishnan B. Menon,
Non-Executive, Independent Director
Appointed w.e.f. 22 December, 2021

Ms. Sudha Pillai,
Non-Executive, Independent Director

Ms. Sunita Sharma,
Non-Executive, Independent Director
Appointed w.e.f. 26 April, 2022

Mr. Ajay Pareek,
Non-Executive, Non-Independent Director
Appointed w.e.f. 22 December, 2021

Chief Financial Officer

Mr. Ashish Chaudhary
Appointed w.e.f. 1 October, 2021

Company Secretary

Mr. Jitendra Maheshwari
Appointed w.e.f. 15 October, 2021

Statutory Auditor

M P Chitale & Co.

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- 600 095.

Corporate Office

10th Floor, Office No.101, 102 & 103,
2 North Avenue, Maker Maxity,
Bandra Kurla Complex, Bandra (East),
Mumbai- 400 051.

Our Powai Office (Address Given Below)
Would continue to be An Annex to
The Corporate Office:
B Wing, 6th Floor, Supreme Business Park,
Hiranandani, Powai,
Mumbai – 400 072.

For more information click the link below:
www.grihashakti.com

Or scan QR code

At a Glance

"Fullerton Grihashakti" (Fullerton India Home Finance Company Limited), a wholly owned subsidiary of Fullerton India Credit Company Limited, provides loans to salaried or self-employed people and businesses. The Company was established in December 2015 and has its headquarters in Mumbai. It includes home finance services to salaried, self-employed, and business customers through its ***82 branches*** across India.

We provide our clients with various options, including loans for new home purchases, home renovations, new construction, and home additions. Our product line includes loans against property, building and developing new commercial properties and plots, and acquiring financing.

With ***628 branches*** and over ***1.6 million users***, the parent firm, Fullerton India Credit Company Limited (Fullerton India), is one of India's leading non-banking finance companies (NBFCs).

24.3%

CAR

₹4,456 crore

Asset Under Management

82

Branches

839

Employees

Chairman's Message

Shantanu Mitra
Chairman, Non-Executive,
Non-Independent Director

Grihashakti's business strengthened in FY22; our Assets under Management (AUM) stood at ₹ 4,456 crore as of 31st March, 2022, against ₹ 4,191 crore on 31st March, 2021.

Dear Shareholders,

The recent two years of the pandemic have tested our resolve and ability to survive adversities. We have emerged stronger as we navigated through adverse economic conditions. The world has witnessed unprecedented financial volatility and geopolitical issues between nations.

Standing tall through the challenges of the pandemic, the Grihashakti business has demonstrated its resilience in strengthening its employee capital and balance sheet. We believe our employees will continue to have a significant part to play in delivering our corporate objectives. Their invaluable contribution over the years has resulted in crafting our success story.

Employee health has been of paramount concern to us. We enabled immunisation for all our employees and their dependents, believing entirely in our slogan, "WE are only SAFE if we ALL are SAFE." COVID-19-related protocols were adhered to at the branch level at all times, keeping our staff and customers safe. We also provided survivor benefits to the family of employees who lost their lives during the Pandemic.

Grihashakti's business strengthened in FY22; our Assets under Management (AUM) stood at ₹ 4,456 crore as of 31st March, 2022, against ₹ 4,191 crore on 31st March, 2021.

Grihashakti is living up to its core ambition of making the dreams of millions come true by having a great fit to reach first-time end-user purchasers. Grihashakti has developed the capacity to adapt to sectoral shifts due to our experience through several economic cycles, which is reflected in our strong standing today.

During the year, we had written off (net of recoveries) portfolio loans of ₹ 34 crores and made an impairment provision of ₹ 34 crores on portfolio loans. Grihashakti is back on a profitable path and reported a profit before tax of ₹ 23 crores for FY2022 from a loss of ₹ 74 crores in FY21, on the back of significantly improved collection performance which resulted in lower impairment on the financial assets for the year.

Following the disruptive second wave of the pandemic in the first quarter of FY2022, the disbursals were curtailed with a focus on risk management and improving collection efficiency. The gross interest income decreased by 4% and stood at ₹ 504 crores against ₹ 526 crores in FY21, mainly due to lower disbursals. We progressively increased disbursals in line with the gradual recovery in economic activities. We achieved our highest ever disbursal in Q4 of the financial year, five times compared to disbursements of Q1. We disbursed ₹ 1,287 crores in FY2022, more than double of ₹ 558 crores in FY21. Our Net Interest Margin (NIM) improved from 4.8% in FY21 to 5% in FY2022 on account of a reduction in the cost of funds, and a prudent borrowing mix. Strategic moves like shifting to own sourcing, enhancing our footprint with 12 new locations across critical markets like Maharashtra, Tamil Nadu, Gujarat, and Punjab, and focusing on affordable home loans; have transformed Grihashakti and set it on a steady growth trajectory. The growth in our disbursals is a testimony to our focus on affordable housing finance for our customers.

At Grihashakti, we strive for the highest levels of customer service, turnaround speeds, and staff efficiencies, all of which translate into a competitive advantage. The introduction of the sales app has facilitated the paperless sourcing of new clients by channel partners and improved overall customer onboarding by the sales team. The business rule engine has been reprogrammed to use new credit risk and evaluating models. This engine now allows for client risk classification and soft offers for suitable consumers at the pre-sanction stage, with allowed loan amounts and tenures. We have also introduced the Grihashakti Sales App 'Speed' to self-employed customers. The app's features include an instant CIBIL check with a complete credit report, PAN validation from NSDL, real-time application submission, contactless document upload, and financial statement analysis. During FY2022, we also enabled C-KYC verification of clients, which established an alternative to physically visiting the consumer for initial identification and address confirmation.

After multiple productive interventions, we have demonstrated remarkable adaptability in rapidly resuming our momentum. With this economic context, home finance firms should continue to develop rapidly. The Government's emphasis on affordable housing, the general revival in the real estate market, the formalisation of the real estate industry through RERA, and the stabilisation of GST have all played a role in this revival story.

As a renowned home financing company in India, we are ideally positioned to capitalise on such favourable conditions. Grihashakti is living up to its core ambition of making the dreams of millions come true by having a great fit to reach first-time end-user purchasers. Grihashakti has developed the capacity to adapt to sectoral shifts due to our experience through several economic cycles, which is reflected in our strong standing today.

I'd like to thank Grihashakti employees, whose tireless efforts to ensure the safety and well-being of the organisation and the community have allowed us to maintain a positive frame of mind and keep our operations running smoothly. Despite the various hindrances we have produced for our stakeholders through enhanced management, controlled costs, distribution efficiencies and multiple sustainability programmes. I would also thank our shareholders, SMFG & FFH, my colleagues on the Board, and our lenders, investors and customer for their contribution and the trust placed in Grihashakti.

Yours sincerely,

Shantanu Mitra
Chairman, Non-Executive,
Non-Independent Director

Board of Directors

Mr. Shantanu Mitra

Chairman, Non-Executive, Non-Independent Director

Mr. Shantanu Mitra is the Chairman, Non-Executive Director of Grihashakti and also Chief Executive Officer & Managing Director of Fullerton India Credit Company Limited.

Shantanu has over 40 years of experience in financial services, with over 20 years at Standard Chartered Bank and Citibank, where he had stints in India, Singapore and Thailand. His last role in Standard Chartered Bank was Senior Regional Risk Officer, India, Middle East Africa, based in Mumbai. His previous experience with Fullerton India included a stint from 2010 to 2017, initially as Head of Consumer Risk for the parent company Fullerton Financial Holdings, Singapore and subsequently a phenomenally successful tenure as CEO & MD with Fullerton India.

He has extensive experience in Risk Management, spanning many geographies in Emerging Markets, including Asia, Africa and the Middle East. Mr. Mitra holds a BSc in Statistics from the University of Calcutta, India and is a Member of the Institute of Chartered Accountants, England, Wales. Since his previous retirement from FICC, Shantanu has served in various Board and Advisory capacities, including Non-Executive Director at DBS Bank, India; and Operating Partner with Global PE firm Advent International, including as Advisor in their portfolio companies..

Ms. Sudha Pillai

Non-Executive, Independent Director

Ms. Sudha Pillai, a 1972 batch IAS officer, held several senior positions in the Government of India and the State Government of Kerala for 40 years. She handled the Industry and Finance portfolios for nearly twenty years. In the Centre, she worked in the Ministries of Industry, Corporate Affairs, Labour and Employment.

She contributed notably to reforms in Industrial and Foreign Direct Investment policies and also in formulating the National Skill Development Policy. In Kerala, as Principal Secretary of Finance, she worked to achieve enhanced developed outcomes, coupled with efficient fiscal management. As CMD, Kerala Finance Corporation, she dealt with SME project financing to SMEs. Her last assignment was as Member Secretary (in the rank of Minister of State), Planning Commission, Government of India. She is currently a Director on the Boards of Jubilant Life Sciences and International Travel House Ltd.

Mr. Radhakrishnan B. Menon

Non-Executive, Independent Director

Mr. Radhakrishnan B. Menon is an Independent Director on the Board of Grihashakti. He held senior leadership roles in HR in India with Best-in-Class global organisations such as General Electric (GE), Cadbury, and Bausch Lomb. He had an early career stint with Hindustan Lever. He has had a wide range of experiences across diverse businesses, categories, cultures and geographies, including a tenure with GE Plastics Europe in the Netherlands.

In September 2007, he founded LBW (Leadership in Business Worldwide) Consulting Private Limited, a distinctive Leadership Development consulting firm. Before that, he was the Executive Director-HR Corporate Communications for Cadbury Indian Subcontinent. SiFrom007 till 2015, he continued as Independent Director on the Board of Cadbury, later becoming Mondelez India. He has also served on the Boards of other reputed organisations.

Presently, as MD of LBW, he continues to consult, coach actively and advise diverse organisations in the areas of Organization Leadership Development, Executive Coaching and Strategic HR across India and overseas in the UK, Hong Kong, the Middle East and South Asia. He holds a Masters' Degree in Personnel Management and Industrial Relations from the Tata Institute of Social Sciences, Mumbai. He is a Professional Certified Coach (PCC) of the International Coach Federation (ICF). He has co-authored the book Coaching in Asia - the First Decade.

Mr. Ajay Pareek

Non-Executive, Non-Independent Director

Mr. Ajay Pareek is the Non-Executive Director of Grihashakti and Chief Business Officer of Fullerton India.

Ajay has more than 24 years of experience in the financial services sector. He had a very successful stint of over 13 years as the Head of Urban Business at Fullerton, India. During his tenure, he was responsible for designing the product strategy, setting up the secured and the unsecured businesses, expanding the branch network, and made significant contributions towards tapping the potential of emerging markets, third-party products, and more. He has also worked with Aditya Birla Finance Ltd., Jana Small Finance Bank, CitiFinancial Consumer Finance India ld. and A. F. Fergusons & Co. In his career, he has been responsible for business planning, sales & distribution, launching new products & processes, credit underwriting, collections, product strategy and setting up and running large distribution networks.

He is a Chartered Accountant and a Harvard SELPI alumnus.

Ms. Sunita Sharma

Non-Executive, Independent Director

Ms. Sunita Sharma is an Independent Director of Grihashakti.

Ms. Sunita Sharma joined the Life Insurance Corporation ('LIC') as a Direct Recruit Officer of the 11th batch in 1981 and retired as Managing Director of Life Insurance Corporation of India on 30th March 2019. Formerly the Managing Director & CEO of LIC Housing Finance Ltd. ('LIC HFL'), she holds the prestige of becoming the first woman to head India's second-largest mortgage lender. During her tenure spanning over three decades at LIC HFL, she handled several leadership roles across verticals, including Investments, Pension & Group Schemes and Personnel. She also served as the Regional Manager for Estate & Office Services. She has been honoured with several awards in recognition of her leadership, contributions and achievements, including the Asia Pacific Entrepreneurship Award in 2016 and 2017 and the 'Udyog Rattan Award by the Institute of Economic Studies (IES) New Delhi in 2013.

Ms Sunita Sharma is also on the Board of National Stock Exchange of India Limited (NSE). She holds a Master's Degree in Science (M.Sc.) from Delhi University.

Leadership Team

Vishwas Shrungarpure

Chief Business Officer

Vishwas Shrungarpure is the Chief Business Officer of Fullerton India Home Finance Company Limited.

Vishwas has been a part of organisations such as Maharishi Housing Finance, ICICI Home Finance, GE Money Housing Finance, Tata Capital Housing Finance, Capri Global, Easy Home Finance and Poonawala Fincorp. He has worked across functions – Sales & Marketing, Product & Policy, Credit, Risk, Collections, and Marketing.

In a distinguished career spanning 24+ years, he has rich experience in Housing Finance, Project Construction Finance & Retail Mortgage business, spanning across geographies. His repertoire includes effectively leading large teams from Setting up a business, Scaling up and Strategic transformation.

Vishwas has completed his B.E. (Mechanical) from NIT, Bhopal and his MBA in Finance from Institute of Management Studies DAVV, Indore.

Ram Kolli

Head of Sales & Distribution

Mr. Ram Kolli is Head of Sales & Distribution for Fullerton India Home Finance Company Ltd. He brings over 16 years of experience in the real estate and financial services industry. He has played pivotal roles in prominent organisations such as ICICI Bank, Tata Housing Development Company, Capri Global, and L&T.

Mr. Kolli joined Fullerton India Credit Company as Head of Developer Finance and Corporate LRD before moving into Grihashakti to lead the sales role. Before joining Fullerton India, he was heading the Construction Finance division at Capri Global. Mr Kolli has completed his B. Tech from NIT Warangal and an Executive Business Management MBA from IIM Calcutta.

Gautam Sinha

Head of Credit Underwriting

Gautam Sinha is the Head of Credit Underwriting for Fullerton India Home Finance Co. Ltd. He has over 20 years of work experience in credit underwriting and risk evaluation of different asset classes, including Secured Retail Loans, MSME and SME Loans, Working Capital Loans, Supply Chain Finance and Agri Loans. He has set up a credit framework and architecture for different loans across multiple geographies in India.

In his illustrious career, he has been associated with organisations such as IDFC First Bank, ICICI Bank, Mahindra Rural Housing Finance and Birla Home Finance.

Gautam Sinha holds a CFA (Group E) from ICFAI University and a PG Diploma in Business Administration from IPM, Ghaziabad. He also holds Credit Risk Analysis certifications from CIBIL and IIM Bangalore.

Ashish Chaudhary

Chief Financial Officer

Ashish Chaudhary is the Chief Financial Officer of Fullerton India Home Finance Company Limited. He has been associated with the group since 2018. He has over 14 years of rich experience in financial reporting, treasury, commodity risk, Audit, and regulatory reporting in various sectors, i.e., banking & finance and marketing.

Ashish is a Chartered Accountant and holds a Management Development Programme degree from IIM Ahmedabad. During his stint with Group Company, he was instrumental in handling financial reporting & control, treasury reporting and analysis and regulatory reporting, passionately building the finance function and driving the business results. In his previous stints, he has been associated with reputed organisations such as ICICI Bank & Hindustan Unilever Ltd.

Rachit Gupta

Head of Treasury

Rachit Gupta is a seasoned Treasury, Banking, Capital Markets and Strategic Finance professional with a rich experience of over 20 years in both the Public and Private sectors. During his stint with Fullerton India group, he has led various initiatives in Treasury and Finance across spheres, size, complexity and geography. He has effectively managed domestic/ international fundraising, securitisation, investments, ALM, liquidity and currency risk management, including investor and other strategic relationships.

In his previous stints, he has played a pivotal role with esteemed institutions such as PFC Ltd. and Edelweiss Financial Services. He is a Chartered Accountant and holds a Business Management degree from the Institute of Management Technology, Ghaziabad.

Accelerating our Affordable Housing Solution

We are fulfilling our goal of realising the hopes of millions of people by delivering budget housing alternatives, a segment of enormous potential for us.

Our aim has always been to provide affordable housing solutions to our clients. Despite the uncertainty and interruptions brought on by the second wave of the COVID-19 Pandemic, the housing loan financing business has recovered strongly and shown a V-shaped recovery. One of the key factors driving the sales and opening the door for consumers to reenter the market in the post-COVID period has been the increase in affordable home purchases. The interest rate and housing costs had decreased during that phase. As a result, lending by financial institutions has increased to reach Pre-Pandemic levels.

'Housing for all by 2022' is the Government's strategic initiative that can transform the Indian housing industry. As a part of this initiative, the Pradhan Mantri Awas Yojana (PMAY) Urban scheme was established in 2015.

At Grihashakti, we have started funding home purchases via the PMAY scheme. There is an estimated housing shortage of around one crore in India, and this phase provides a golden chance for us to cater to the rising demand. With our established pan-India footprint and distribution access set-up linked with the national PMAY demographics, we are well-positioned to capitalise on this commercial opportunity. Demand for loans against property grew by 20% in the first half of FY2022 compared to the previous fiscal year, FY2021.

On the other hand, the Government has extended its deadline for implementing the Emergency Credit Line Guarantee Scheme (ECLGS) until March 2023. This directly impacts Micro, Small, and Medium-Sized Businesses' (MSME) financing. In March 2022, the loan sanctioned under ECLGS was around ₹ 3,19,000crore, compared to ₹ 2,86,000 crore sanctioned under the scheme in September 2021. The asset quality and real estate valuation trends in the economy are solid. End-users are the primary stakeholders driving affordable housing. As a result, there is no mindset of an investor seeking the cheapest entry point. We focus on the real demand, driven by a deep desire for homeownership.

Leveraging Technology to Accelerate Home Credit Service Growth

Our state-of-the-art in-house technology boosts customer sentiment by providing a seamless and consistent customer experience from application to online EMI payments..

We leveraged technology-driven business concepts to facilitate our low-income clients in the unorganised sectors to provide one-of-a-kind solutions. Our flexible IT model, ideally linked with changing Company dynamics and new product launches, has enabled us to retain customers and develop our market share.

Our sales app, Speed, created for the seamless online experience for our consumers, and the sourcing of salaried and self-employed customer base, has been the highlight of our various digital endeavours. Installing the sales software has improved our sales team's total customer onboarding and channel partners' paperless sourcing of new customers.

Customers actively seek convenient solutions as part of our rebuild strategy, which is applied in crucial digital channels and 'phygital' procedures. We aim for the best customer service and employee productivity in the business, providing us with an immediate competitive advantage.

We have reconfigured the Business Rule Engine to employ new credit risk and assessing models. This application supports client risk categorisation and soft offers for appropriate customers at the pre-sanction stage, with loan amounts and tenures permitted. This app includes an immediate CIBIL check with a full credit report, NSDL PAN Validation, real-time application submission, contactless document upload, and financial statement analysis.

Our frontline sales managers now have access to a new module to register client mandates through the app and keep track of accepted and denied requests. It has led to seamless e-Nach mapping, and e-Consent portals have led to automated EMI collecting that runs smoothly and faster customer loan disbursements. Customers were assisted in using the National Automated Clearing House (NACH) to register account information and accept digital consent as an integrated flow to speed up collections.

In contrast to physical customer verification, a digital KYC solution based on C-KYC enables digital KYC verification of clients with a credit history. Throughout the period under review, we have collaborated with several fintech companies to deliver digital payment solutions, real-time and contactless KYC validation features for our clients, and mobile sourcing solutions for the channel partners. This is accomplished as part of our organisation's goal by co-operating with new-age digital partners and utilising the technology to grow the client base and minimise acquisition expenses..

Information Technology

Global digital change has accelerated due to the COVID-19 pandemic. The crisis forced people and organisations to adopt new technology, demonstrating how vital digitalisation has become to every industry and human connection. There has been intense rivalry and difficulty throughout the world to meet the new and increasing need for IT, which comprises infrastructure, applications, and communication tools. Given the time constraints, little resources, and functioning under lockdown conditions, all of these need to be managed. The Company's digitalisation includes the following highlights:

» ***Stepping into 'Hybrid mode':*** *Grihashakti technology's operating model started moving from 'Work from home' to Hybrid mode. The Company invested more deeply into MS Teams and allowed a large part of its user population on this platform.*

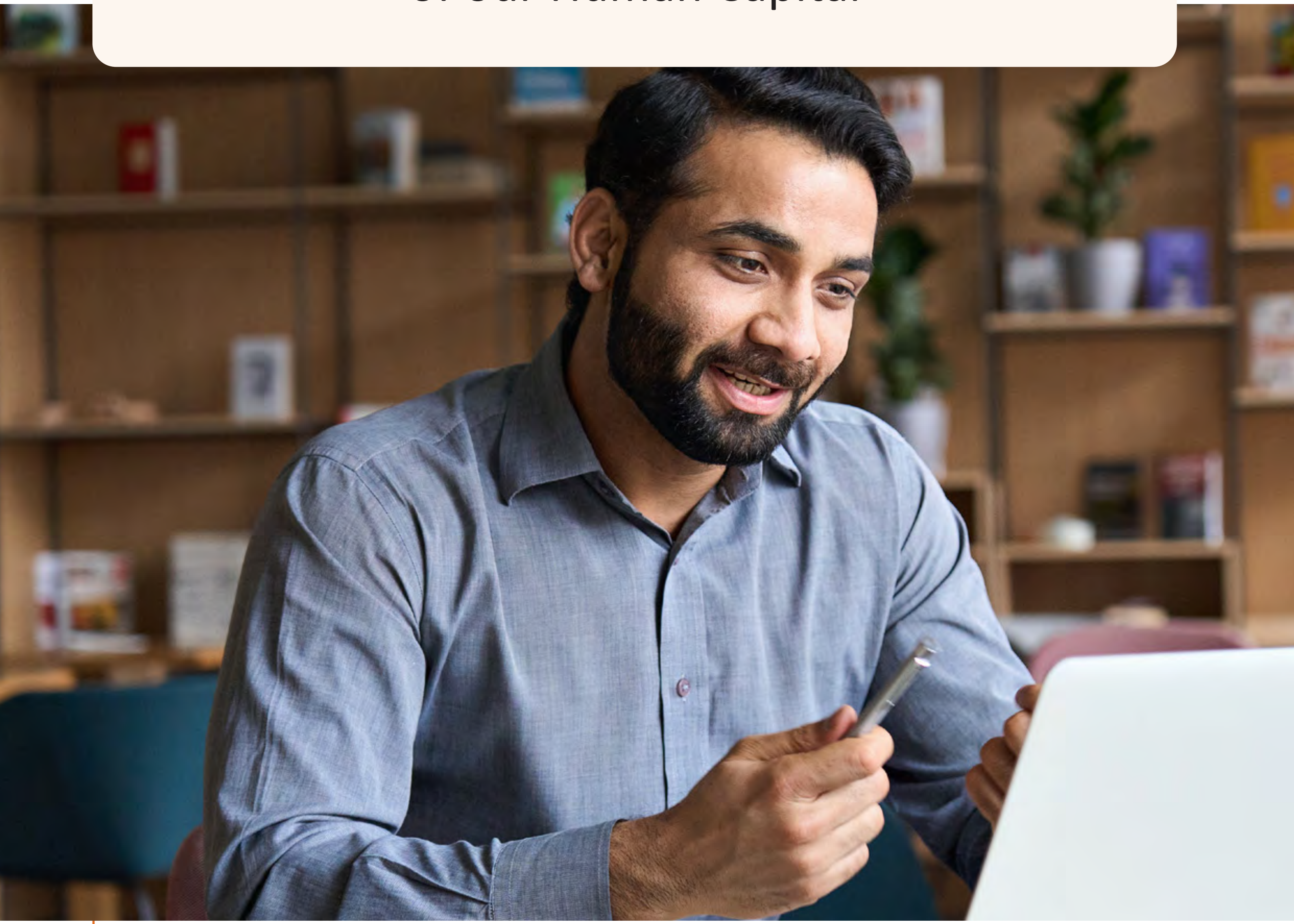
» ***Migrating to Stable Data Center:*** *As the Company resumed regular business after phase 1 of the Covid outbreak, several existing technological landscape weaknesses were proactively identified and fixed. As part of this, management had also noticed issues with the current data center and used the lean time of the first quarter to migrate to a more stable data center.*

» ***Accelerate Digitisation:*** *Grihashakti has improved its automation across processes to deliver better turnaround and smoother experience to employees and end customers. It also updated and upgraded the core infrastructure, providing high uptime across 82 branches and over 1,000 end-user points across the country.*

» ***Developing future-ready middle layer and backend infrastructure:*** *A leading technology company undertook a comprehensive review of the entire landscape at Fullerton Grihashakti. The aim is to become a digital-first organisation focusing on paperless processes, short time-to-market, and extensive self-serve options for internal and external customers.*

Adopting technology across our functions and developing a tech-friendly work environment has dramatically improved operational effectiveness. This year, Grihashakti intends to make significant investments in technology. The introduction of numerous system improvements and new systems Is planned to open the door for gradually digitising all commercial activities.

Accelerating the Well-being of our Human Capital



Workforces have been put through extraordinary strain due to change and uncertainty, both financially and emotionally. At Grihashakti, we are placing enormous importance on taking care of our intellectual assets.

3,000 participants

Trained in the product, processes, systems, compliance, and behavioural skills via virtual classrooms.

Change and uncertainty have put enormous strain on workforces financially and emotionally. We place a high value on protecting our intellectual assets at Grihashakti.

Our success at Grihashakti is entirely dependent on the abilities of our employees. The renewed emphasis on developing strong leadership and deep bench strength has successfully scripted a turnaround story in the aftermath of the pandemic. Fullerton India has consistently been a 'Great Place to Work' certified company. It has successively been listed in 'Companies with Great Managers' underpinned by our core values of Integrity, Collaboration, Innovation, Diversity, Excellence, and Agility.

Employee wellness has been one of our primary focus areas in FY2022. We firmly implemented vaccination programmes across all branches in the country's hinterlands to achieve 100% vaccination of our employees and their families, guided by our motto, 'WE are only SAFE if we are ALL SAFE.' Along the way, we also assisted our communities. Our workforce had easy access to oxygen concentrators, masks, thermometers, and sanitisers. COVID-related protocols were routinely followed at the branch level. The families of our employees who died in the outbreak received survivor's compensation.

The National COVID Command Centre and Regional COVID Command Centre assisted COVID-19 patients, employees, and family members. We ensured business continuity and gave all of our employees the option to work from home with the help of a one-time payment, thanks to a work-from-home (WFH) policy.

While building strength and resilience in our workplace, we knew that reviving vibrancy and collaboration required a robust employee engagement strategy. Employee communication was prioritised at Fullerton India. The Company's CEO and Leadership Team have led this effort by connecting with employees across the country via various digital/ virtual platforms. These initiatives have ensured that the Company's objectives and employees' aspirations and goals are in sync. The company has recruited talent with strong ethics and in-depth domain knowledge to support the business requirement. In fiscal year 21-22, 502 new employees were hired across various functions. In this dynamic business environment, the Company recognises people as a source of competitive advantage and believes in developing their skill sets. Throughout the year, the company trained over 3000 participants in the product, processes, systems, compliance, and behavioural skills via virtual classrooms.

Fullerton India Recognition of Excellence (FIRE), our reward and recognition programme, enables us to express our genuine gratitude to our colleagues who go above and beyond while ensuring that our people are recognised and rewarded for making a difference. The FIRE programme, throughout the year, recognised over 100 employees. This year, the Company honoured 152 employees who have been with the company for three, five, ten, or fifteen years. Furthermore, Fullerton India has an unlimited fun and joy programme known as 'JUICE,' which keeps employees motivated, energised, and engaged while also reducing stress and breaking up workplace monotony, fostering teamwork, and promoting team bonds.

Directors' Report

Dear Members,

Your Directors have the pleasure in presenting the 12th Annual Report of Fullerton India Home Finance Company Limited (FIHFCL) along with the audited statement, for the financial year ended 31 March, 2022.

1. Background

Your Company, 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 31 March, 2022. The summarized financial results of the Company are given below:

(₹ Crores)

Particulars	FY2021	FY2022
Gross Income	526	504
Less :		
Finance Cost	311	273
Depreciation, Amortization	7	7
Operating Expenses	102	134
Profit/(Loss) before Impairment	**106**	**90**
Impairment on financial instruments	180	67
Profit/(Loss) before Tax	**(74)**	**23**
Less : Provision for Tax	(19)	6
Net Profit/(Loss) after Tax	**(56)**	**17**
Add : Balance brought forward from previous year	(4)	(60)
Less :Transfer to Reserve Fund under Section 29C(i) of the NHB Act, 1987	-	(3)
Surplus carried to Balance Sheet	(60)	(46)

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

3. Financial performance and overview

Your Company earned total income of ₹ 504 crores and net profit after tax of ₹ 17 crores, for the financial year ended 31 March, 2022, as against total income of ₹ 526 crores and loss after tax of ₹ 56 crores in the previous financial year.

Gross interest income decreased mainly on account of decrease in earning assets on the back of constrained disbursals in first half of the financial year 2022.

During the year under review, your company substantially increased the disbursals in second half of FY22, with easing of lockdown during COVID period. This led to reduction in average earning assets resulting in lower working profit as compared to the previous financial year. Further, with focused management efforts on collection coupled with improved economic condition has resulted in significant reduction in impairment cost on financial assets from ₹ 180 crores to ₹ 67 crores in the current financial year. The overall business initiatives and efforts have led to improvement in profit before tax of ₹ 17 crores as against the loss after tax of ₹ 56 crores for the financial year 2021.

The Company's Asset Under Management increased by 6% in financial year 2022 and stood at ₹ 4,456 crores as against ₹ 4,191 crores in the financial year 2021. The increase in assets largely driven by improved disbursals in second half of the financial year 2022. The Company has disbursed ₹ 1,287 crores as against ₹ 558 crores in the financial year 2021.

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 decreased by 7% from ₹ 3,937 crores as at 31 March, 2021 to ₹ 3,660 crores as at 31 March, 2022. The Company has maintained prudent borrowing mix to optimize its funding cost. The Company also mobilized funds through sale of pool of assets via direct assignment of ₹ 40 crores, during the financial year 2022.

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

Directors' Report

Contd...

Discussion and Analysis' section, enclosed as **Annexure I** to this report.

During the year under review, pursuant to the Share Purchase Agreement ("SPA") dated 6 July, 2021 executed among Angelica Investments Pte. Ltd. ("Angelica"), Fullerton Financial Holdings Pte. Ltd. ("FFH") and Sumitomo Mitsui Financial Group ("SMFG"), an application for approval of change of control was filed by the Company with the Reserve Bank of India ("RBI") on 30 July, 2021, in terms of Direction 46 of the Master Direction – Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions") as applicable to the Company and an application for approval, was filed by SMFG with the Competition Commission of India ("CCI") on 3 August, 2021, pursuant to Section 6 (2) of the Competition Act, 2002.

Subsequent to receipt of the CCI approval on 24 September, 2021 and RBI approval on 8 November, 2021, for indirect acquisition of control and on 21 December, 2021 for change in management and an exemption from providing 30 days of public notice post receipt of RBI approval as per the RBI Master Directions, Angelica and FFH have transferred 1,597,534,932 (including 6 shares held by nominee shareholders) equity shares of the face value of ₹ 10 each and 85,256,357 equity shares of the face value of ₹ 10 each, respectively, representing 74.9% of the paid-up share capital of FICCL, held in dematerialised form in its own name, to SMFG on 30 November, 2021. Angelica continues to hold 563,926,055 equity shares of the face value of ₹ 10 each representing 25.1% of the paid-up share capital of FICCL.

Consequently, effective from 30 November, 2021, FICCL has become a subsidiary of SMFG and an associate of Angelica. Sale of the remaining 25.1% stake will be made after a transition period, each in accordance with the terms and conditions set out in the SPA.

Pursuant to the aforesaid transaction, the Company has become a step-down subsidiary of SMFG.

5. Debt position

The total incremental borrowings during the year under review, stood at ₹ 774 Crores (₹ 1013 crores repaid during the year). The Company did not issue any commercial papers (₹ 75 crores repaid during the year). Further, ₹ 224 crores had been raised through issuance of secured and unsecured non-convertible debenture (₹ 175 crores repaid during the year for secured and unsecured non-convertible debenture) to various mutual funds, HNIs and financial institutions, on a private placement basis. The Company availed long-term and short-term bank loans worth ₹ 550 crores (repaid ₹ 763 crores during the year) from banks (including working capital demand loans- WCDL).

6. Transfer to Reserves

During the year, the Company has transferred ₹ 3 Crores to Reserve Fund created as per the norms laid down under Section 29C of the National Housing Bank Act, 1987.

7. 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, 2022 was ₹ 308.03 Crores divided into 30,80,33,193 equity shares of the face value of ₹ 10/- each. Fullerton India Credit Company Limited (FICCL) holds the entire paid up share capital of the Company.

8. Capital Adequacy Ratio

The Capital Adequacy Ratio ("CAR") (as per INDAS) of the Company as on 31 March, 2022, was 24.3% as against CAR of 15% mandated by the NHB.

9. Dividend

Your Directors do not recommend any dividend on equity shares of the Company for the financial year ended 31 March, 2022, to conserve resources.

10. Change(s) in the nature of business

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

11. Unclaimed, unpaid debentures

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.

12. Risk Management

Risk management is an integral part of the Company's business strategy. The Board of Directors ('the Board') 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

Directors' Report

Contd...

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 Board has constituted the Risk Oversight Committee (ROC).

The ROC 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. Please refer to the Report on Corporate Governance for the terms of reference of the ROC.

The specific objectives of the ROC 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 Company wide 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.

13. Internal Financial Controls

As required under Section 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.

14. Human Resources

The Company's employee strength stood at 839 as at 31 March, 2022. All employees have gone through detailed induction training to equip themselves 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.

15. Compliance

The Company had complied and continues to comply with all applicable provisions of the Companies Act, 2013, the National Housing Bank Act, 1987, the 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, as amended, from time to time.

16. Directors and Key Managerial Personnel

The 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 of the Company.

The following changes have taken place in the Board during the FY 2021-22:

- The appointment of Mr. Pavan Kaushal, Non-Executive, Non-Independent Director was regularized at the Annual General Meeting of the Company held on 6 September, 2021.
- Pursuant to indirect acquisition of control and approval for changes in directors sought from Reserve Bank of India and in compliance with the approval received for changes in directors, the shareholders at the Extraordinary General Meeting held on 22 December, 2021 appointed Mr. Shantanu Mitra and Mr. Ajay Pareek as Non-Executive, Non-Independent Directors and Mr. Radhakrishan B. Menon as an Non-Executive, Independent Director, with effect from 22 December, 2021. Further, Mr. Anindo Mukherjee, Chairman and Non-Executive, Non-Independent Director and Dr. Milan Shuster, Non-Executive, Independent Director resigned from the Board, with effect from 22 December, 2021.
- Mr. Rakesh Makkar, Chief Executive Officer ('CEO') and Whole Time Director ('WTD') of the Company, stepped down from the said position, pursuant to completion of his tenure, with effect from the close of business hours on 15 March, 2022.

Directors' Report

Contd...

Pursuant to the vacancy caused due to cessation of tenure of Mr. Rakesh Makkar, the Board constituted an Interim Operations Management Committee ('IOMC') on 7 April, 2022, to exercise the powers entrusted with the CEO/MD/WTD of the Company, for a period of 180 days from 29 March, 2022 or until such time a new CEO/ MD/ WTD is appointed, whichever is earlier.

Additionally, following changes took place in the Key Managerial Personnel of the Company, during the FY 2021-22:

- Mr. Ashish Chaudhary was appointed as Chief Financial Officer of the Company in place of Mr. Pankaj Malik, with effect from 1 October, 2021.
- Mr. Jitendra Maheshwari was appointed as the Company Secretary & Key Managerial Personnel of the Company in place of Ms. Seema Sarda, with effect from 15 October, 2021.

The following changes have taken place in the composition of the Board of the Company, after end of the Financial Year 2022:

- The Board appointed Ms. Sunita Sharma as an Additional Director (Non-Executive, Independent) of the Company, with effect from 26 April, 2022. In terms of Section 161 of the Companies Act, 2013, her term of office is up to the date of the ensuing Annual General Meeting. Your Directors recommend her appointment as a Non-Executive, Independent Director of the Company, for a period of 3 years, with effect from 26 April, 2022.
- Mr. Pavan Kaushal resigned as the Non-Executive, Non-Independent Director of the Company, with effect from the close of business hours on 31 May, 2022, pursuant to his superannuation from the services of FICCL, the holding company.
- In accordance with Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Mr. Shantanu Mitra is liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible has offered himself for reappointment. The Board recommends his reappointment for the approval of the Members of the Company.

The shareholders of the Company may refer to the Notice convening the 12th Annual General Meeting and to the Report on Corporate Governance of the Company, for brief profile of Mr. Shantanu Mitra and Ms. Sunita Sharma.

The Company has received declarations from the Independent Directors that they meet the criteria for independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16 (1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the LODR, 2015).

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.

All Independent Directors of the Company except Mr. Radhakrishnan B. Menon have confirmed that they were exempted from the requirement to undertake the online proficiency self-assessment test. Mr. Radhakrishnan B. Menon has cleared the online proficiency self-assessment test.

The following are the Key Managerial Personnel (KMP) of the Company, as on 31 March, 2022:

Key Managerial Personnel	Designation
Mr. Ashish Chaudhary	Chief Financial Officer
Mr. Jitendra Maheshwari	Company Secretary & Compliance Officer

17. Number of Meetings of Board of Directors

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

i. 24 May, 2021;

ii. 10 August, 2021;

iii. 9 November, 2021;

iv. 9 February, 2022;

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

18. Board evaluation

In accordance with the provisions of the Companies Act, 2013 read with Schedule IV, the Independent Directors met separately to review the performance of Non-Independent Directors and Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors and the Board as a whole and to assess the quality, quantity and timeliness of 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 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.

Directors' Report

Contd...

19. 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.

20. Nomination and Remuneration Committee

The details of constitution, terms of reference etc. of the Nomination and Remuneration Committee (NRC) are mentioned in the 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, as per the Terms of Reference of the NRC, 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 Policy on remuneration of directors, key managerial personnel and other employees has been uploaded on the website of the company at https://www.grihashakti.com/images/CG/FIHFC_Remuneration_Policy.pdf.

21. 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.

22. Statutory Auditors

Your Company had appointed M/s. M P Chitale & Co., Chartered Accountants (ICAI Firm Registration No. 101851W) as its statutory auditors to hold office as such for a period of three years, from the conclusion of 11th Annual General Meeting until the conclusion of the 14th Annual General Meeting of the Company, in terms of the 'Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)' dated 27 April, 2021. The said appointment was approved by the shareholders at the 11th Annual General Meeting held on 6 September, 2021.

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

23. 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 said report is attached as **Annexure IV** to this report. The said report does not contain any qualification or reservation or any adverse remarks and is self-explanatory.

24. Vigil Mechanism

The Company has put in place a whistle-blower policy as part of the vigil mechanism for reporting of genuine concerns by any stakeholder against any other one. The whistle-blower 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. The whistle-blower policy also provides safeguards against victimisation of stakeholders, who report their concerns. The whistle-blower policy comprehensively covers processes for receiving, analysing, investigating, taking corrective action and reporting of the concerns raised.

The whistle blower policy has been uploaded on the website of the Company at https://www.grihashakti.com/images/CG/Whistle%20Blower%20Policy.pdf .

All the Whistle Blowing complaints received either through the mail box enabled for Whistle Blowing or by any other mode are perused, investigated into and appropriate actions are initiated. An update on whistleblower complaints received, investigated and corrective action taken, is presented to the Audit Committee, on a quarterly basis.

25. Secretarial Standards

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

26. 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.

27. 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.

Directors' Report

Contd...

28. 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

As on reporting date, the Company has received committed line of credit of ₹ 250 crores at an arms-length price from its Parent Company, Fullerton India Credit Company Limited. These lines are shown as off-balance sheet item under Note no. 35.2 of the financial statement.

There were no transactions done by the company with any person or entity belonging to the Promoter/ Promoter Group, which hold(s) 10% or more shareholding in the Company.

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

29. 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.

30. Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act, the Annual Return as on 31 March, 2022 will be available on the Company's website on https://www.grihashakti.com/investors/disclosure-under-regulation-62-of-lodr.aspx, once it is filed with the Ministry of Corporate Affairs.

31. Details of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013

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

32. 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 for approval.

The policy on related party transactions, as approved by the Board has been uploaded on the website of the Company at https://www.grihashakti.com/images/CG/FIHFC-Related-Party-Transaction-FIHFC-Nov-2020.pdf and annexed to the Directors' Report as **Annexure V**.

The particulars of the transactions entered into between the company and 'related parties' are provided at Note No. 35 in Notes to accounts published elsewhere in the Annual Report.

33. Corporate Governance

The Company has been identified as a High Value Debt Listed Entity from 7 September, 2021 and as such is required to comply with the relevant provisions of the SEBI (Listing

Directors' Report

Contd...

Obligations and Disclosure Requirements) Regulations, 2015, relating to corporate governance, on a 'comply or explain' basis till 31 March, 2023.

The Company has taken effective steps to ensure the compliance with the provisions relating to Corporate Governance norms. A detailed report on Corporate Governance and copy of the Certification are provided as **Annexures II and III** to this report

34. Management Discussion and Analysis

In accordance with the Para 4.7 of Annex IV of the 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.

35. 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 the Audit Committee meeting held after end of each quarter. There were 2 instances of frauds amounting to ₹0.45 crores, which were reported to the Board, in the financial year 2022. The Company has taken staff accountability action in these cases. No material frauds were reported by the Statutory Auditors, during the financial year 2022.

36. Revision of financial statements or in the Board's Report

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

37. 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

38. Credit rating

The details of credit ratings' of the Company as on 31 March, 2022, are as under:

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

The said credit ratings were reaffirmed by the credit rating agencies (CRISIL and CARE) during the FY 2022.

39. 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.

Also same strategy of providing Digital inverters with Lithium ION batteries will be undertaken for 85 additional HFC branches which are planned for roll out in FY 22-23. We have standardised our branch fit out patterns and in all new HFC roll outs, we will deploy energy efficient Air conditioners and the office layout being partition free will increase HVAC efficiency and reduce overall electricity usage. This will further reduce the carbon footprints.

During the year under review foreign exchange outflow was ₹ 0.15 crores.

40. 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

Directors' Report

Contd...

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.

41. Corporate Social Responsibility (CSR)

The details of the composition of CSR Committee and its terms of reference are given in Corporate Governance report. The Company's CSR Report, including overview of CSR projects, are enclosed as **Annexure VI** to this report.

The CSR Policy can also be accessed at https://www.grihashakti.com/images/CG/FIHFC_CSR_Policy_Version-1.2.pdf

42. 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 2022, 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;

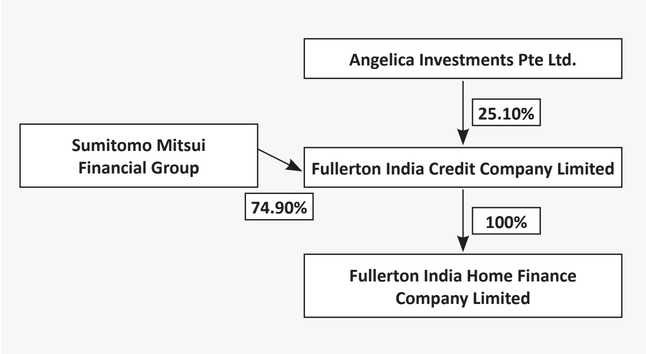
(iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(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.

43. Diagrammatic representation of group structure



- **Ultimate holding – Sumitomo Mitsui Financial Group**

44. 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.

45. 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.

Your 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

Place: Mumbai
Date: 27 July, 2022

Shantanu Mitra
Chairman

Annexure I

Management Discussion & Analysis

3.3%

Beyond CY2023, global growth is expected to slow to around 3.3% in the medium term

Economic Overview and Outlook

Global Economy

In CY2021, the countries worldwide levied several measures to control the infection of COVID-19. However, new mutations of the virus kept returning, keeping the rate of human toll to be of concern. On the brighter side, growing vaccine coverage allowed the return of some normalcy to routine economic activities, lifting sentiments all around. Exceptional measures to safeguard people's livelihoods were deployed soon after the Pandemic began in early CY2020. The Governments of most countries tried to maintain the flow of credit and offer direct financial support to people and businesses. The Governments' relaxation and temporary financial regulatory modifications, such as repayment moratoriums and debt guarantee, provided a lifeline to many businesses and households. Nonetheless, the Pandemic's impact on households and the balance sheets of businesses has been uneven between and within countries due to disparities in sectoral composition.

Management Discussion & Analysis

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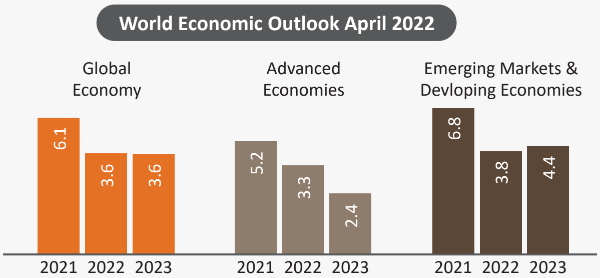
Many countries' monetary policies will need to tighten even more to keep inflationary pressures at bay. These drivers' patterns and Interactions with country-specific features will determine the recovery rate and the extent of long-term scarring.

However, according to the Economist Intelligence Unit (EIU) report on Finance in 2022, economic recovery and rising interest rates are expected to improve the prospects for many financial firms in CY2022, as long as bad loans are manageable.

Growth Projections



Source: International Monetary Fund, imf.org

The global economy is slowing in CY2022, owing to disruptions in global energy, food, and commodity supplies caused by the Russia-Ukraine war and the ramifications of China's sweeping lockdowns to contain a renewed coronavirus outbreak.

Beyond CY2023, global growth is expected to slow to around 3.3% in the medium term. Commodity price increases caused by the war and broadening price pressures have resulted in CY2022 inflation projections of 5.7% in advanced economies and 8.7% in emerging and developing economies—1.8% and 2.8 % points higher than projected in January. Multilateral efforts are required to alleviate the humanitarian crisis, prevent further economic fragmentation, maintain global liquidity, manage debt distress, combat climate change, and bring the Pandemic to an end.

Outlook

There is still a lot of uncertainty surrounding global growth. The path of the Pandemic, government policy actions, the evolution of financial conditions and commodity prices, and the economy's ability to adjust to health-related obstacles will all influence future developments. Higher supply production, improved in-country delivery networks, and more equitable international distribution are required. Many countries' monetary policies will need to tighten even more to keep inflationary pressures at bay. These drivers' patterns and Interactions with country-specific features will determine the recovery rate and the extent of long-term scarring.

Management Discussion & Analysis

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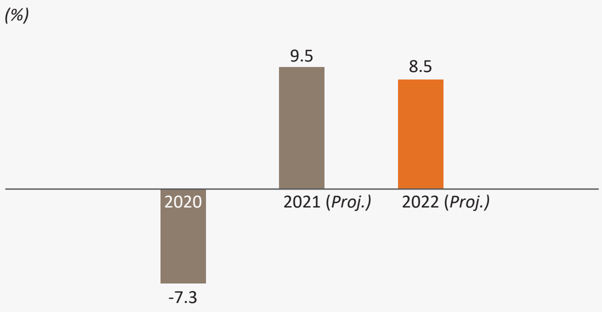
India is to witness GDP growth of 8.0-8.5 per cent in 2022-23, supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending.

US$ **16.7** billion in FDI

The service sector received over US$ 16.7 billion in FDI in the first half of 2021-22

Real GDP Growth



The International Monetary Fund (IMF) reduced its global growth forecast for CY2022 and CY2023 by 0.8% and 0.2% points, respectively, to 3.6% in its April World Economic Outlook report. Fear of continued uncertainty may lead to a further downgrade in global trade flow growth prospects. Rising inflation remains a significant source of concern across the board.

Indian Economy

The outbreak of the COVID-19 Pandemic put the Indian government's resolve to the test. Overall, the period had been challenging for the Indian economy, with an 8% contraction in FY2020-21. However, there was a lot of relief following the announcement of the Union Budget for FY2022. It focused on strengthening the Nation First Vow, which included, among other things, doubling farmer income, strengthening infrastructure, making India healthier, better governance, improving opportunities for youth, universal education, women empowerment, and inclusive growth.

The International Monetary Fund (IMF) has reduced India's economic growth forecast for FY2022-23 to 8.2% from 9% in January 2022, citing high oil prices on consumer demand and private investment. The multilateral agency recommended monetary tightening by central banks in its World Economic Outlook report to keep inflationary expectations in check amid global supply disruptions caused by the Ukraine war. The IMF has warned that the war will 'severely impede global recovery,' slow growth, and exacerbate inflation. The Fund also reduced India's FY2023-24 growth forecast to 6.9% from 7.2%. Regardless, India is expected to continue to be the world's fastest-growing major economy, with China's GDP growth slowing to 4.4% in CY2022 from 8.1% in CY2021.

State of the Economy

India's gross domestic product (GDP) growth in FY2022 expanded by 8.7%. However, economic growth slowed for the third consecutive quarter in the January-March period at 4.1% from 5.4% growth in the previous quarter and 8.5% in the quarter prior, as soaring prices slowed down consumer spending. The second wave's economic effect was significantly less than the complete lockdown in 2020-21, but the health consequences were far more severe. The economic activities were impacted again during the third wave in the last quarter. However, in FY2022, the Indian economy saw a growth in most major sectors like agriculture, infrastructure, and services, among others. The service sector received over US$ 16.7 billion in FDI in the first half of 2021-22, accounting for about 54% of total FDI inflows into India.

Fitch Ratings has downgraded India's GDP outlook for FY2022-23, citing significantly higher energy prices due to the Russia-Ukraine conflict. However, as per World Bank, ADB and IMF Projections, India will remain the fastest growing major economy in the world during 2021-24. India is to witness GDP growth of 8.0-8.5 per cent in 2022-23, supported by widespread vaccine coverage, gains from supply-side reforms and easing of regulations, robust export growth, and availability of fiscal space to ramp up capital spending.

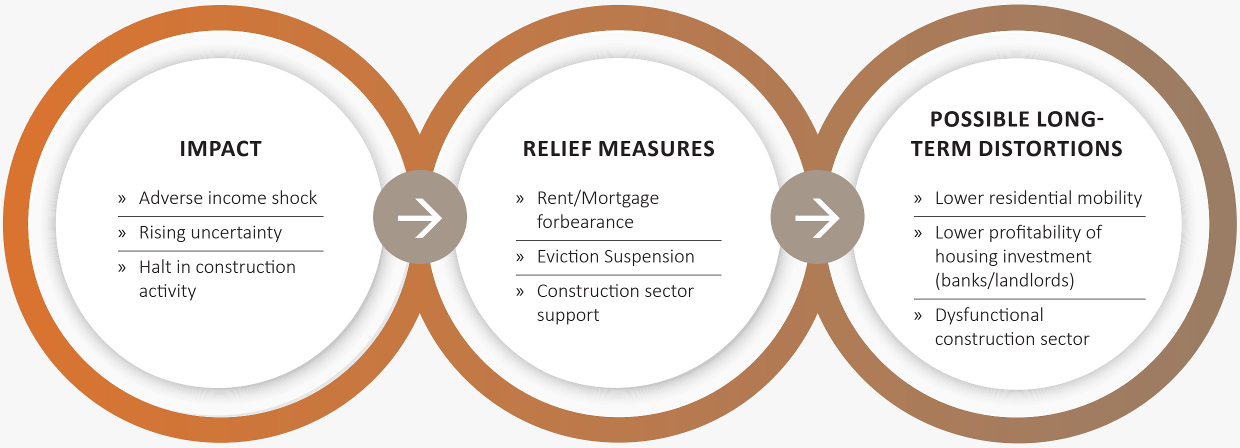
Management Discussion & Analysis

Contd...

Housing Finance Industry in India

The importance of housing as a sector cannot be overstated in an economy that needs a jump start. When the fiscal year 2021-22 began, each 1 lakh invested in housing, resulting in a 2.9 lakh increase in GDP due to inter-linkages with nearly 270 subordinate industries. Promoting housing finance is becoming increasingly important.

Covid-19 Impact



In its February 2022 report, India Ratings and Research (Ind-Ra) maintained a neutral sector and stable rating outlook for housing finance companies (HFCs) for FY2022-23. Borrowers' affordability has improved due to historically low loan rates, consistent property prices, and the COVID-19 epidemic's limited impact on job losses and salary growth in the salaried sector. This, combined with the need for more homes during the Pandemic, bodes well for financiers to maintain their overall assets under management (AUM) growth despite stiff competition from banks. Ind-Ra predicts that inexpensive HFCs will see robust loan growth and higher loan growth in FY2022-23. This is due to rising geographic penetration and a likely increase in ticket size (due to asset inflation).With the gradual relaxation of lockdown restrictions and rising economic activity, disbursements have significantly increased in recent quarters. This is supported by policies such as reduced stamp duty rates in some states and lower interest rates in the housing finance sector. Even though the HFCs continue to face headwinds due to the current situation, their ability to maintain adequate liquidity and control asset quality will be the key differentiator.

According to CRISIL ratings Ltd., lower-priced housing finance companies have improved visibility by 140 basis points due to revised recognition norms. Their debtors typically have limited financial flexibility. As a result, their leap quotes are generally higher. Furthermore, the maximum cannot repay their entire areas in a single cross, which may result in stickier GNPAs inside.

Opportunities

1. Revival of the real estate industry:

The Indian real estate market is well-developed. It has dealt with many disruptions successfully and is used to change. Although the process appears slow due to the Pandemic's aftermath, recovery is unavoidable this time. Positive results are expected in FY2022-23 due to the steps taken by the government to boost a sustainable revival and facilitate further industry growth. Residential real estate sales in India's central states have been increasing. Furthermore, the sector remains one of the Indian government's top priorities.

The Indian real estate industry is expected to reach $1 trillion in market size by 2030, up from $200 billion in 2021, and contribute 13% of the country's GDP by 2025. Retail, hospitality, and commercial real estate are also expanding rapidly, supplying much-needed infrastructure for India's growing needs. Measures such as government stimulus during the Pandemic, announcements in the Union Budget FY2022-23 to benefit construction activities and focusing on affordable housing have been critical drivers for the real estate industry. The revival of the residential real estate sector provides the housing finance industry with a multi-year growth opportunity. Moreover, urbanisation, the nuclear family concept, and low housing penetration in rural and semi-rural areas offer a market for HFC expansion and growth.

Management Discussion & Analysis

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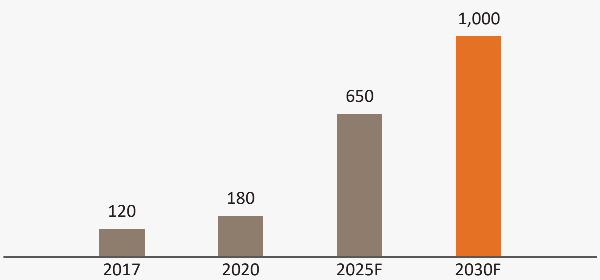
For the fiscal year 2022-23, the government intends to build approximately 8 million houses for the middle class and economically disadvantaged groups.a.

Market size of Real estate in India

(US$ billion)



2. Housing for All:

The Indian government has been steadily working toward its goal of 'Housing for All,' emphasising providing affordable housing. As a result of the Pandemic, there has been an increase in demand for low-cost housing, as buyers have been hesitant to make large-ticket purchases. As a result, the affordable housing segment has captured most of the market demand, with the mid-income segment closely following suit. The Union Budget 2022-2023 maintains its commitment to affordable housing. The Budget emphasises the government's commitment to "Housing for All." The government urged all states to adopt a Unique Land Parcel Identification Number (ULPIN) for IT-based record management to facilitate digitised records management, citing the need for efficient use of land resources. The finance minister has allocated ₹ 48,000 crore for urban and rural housing projects under the PMAY scheme to give impetus to the 'Housing for All' initiative by 2022. For the fiscal year 2022-23, the government intends to build approximately 8 million houses for the middle class and economically disadvantaged groups.

Threats

Increasing borrowing rate:

The housing finance sector could experience some fluctuations considering an increase in the inflation rate. The current interest rate environment is one of the toughest for borrowers in recent times. Recent increases in the repo rate by the Reserve Bank of India (RBI) have surprised several investors and affordable housing customers. Although the move controls inflation, it could slightly impact the affordable housing lending industry. An average borrower will have to pay a substantially higher interest rate on his Home Loan or Loan Against Property, which can be pretty stressful financially.

Drop in real estate sales and unsold inventory

The spread of COVID-19 has caused a temporary slump in housing sales, which is taking time to recover. The targeted affordable housing segment (associated with MSMEs) was severely impacted, resulting in significantly lower sales. Also, a slowing economy and restraint in liquidity may cause a decrease in sales, leading to an upsurge in unsold inventory. This may discourage developers from launching new projects. Overall fall in real estate sales and unsold inventory remains a threat.

Growing Competition

The affordable housing industry is mainly underpenetrated but increasing competition from Banks and other financiers to gain market share in the growing affordable housing segment, especially Tier 2 and lower segments, could be a challenge for HFCs.

Disruption by innovative/developing technologies

Besides using Artificial Intelligence (AI) for initial and preliminary customer interactions (bots, chat box etc.), financiers use AI for many lending parameters like risk supervision, portfolio management, marketing, collections, employee recruitments etc. As companies adopt digital channels, business growth increases the risk of doing business with an unknown entity on the other side of the device. Heavy volumes of online transactions require evaluating many deals in thousandths of a second to manage prevailing compliance requirements.

Environmental/social risks associated with Affordable Housing

Risks related to affordable housing finance may include inappropriate development location, poor building design with lower abilities to withstand natural disasters, improper construction, and unresolved land issues. These risks may result in property damage and legal issues affecting borrowers' monetary standing and ability/willingness to repay the mortgage loan.

Management Discussion & Analysis

Contd...

Affordable Housing Finance

Given the trend in urbanisation, nuclear family structures, favourable demographics, and low housing penetration, the housing finance industry has a solid multi-year growth opportunity. Other supporting factors include price correction in the residential market following COVID, stamp duty reduction in a few large states, a stable and broad-based economic revival leading to income generation, and the government's focus on solving stalled projects.

Considering fiscal years 2021-22, the Affordable Housing Finance businesses accounted for gross NPA/Stage 3 remained at 2.1% as of June 30, 2021 (barring information for one player).

"Growth in the loan book moderated to 10% year on year in FY2021 and Q1 FY2022 due to lockdowns following COVID wave 2; while the portfolio remained flat as of June 30, 2021, compared to March 31, 2021," according to an ICRA report.

According to the report, COVID 2.0 imposed an additional strain on the asset quality markers for these players. Stricter lockdowns impacted collections for these Affordable Housing Finance Companies (HFCs) across different states in Q1 FY2022 instead of the freeze on bucket movement available in Q1 FY2021.

After a lull in Q1 FY2022, disbursements have continued to rise steadily; ICRA, in its Indian Mortgage Finance-March 2022 report, forecasts growth of 9%-11% for FY2022-23.

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According to ICRA estimates, the total portfolio of new AHFCs in the low-cost housing sector stood at ₹ 60,468 crore as of June 30, 2021, a 10% year-on-year increase lower than the eventual 5-year benchmark of 24%. The HFC industry mainly remained flat in the first quarter of FY2022. Individual dwelling loans account for 78% of the portfolio mix, with the remainder primarily comprised of loans against property (LAP) and a small number of undertaking loans/construction finance loans.

Management Discussion & Analysis

Contd...

100% FDI in the construction industry in India under the automatic route is permitted in completed projects for operations and management of townships, malls/shopping complexes, and business constructions.

$ 857.87 billion

The Indian loan against the property market is expected to $857.87 billion by FY2026.

Loan Against Property

Loans against property have been a critical funding source for micro, small, and medium-sized businesses. The government has taken supportive measures like the 3lakh emergency credit line guarantee scheme (ECLGS). The Indian loan against the property market is expected to grow at a more than 14% CAGR, reaching $857.87 billion by FY2026.

The India Loan against Property Market is classified according to property type, loan type, interest rate, source, tenure, region, and Company. According to the source, the market is subdivided into banks and housing finance companies (HFCs). Among these, banks dominated the market in FY2020. This trend will likely continue until FY2026, as they offer lower interest rates while assisting clients with various worthwhile Loan plans.

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Construction Finance

The construction industry in India consists of the real estate and urban development segments. The real estate segment covers residential, office, retail, hotels, and leisure parks. The urban development segment broadly consists of water supply, sanitation, urban transport, schools, and healthcare. Foreign Direct Investment (FDI) in the construction development sector (townships, housing, built-up infrastructure, and construction development projects) and construction (infrastructure) activities stood at $26.16 billion and $25.95 billion, respectively, between April 2000 and September 2021.

Policy Support - In March 2021, the Parliament passed a bill to set up the National Bank for Financing Infrastructure and Development (NaBFID) to fund infrastructure projects in India.

In FY2020-21, infrastructure activities accounted for a 13% share of the total FDI inflows of $81.72 billion.

100% FDI in the construction industry in India under the automatic route is permitted in completed projects for operations and management of townships, malls/shopping complexes, and business constructions.

100% FDI in the construction industry is allowed under the automatic route for urban Infrastructure transport, water supply, sewerage, and sewage treatment. State governments will likely play a critical role in the National Infrastructure Pipeline (NIP). As of March 2022, practically 40% of the ₹ 111 trillion investments targeted under the NIP are supposed to be carried out by the states, trailed by the Centre (39%) and the private sector (21%).

With the decrease in incomes, many state governments resorted to a lower-than-required framework spending throughout recent years. In this specific circumstance, the expansion in help with the type of the central loan to states for capital expenditure — to the tune of ₹ 1 lakh crore in FY2022-23, from ₹ 15,000 crore in FY2022 — is a significant positive.

The capital expense is planned to increase to ₹ 7.5 lakh crore in FY23, which is 24.4% higher than the ₹ 6 lakh crore in FY2022 (35.4% higher than the ₹ 5.5 lakh crore in FY2022). The overall CAPEX, including awards and helps for the formation of capital

Management Discussion & Analysis

Contd...

assets, is budgeted to increase by 27% — from ₹ 8.4 lakh crore in FY2022 to ₹ 10.7 lakh crore in FY23, which is assessed at 4.1% of GDP. This is supposed to help the order inflow for contractors.

Business Update

Fullerton India Home Finance Company Limited (FIHFC) is a wholly-owned subsidiary of Fullerton India Credit Company Limited. Starting in December 2015, the Company caters to the housing finance needs of salaried, self-employed, and firms. Furthermore, the Company is headquartered in Mumbai and has established customer connections through its 82 branches across India. As of 31st March 2022, the assets under management stood at 4,456 crores.

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

Since Its inception, we have infused capital at different intervals and increased our branch distribution, making us a PAN India player, invested in people, technology, and infrastructure. We received external validation of 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 known in the housing finance space.

Our branch network is spread across Tier-II cities and beyond. We primarily originate loans from the city's outskirts in Metro and Tier I locations. W.r.t our customer profile, we have maintained a healthy balance between salaried and self-employed customers. The sourcing composition in units during FY2022 included 37% salaried customers and 63% self-employed customers.

The collection model is primarily operated through our in-house allocation. Additional collection support and geographic coverage are required in select high-volume locations with high-Intensity levels. A strong in-house team drives the collection strategy, priority tagging and risk segmentation of portfolio, buckets' categorisation as well as specialised external vendors for recoveries, a robust governance framework, and strong 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

Following the uncertainties and disruptions caused by the second wave of COVID, the home loan market has made a strong comeback, exhibiting a V-shaped recovery. Low-interest rates have benefited borrowers, as have lower real estate costs. As a result, financial institutions' lending has increased yearly, reaching pre-pandemic levels.As of December, the total housing loan book had increased by 7%. (year-on-year basis). The affordable housing finance companies (AHFCs) have reported a 14% increase (year on year basis). The total loan book of AHFCs was ₹ 6,600 crore as of December 2021, accounting for 6-7% of the overall loan book of housing finance companies, which was ₹ 2,260,000 crore.

The growth rate of Affordable Housing Finance Companies (AHFCs) is expected to increase by 17-20% in FY 2023, owing to a favourable demographic profile, government focus on the housing and affordable segment, and a favourable regulatory environment.

The government's push to make affordable housing a priority continues, while it also promotes ways to strengthen existing financing systems to provide liquidity to stalled real estate projects. The Indian government extended the deadline for providing pucca houses to rural families until 2024 in the first week of December. The government has decided to provide ₹ 2.17 lakh crore in additional Central and State funding to the flagship rural scheme, Pradhan Mantri Awas Yojana-Gramin, to meet its target of building 2.95 lakh houses.

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 (77% in units) and more direct sourcing (20%). Around 24% of our customers qualify for a subsidy under the PMAY scheme. We focus on funding essentially completed properties than under construction. As of FY 2022, only 21% of our portfolio on Housing Loans is towards under-construction properties, which helps us de-risk from builder risk. In addition, our average ticket size stood at around ₹ 19.4 lakh. Our book Loan to Value (LTV) for the fiscal year is 63%.

Loan Against Property

A "loan against property" has been a significant funding source for micro, small, and medium businesses. By 2026, the Indian "loan against property" market is expected to grow at 14%, reaching 6,400,000 crores. Compared to the previous financial year, demand for loans against property increased by 20% in the first half of FY2022. The government has provided supportive measures by extending the deadline for implementing the emergency credit line guarantee scheme (ECLGS) to March 2023. This directly impacts micro, small, and medium-sized business lending (MSME). In March 2022, the loan amount sanctioned under the ECLGS was ₹ 319,000 crore, compared to ₹ 286,000 crore in September 2021.

Furthermore, with the economy showing a positive trend in asset quality, property valuations at pre-crisis levels, an increase in balance transfer lending for top-up loans, and a secured product base, lenders are increasing their exposure to loans against property.

Management Discussion & Analysis

Contd...

In the LAP segment, we have maintained our focus on low ticket size with an average ticket size of about ₹ 14.6 lakh, clearly understanding the end-use of funds. The LAP on residential properties is about 90% in the current portfolio for the year under consideration. During the fiscal, our book LTV stood at 45% for the LAP segment.

Our Unique Selling Points:

Strong Parentage	» AAA-rated » Steady infusion of capital
Experienced Management Team	» Industry veterans form part of the Board and Senior Leadership team
Strong Footprint in Tier II and III Towns	» Geographically diversified » Sizeable play basis network of 82 branches » ~800 active channel partners
Established Niche in the Self-Employed Segment	» Customised product programs for the SENP
Expertise in Handling New-to-Credit/Borrowers from Informal Segment	» Region-specific speciality teams on board – underwriting, collateral management, valuation policy » Sturdy portfolio across market cycles – demonetisation, RERA, GST, liquidity crisis, COVID-19
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
Comfortable Liquidity Position	» Diversified lender base, low reliance on short-term funding, well-managed ALM

Digitisation

Globally, the COVID-19 epidemic has sped up the pace of digital transformation. The crisis forced businesses and individuals to speed technological adoption overnight, demonstrating how essential digitalisation has become to every company and human connection.

Information Technology (IT) has experienced extreme competition and challenges worldwide to fulfil the new and rising demand for IT, which includes infrastructure, applications, and communication tools. These must be handled given deadlines, limited resources, and operating in lockdown situations. Highlights of the Company's digitalisation include:

Shifting to 'Hybrid mode'

As business resumed post the second Covid wave in the first quarter of the financial year, the Fullerton Grihashakti Technology team focused on providing a stable operating environment to users across the country. The operating model started moving from 'Work from home' to hybrid mode. To enable this mode, the Company invested more deeply into MS Teams and allowed a large part of its user population on this platform.

Migrating to Stable Data Centre

As the Company has resumed regular business, several weaknesses in the existing technology landscape were proactively identified and fixed to move towards a more stable, reliable, secure, and compliant technology landscape. As part of this, management had also noticed issues with the existing data center and used the lean time of the first quarter to migrate to a more stable data center.

Accelerate Digitisation

Continuing with the business need for digitalisation, Grihashakti refurbished all sales apps to provide a better experience to the users and rolled out a new app for collections. The Company has improved its automation across processes to deliver better turnaround and smoother experience to employees and end customers. It also continued to update and upgrade the core infrastructure.

All the above was done while delivering high uptime across 82 branches and over 1000 end-user points across the country.

Building a future-ready backend infrastructure and middle layer

While continuing to cater for the business demands for various changes in the systems, management decided to take a step back and do a holistic review of Technology as it is currently deployed within Fullerton Grihashakti. A leading technology company undertook a comprehensive review of the entire landscape. The aim is to become a digital-first organisation, focusing on

Management Discussion & Analysis

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paperless processes, short time-to-market, and extensive self-serve options for internal and external customers. The outcome was a multi-year roadmap of comprehensive digitalisation of the technology landscape. The report was presented, reviewed, and supported by members of the Board and will be a guiding document for Fullerton Grihashakti's Technology transformation for the next 2-3 years.

Along with digitalisation, Fullerton Grihashakti will significantly Invest in overall technology this year. The Company will be doing a lot of hardware refreshes and software upgrades across data centers and branches. This year, many system upgrades and new systems are also planned for implementation to pave the way for progressively digitalised business operations.

Outlook

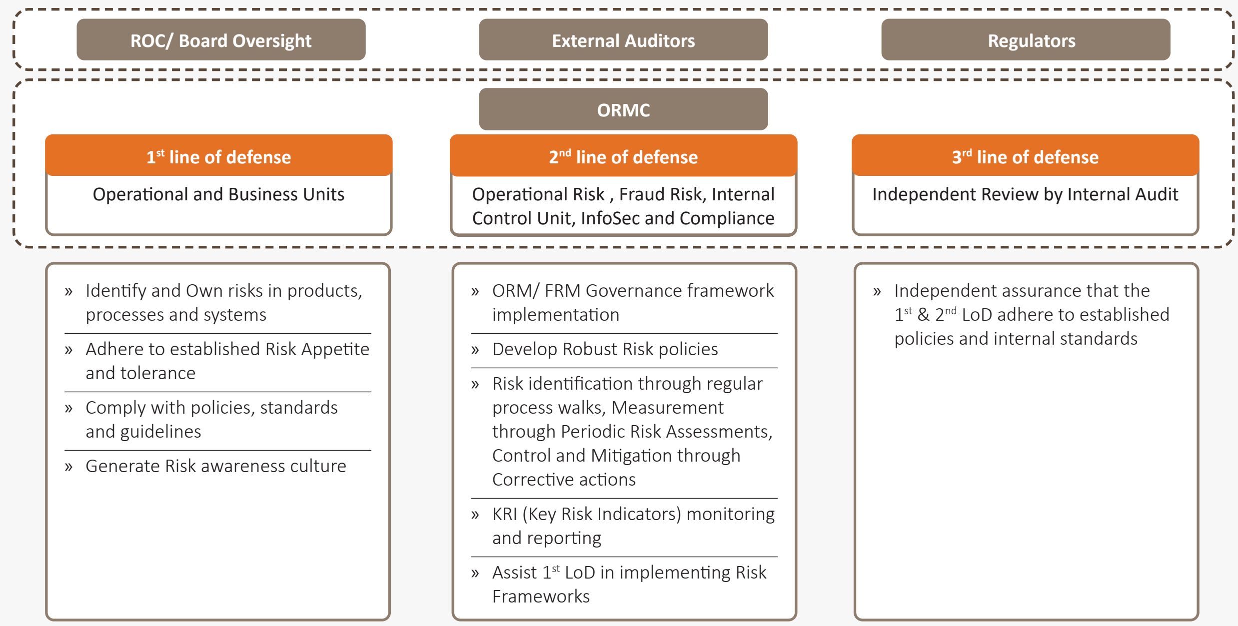
With a focus on portfolio granularity, we aim to build a strong franchise in the affordable segment with increasing disposable income aspiring for better quality homes. Given India's under-penetrated mortgage loan market, we seek to develop a scalable and resilient portfolio in relatively less competitive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

Risk Management Framework

Fullerton Grihashakti has a solid governance structure in place. The Company's Board of Directors comprises a diverse group of respected professionals with extensive industry experience. The Audit Committee, Risk Oversight Committee, Nomination & Remuneration Committee, Stakeholders Committee, CSR Committee, and IT Strategy Committee assist the Board.

Fullerton India has robust risk management and internal control framework, thanks to the three-line defense model.

Enterprise Level Risk Management Framework



ORMC - operational Risk Management Committee

Fullerton Grihashakti's risk management framework supports profitable business growth while maintaining disciplined risk management processes. The ultimate goal is to maximise profit while minimising risk. We manage risk across the lifecycle of different customer segments across various lending products and geographies using an optimal mix of analytical and statistical models, rule engine-based credit underwriting, and a robust operational and fraud risk management framework.

We ensure the right customer segment is originated by focusing on a 'Champion-Challenger' approach combined with advanced customer acquisition analytics. This is supplemented by rigorous performance monitoring focusing on early warning signals to onboard a quality portfolio.

Advanced customer assessment models are being implemented across portfolios to get early reads on account stress so that portfolio and collection activities can be planned ahead of time to minimise credit losses. Furthermore, stress testing

Management Discussion & Analysis

Contd...

portfolios under various scenarios regularly aids in assessing portfolio resilience to external shocks and ensures a strong, well-capitalised balance sheet.

Risk Appetite Framework

A clear understanding of our desired risk appetite is at the heart of Grihashakti's risk management approach. The Board of Directors approved a risk appetite framework that covers various types of risks that the organisation faces and clearly defines risk acceptance boundaries.

This time-tested framework directs the Company's future growth path, considering financial returns, solvency, earnings volatility, market and liquidity risk, credit risk, operational risk, information security risks, and legal and compliance risks for monitoring and timely actions. The metrics/thresholds shift in response to external/internal environment changes. Resources are allocated to the appropriate segments to optimise the entity's risk profile.

Product Policy, Governance, and Monitoring Framework

Every product at Fullerton Grihashakti is governed by a detailed policy framework outlined in the Product Approval Document (PAD), which is updated annually. The document covers business strategy, critical customer selection criteria, product portfolio monitoring matrices, profitability, and provisioning norms. The Risk Oversight Committee (ROC) of the Board approves these PADs based on the CEO and CRO of FIHFC's recommendation.

The Board of Directors approved a risk appetite framework that covers various types of risks that the organisation faces and clearly defines risk acceptance boundaries.

Within the scope of the PAD, in-country product level policy documents are developed that specify target market norms, customer selection and credit acceptance criteria, credit approval methodology, verification, remedial portfolio management policies, and credit approval methodology. The policies' Impact is evaluated regularly to ensure that they continue to adequately protect the Company from credit risk resulting from changes in macroeconomics, industry/segment, and other consumer behavioural characteristics.

A 'Test and Control' construct is used to expand risk parameters associated with a customer segment, exposure, or assessment methodology that are not explicitly covered by the PAD. This enables close monitoring and impact analysis of each policy's efficacy before its adoption.

Management Discussion & Analysis

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Risk Mitigation

The Company recognises risk identification as a critical function in risk management and mitigation. To identify risks promptly, the Company uses a comprehensive Enterprise level Risk framework with multi-layered controls. The "Three Lines of Defense" philosophy ensures complete governance and supervision and is at the heart of this risk management framework. The following are the main pillars of risk mitigation:

» Regular Operational Risk Management Committee meetings

» Robust policies and standards which are updated regularly in line with industry best practices

» Internal Financial Controls Standards

» Optimal mix of Fraud databases, screening documents, and field visits to detect and mitigate potential fraud

» Compliance unit tracking all regulatory changes

Internal audits and checks are conducted regularly to ensure that the responsibilities assigned are carried out effectively. Given the dynamic business and operating environment, as well as changing business needs, the Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal audit and internal control systems regularly. It makes recommendations for improving the existing control system. A robust In-house market risk and treasury team help manage risks related to liquidity, investments, interest rates, and borrowings by implementing rigorous policies and procedures.

Impact of COVID-19 Pandemic and Lockdown

The COVID-19 Pandemic has disrupted the financial well-being of nations, corporations, small businesses, and individuals on a large scale. From the second half of 2020, economies worldwide began to take normalisation measures. However, waves of COVID-19 In 2021-22 have disrupted growth momentum and prevented a full return to normalcy in business operations worldwide.

In the first half of 2021-22, FIHFC also significantly Impacted its business. During the Pandemic's second wave in Q1, the Company took a cautious approach, limiting new disbursals to impacted customer segments and focusing on sourcing from our existing customers with proven track records. With the wave subsiding in July 2021, further disbursements to new customers have resumed actively. The economy's strong recovery from July onwards aided in achieving strong disbursal growth in the year's second half.

Collections were also severely impacted, especially during the Second Wave of COVID. The immediate liquidity of borrowers was affected, which had a cascading effect on portfolio metrics. However, as cashflows resumed in Q2, the situation improved. The rise in delinquency was seen across all segments, owing to systemic stress following the Pandemic, vintage impact, low portfolio growth, securitisation of high-quality retail portfolios, and, most importantly, court closures during the Second Wave of COVID. Collections saw an impressive recovery, with most key metrics reaching pre-COVID levels by Q4, thanks to lessons learned from the first wave and various innovative initiatives. The collection capacity was increased, allowing for adequate coverage of the delinquent portfolio.

Borrowers eligible for relief were also given the help they needed through regulatory measures announced to help them cope with the stress.

Due to the lower severity of the "Omicron" COVID variant, the impact of the third wave of the Pandemic in Q4 was predominantly mild. Most restrictions imposed were localised and eased more quickly, resulting in minimal economic disruption.

A task force comprised of members of the Leadership Team was formed to assess and develop appropriate mitigation strategies in response to the Pandemic's impact. Standard Operating Procedures, such as safety precautions and social distancing norms, were set by government directives and internal evaluation.

Funding and Liquidity Management

The Company's focus on long-term and renewable resources is always a top priority. For the treasury team, ensuring adequate liquidity for business and debt servicing remains a critical actionable. The country was hit hard by the second COVID-19 wave at the start of FY 2022. Focus on preserving the liquidity while supporting growth and debt servicing held well during this time. Furthermore, bank borrowing accounts for most of our borrowing, ensuring the stability and renewability. Moreover, the Company's asset-liability position was improved due to capital market borrowings and subordinated debt issuance. During FY2022, the Company sold pools totalling ₹ 40 crore under the direct assignment route, with the underlying assets being loans against property.

Matched funding and long-term liquidity remain critical to the Company's overall growth. To add resilience to the Company's funding profile, a healthy pipeline of bank funding is always maintained. Furthermore, when the right opportunities arise, pool sales and capital market sources are strategically tapped to bring efficiency. The Company kept adequate liquidity buffers in high-quality liquid assets. This ensured normal operations, timely debt repayment and avoiding unexpected business shocks. These are held in high-quality liquid assets that are highly rated and can be converted to cash immediately. In addition to the liquidity buffer, liquidity backup for contingencies is provided by partially drawn sanctioned bank loans and fee-paying committed credit lines. During FY2022, the Company's primary goals remained diversification and maintaining adequate liquidity.

Management Discussion & Analysis

Contd...

In addition, over the year, diversified lenders were added to create long-term and renewable funding sources. We received rating affirmations from CRISIL and CARE in the previous year. Our long-term debt is rated AAA, and our short-term debt is rated A1+, the highest short-term rating.

Human Resource Management

The business's success is firmly reliant on the capabilities of our employees. The renewed focus on building strong leadership and deep bench strength has resulted in scripting a successful turnaround story in the aftermath of the pandemic. Fullerton India has consistently been a "Great Place to Work" certified company. It has successively been listed in "Companies with Great Managers." underpinned by our core values of Integrity, Collaboration, Innovation, Diversity, Excellence, and Agility.

In FY2022, one of our main focus areas has been employee wellness. Led by our motto, "WE are only SAFE if we are ALL SAFE", the company firmly implemented vaccination programmes across all branches in the country's hinterlands to achieve 100% vaccination of our employees and their families. We also extended support to our communities along the way.

While we built strength and resilience in our workplace, we knew a robust employee engagement strategy was crucial to reviving vibrancy and collaboration. Fullerton India placed a strong emphasis on employee communication. The CEO and Leadership Team of the Company have led this effort by using various digital/virtual platforms to connect with employees across the country. These initiatives have ensured that the Company's objectives and the aspirations and goals of its employees are positively aligned.

The Company has recruited talent with solid ethics and deep domain knowledge to support the business requirement. Around 502 employees joined in FY2022 across various functions. The Company recognises people as a source of competitive advantage and believes in nurturing their skillsets in this dynamic business environment. The Company has provided training to over 3000 participants through virtual classrooms in the product, processes, systems, compliance, and behavioural skills during the year.

The R&R Programme, Fullerton India Recognition of Excellence (FIRE), allows us to express our genuine gratitude to our colleagues who go above and beyond while ensuring that our people are recognised and rewarded for making a difference. Throughout the year, the FIRE programme recognised over 100 employees. This year, the Company honoured around 152 employees who have worked for the Company for 3, 5, 10, and 15 years, respectively.

Besides, Fullerton India has a comprehensive Fun and Joy programme 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, energised, and engaged.

Management Discussion & Analysis

Contd...

Standalone Financials as per IND AS

Analysis of the Financial Statements

The following table presents Company's standalone abridged financials for the financial year 2021-22.

Operating Results Information:

Particulars	FY2021	FY2022	% change
Interest Income (A)	51,013	48,363	(5)
Other Income (B)	1,574	2,022	29
Gross Total Income (A+B) = C	52,587	50,385	(4)
Interest Expense (D)	31,090	27,326	(12)
Operating expenses (E)	10,856	14,081	30
Operating profit (C-D-E) = F	10,641	8,978	(16)
Impairment of financial instruments (G)	18,049	6,717	(63)
Profit before tax (F-G) = I	(7,408)	2,261	>(100)
Tax, including deferred tax (J)	(1,857)	575	>(100)
Profit after tax (I-J)	(5,552)	1,686	>(100)
Other Comprehensive Income/ (expense) (K)	(4)	34	>(100)

₹ In lakh, except percentages

Key ratios

The following table sets forth key financial ratios:

Particulars	FY2021	FY2022
Net Interest Income%)	4.8	5.0
Capital Adequacy – Total (%)	24.3	24.3
Capital Adequacy- Tier I (%)	21.3	20.2
Return on average equity ROE (%)1	(7.8)	2.6
Return on average assets ROA (%)2	(1.3)	0.4
Debt Equity Ratio (times)	6.0	5.4
Interest Coverage Ratio (times)	1.4	1.4
Book value per share	21.3	21.8
Earnings Per Share		
Basic (in ₹)	(1.8)	0.5
Diluted (in ₹)	(1.8)	0.5

Notes

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

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

Management Discussion & Analysis

Contd...

The Company continues to maintain a healthy capital adequacy ratio as of March 31, 2022, which is 24.3 % against the regulatory requirement of 15%.

₹ 128,705 Lakh

Disbursed ₹ 128,705 lakh in FY2022.

With the onslaught of COVID wave 2, the Company took a cautious stand. Disbursals were curtailed during the year's first quarter with a focus on risk management and improving collection efficiency. The Company progressively increased the disbursals to correspond with recovery in economic activities. The Company has done the highest ever disbursals in Q4 of the financial year 2022. During the year, the Company has disbursed ₹ 128,705 lakh as against ₹ 55,794 lakh in FY2021.

Gross interest income decreased by 4% and stood at ₹ 50,385 lakh (FY2021: ₹ 52,587 lakh). Gross interest income was lower mainly because of the reduction in average earning assets during the year due to lower disbursal activities during the first half of FY 2022.Net Interest Income (NII) stood at 5%. Net Interest Margin (NIM) improved from 4.8% in FY2021 to 5% in FY2022 due to a reduction in the cost of funds and a prudent borrowing mix.

While operating expenses increased by 30%, operating profit decreased by 16%, from ₹ 10,641 lakh on 31 March 2021 to ₹ 8,978 lakh on 31 March 2022; the Company is back on a profitable path and reported a profit before tax of ₹ 2,261 lakh for FY 2022 from a loss of ₹ 7,408 lakh for FY 2021 on the back of significantly improved collection performance which resulted into lower impairment on the financial assets for the year.

As of March 31, 2022, the Assets under Management (AUM), including de-recognised book through Direct Assignment, stood at ₹ 445,634 lakh, as against ₹ 419,128 lakh as of March 31, 2021. Given improving macro factors and the Company's performance, the liquidity buffer was rationalised, resulting in a decrease in investments (including placement with banks and cash & cash equivalent) by 49% from ₹ 90,316 lakh on 31 March 2021 to ₹ 46,134 lakh on 31 March 2022.

Liabilities excluding equity decreased by 6% from ₹ 410,388 lakh on 31 March 2021 to ₹ 385,694 lakh on 31st March 2022. Borrowings decreased by 7% from ₹ 393,667 lakh on 31 March 2021 to ₹ 365,951 lakh on 31 March 2022. The Company has maintained a prudent borrowing mix to optimise its funding cost.

The Company continues to maintain a healthy capital adequacy ratio as of March 31, 2022, which is 24.3 % against the regulatory requirement of 15%.

The Debt Equity Ratio improved to 5.4x as against 6x in the previous year, primarily because of the decrease in borrowings and an increase in internal accruals made during the financial year.

The Return on average equity (ROE) increased to 2.6% compared to (7.8%) % in the previous year, primarily due to a decrease in credit cost.

Asset Quality and Composition

Particulars	FY2021		FY2022	
	Total Retail Advances	% of Total Retail Advances	Total Retail Advances	% of Total Retail Advances
Housing Loan	211,394	55	239,322	58
Non-Housing Loan	168,242	44	167,692	41
Developer Funding	3,122	1	5,589	1
Total portfolio	382,758	100	412,603	100

₹ In lakh, except percentages (basis NHB reporting)

Management Discussion & Analysis

Contd...

By RBI guidelines relating to the COVID-19 regulatory package, the Company had offered resolutions to impacted customers as per "Resolution Framework 2.0: Resolution of COVID-19 related stress of Individuals and Small Businesses' dated 5 May 2021. The Company has implemented resolution 2.0 during the year; the total resolution accounts outstanding as of 31 March 2022 is ₹ 8,509 lakh. 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 financial assets applying the Expected Credit Loss (ECL) model by requirements of Ind AS 109. On 31 March 2022, the total general provision held against Stage 1 & Stage 2 assets was ₹ 10,491 lakh compared with ₹ 9,821 lakh in 2021.

The ratio of GNPA stood at 6.2% as of Mar-22 against 5.6% as of Mar-21. Net NPAs increased to 3.0% as of Mar-22 from 2.9% as of Mar-21.

Resource & Liquidity

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

During FY2022, the Company raised funds from diversified sources, including banks, capital markets and money markets, to support the business momentum. As of 31 March 2022, total borrowings stood at ₹ 365,951 lakh, of which Tier-II subordinated debt included ₹ 9,776 lakh.

The Company has raised funds by selling a pool of assets through the direct assignment. During FY 2022, the Company obtained 3,998 lakhs through this route. As of March 31, 2022, the net receivables due ₹ 33,032 lakh.

For its long-term debt program, the Company maintained/ reaffirmed its highest credit rating of AAA/ Stable from CRISIL and CARE, and A1+ from CRISIL and CARE for its short-term debt program. The rating reflects the Company's strong financial management and ability to meet its financial obligations.

Cautionary Statement

This document contains forward-looking statements about Grihashakti's expected future events and financial and operating results. By their very nature, forward-looking statements necessitate the Company to make assumptions and are subject to inherent risks and uncertainties. There's a good chance the assumptions, predictions, and other forward-looking statements won't be correct. Readers should not put undue faith in forward-looking statements because various factors could cause assumptions, actual future results, and events to differ materially from those expressed in the forward-looking statements. As a result, this document is subject to a disclaimer. It is entirely qualified assumptions, qualifications, and risk factors discussed and analysed by Grihashakti's management in its Annual Report, FY 2022.

Annexure II

Report on Corporate Governance

Company's Philosophy on Corporate Governance

Fullerton India Home Finance Company Ltd. (FIHFCL) believes in adopting and adhering to the best recognized corporate governance practices. It also understands and respects its fiduciary role and responsibility towards its shareholders, customers, employees, bankers, regulators 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 embedded the philosophy of corporate governance into all its activities. The Board of Directors of the Company ('the Board') provides strategic supervision and the Company's leadership team performs strategic management activities. In addition to compliance with the regulatory requirements, the Company endeavors to adopt and enforce 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 it. The Company is also committed to achieving and maintaining highest standards of corporate governance by timely and accurate disclosure of information regarding its financial performance.

The constitution of the Board and its Committees are in compliance with the relevant provisions of the Companies Act, 2013 and the relevant Rules made thereunder, and the RBI Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 ('RBI Master Directions').

The Company has been identified as a High Value Debt Listed Entity ('HVDLE'), with effect from 7 September, 2021 and as such is required to comply with relevant provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR, 2015') relating to corporate governance, on a 'comply or explain' basis, till 31 March, 2023. The extant corporate governance norms will become mandatory, with effect from 1 April, 2023. The Company has taken effective steps to ensure compliance with the said corporate governance norms.

Board of Directors

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and provides guidance to the Company. Further, the Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities towards the long-term interest of it stakeholders by upholding the highest standards of governance in all matters concerning the Company.

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 of the Company exercise their objective judgment independently. The Directors actively participate in all strategic issues which are crucial for the long-term development of the Company.

As on date, the Board comprises of five directors, with three Independent Directors and two Non-Executive Directors. The Chairman of the Board is a Non-Executive Director.

All the Independent Directors of the Company have given a declaration that they meet the criteria of independence, as prescribed under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the LODR, 2015.

In the opinion of the Board, the Independent Directors are persons of integrity and possess relevant expertise and experience and they continue to fulfil the criteria prescribed for an Independent Director as stipulated in Regulation 16(1)(b) of the LODR, 2015 and Section 149(6) of the Companies Act, 2013 and are independent of the management of the Company.

Number of Board Meetings:

During the year under review, four (4) Board meetings were convened and held on the following dates, wherein the required quorum was present throughout the meeting:

i. 24 May, 2021

ii. 10 August, 2021

iii. 9 November, 2021 and

iv. 9 February, 2022.

The time gap between any two meetings was less than 120 days and at least one meeting was held in 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 of all the Directors. The relevant background materials of the agenda items are distributed well in advance of the meetings. All material information is presented for meaningful deliberations at the Board meetings. The Board on a continuous basis reviews the actions and decisions taken by it and by the Committees constituted by it.

COMPOSITION

Details of the Board, in terms of their directorships/memberships in committees of public limited companies, are as under:

Report on Corporate Governance

Contd...

As on 31 March, 2022

Directors	Category of Directorship	No. of Other Directorships	No. of Committees[1]		Other Directorship (including their designation in other listed entities)
			As Member	As Chairman/ Chairperson	
Mr. Shantanu Mitra	Chairman, Non-Executive, Non-Independent Director	3	2	1	1. Innoven Capital India Private Limited; 2. Affinidi India Private Limited; 3. Fullerton India Credit Company Limited. (Chief Executive Officer and Managing Director)
Mr. Pavan Kaushal	Non-Executive, Non-Independent Director	1	2	1	1. Asset Reconstruction Company (India) Limited.
Mr. Ajay Pareek	Non-Executive, Non-Independent Director	0	0	0	-
Ms. Sudha Pillai	Non-Executive, Independent Director	9	9	4	1. Dalmia Bharat Limited (formerly known as Odisha Cement Limited (Independent Director)); 2. Jubilant Pharmova Limited (formerly known as Jubilant Life Science Limited) (Independent Director); 3. Amber Enterprise India Limited (Independent Director); 4. Jubilant Generics Limited; 5. IL Jin Electronics (India) Private Limited; 6. Dalmia Cement (Bharat) limited. 7. Indian Energy Exchange Limited. (Independent Director) 8. Fullerton India Credit Company Limited. (Independent Director) 9. Jubilant Ingrevia Limited.
Mr. Radhakrishnan B. Menon	Non-Executive, Independent Director	2	1	0	1. Infiloom India Private Limited; 2. LBW Consulting Private Limited

Notes:

1. For the purpose of considering the committees membership and chairmanship, the audit committee and stakeholder relationship committee of public limited companies (excluding HVDLE but includes that of FIHFCL) have been considered. As per disclosure(s) received, the Directors did not hold memberships in more than ten committees and chairpersonship in more than five committees.
2. Dr. Milan Shuster, ceased to be a Non-Executive, Independent Director of the Company, with effect from 22 December, 2021.
3. Mr. Anindo Mukherjee, ceased to be the Non-Executive, Non-Independent Director, Non-Executive Chairman of the Company, with effect from 22 December, 2021.
4. Mr. Rakesh Makkar, Chief Executive Officer ('CEO') and Whole Time Director ('WTD') of the Company, stepped down from the position pursuant to completion of his tenure, with effect from the close of business hours on 15 March, 2022.

Report on Corporate Governance

Contd...

5. Ms. Sunita Sharma, was appointed a Non-Executive, Independent Director of the Company, with effect from 26 April, 2022.
6. Mr. Pavan Kaushal, ceased to be a Non-Executive, Non-Independent Director of the Company with effect from the close of business hours on 31 May, 2022, pursuant to his superannuation from the services of FICCL, the holding Company.

BOARD MEETINGS

The attendance of each Director at the meetings of the Board and at the 11th Annual General Meeting (AGM) held during the year under review, are as under:

Directors	Board Meetings		Attendance at the 11th AGM held on 6 September, 2021
	Number of meetings attended	% of meetings attended	
Mr. Shantanu Mitra	1/1	100%	Yes
Mr. Rakesh Makkar	4/4	100%	Yes
Mr. Pavan Kaushal	4/4	100%	No
Mr. Ajay Pareek	1/1	100%	No
Ms. Sudha Pillai	4/4	100%	No
Mr. Radhakrishnan B. Menon	1/1	100%	No
Mr. Anindo Mukherjee	3/3	100%	No
Dr. Milan Shuster	3/3	100%	No

Transactions with Non-Executive Directors

The Non-Executive Directors of the Company have not entered into any pecuniary relationships or transactions with the Company or its Directors, Senior Management, other than in the normal course of business of the Company.

Number of shares and convertible instruments held by Non-Executives Directors

As on date, none of the Non-Executive Directors hold any equity shares of the Company, except Mr. Shantanu Mitra who holds 1 equity share as a Nominee.

Familarisation Programme

The Company conducts familiarisation programmes for its Non-Executive Directors. The familiarisation programme ensures that the Non-Executive Directors are updated on the business and regulatory environment and the overall operations of the Company. The Non-Executive Directors periodically meets the senior management of the Company wherein they are briefed on the performance of the Company.

Board Expertise and Attributes

The Board comprises of Directors who bring a wide range of skills, knowledge, expertise and experience, which enhances the overall board effectiveness. The Company has mapped the skills possessed by the Directors, based on the information provided by them.

Report on Corporate Governance

Contd...

A tabular representation of the skill possessed by the Directors of the Company, is as under:

As on 31 March, 2022

Skill Areas	Industry experience	Leadership and strategic planning	Legal and regulatory compliance	Financial expertise	Business operations	Consumer behaviour, sales & marketing	Corporate governance	Risk management	Information Technology & cyber security
1.Mr. Shantanu Mitra	Y	Y	Y	Y	Y	Y	Y	Y	-
2.Mr. Pavan Kaushal	Y	Y	-	Y	Y	-	Y	Y	Y
3.Mr. Ajay Pareek	Y	Y	-	Y	Y	Y	Y	Y	Y
4.Ms. Sudha Pillai	-	Y	Y	Y	-	-	Y		Y
5.Mr. Radhakrishnan B. Menon	-	Y	-	Y	-	-	Y	Y	-

Separate Meeting of Independent Directors

The Independent Directors met separately (without the presence of the management or non-executive, non-independent directors) on 10 August, 2021, in terms of Schedule IV of the Companies Act, 2013.

Resignation of Independent Directors

During the year under review, Dr. Milan Shuster, resigned as the Non-Executive, Independent Director of the Company, with effect from 22 December, 2021, citing acquisition of 74.9% of the paid-up share capital of Fullerton India Credit Company Limited by the Sumitomo Mitsui Financial Group ('SMFG') and as provided in his resignation letter dated 22 December, 2021.

The said Independent Director has confirmed that there were no other material reasons other than those provided in his resignation letter.

Board Committees

The following data is provided, as on date.

Audit Committee

Composition:

The Board has a constituted the Audit Committee pursuant to the requirements under Section 177 of the Companies Act, 2013, the LODR, 2015 and the RBI Master Directions. The Audit Committee is vested with necessary powers, as per its Terms of Reference, duly approved by the Board.

The Audit Committee currently comprises of two Non-Executive Independent Directors and one Non-Executive Non-Independent 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, compliance, processes, systems and other relevant matters. The proceedings of the Audit Committee Meetings were noted by the Board at their meetings.

The Company Secretary acts as Secretary to the Committee.

Name of the Member	Category
Ms. Sudha Pillai, Non-Executive Independent Director (inducted as Chairperson w.e.f. 22 December, 2021)	Chairperson
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director (inducted as a member w.e.f 22 December, 2021)	Member
Ms. Sunita Sharma, Non-Executive Independent Director (inducted as a member w.e.f 1 July, 2022)	Member

Notes:

1. Mr. Anindo Mukherjee (ceased to be a Chairman and a member w.e.f. 22 December, 2021)
2. Dr. Milan Shuster (ceased to be a member w.e.f. 22 December, 2021)
3. Mr. Radhakrishnan B. Menon (inducted as a member w.e.f. 22 December, 2021. He ceased to be a member w.e.f. 1 July, 2022)

Brief Description of Terms of Reference:

The powers and terms of reference of the Audit Committee are comprehensive and include the requirements as prescribed under Section 177 of the Companies Act, 2013, the LODR, 2015 and the RBI Master Directions. The Committee is vested with necessary powers as defined in its Terms of Reference, duly approved by the Board.

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

1. To review and make recommendations for appointment and removal, remuneration and terms of appointment, of Internal and external auditors of the Company.
2. 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.

Report on Corporate Governance

Contd...

3. To review the scope, functioning, structure, staffing and methodology of internal audit and to approve the internal audit plans.
4. To review Information System Audit report and discuss significant findings, if any, with the auditors.
5. 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.
6. To review Company's financial statements, disclosure of financial information to ensure the financial statements are correct, sufficient and credible.
7. 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.
8. To review statement of related party transactions including details of related party transactions entered pursuant to grant of omnibus approval.
9. To scrutinize inter-corporate loans and investments.
10. To oversee establishment of a vigil mechanism (whistle blower mechanism) for directors and employees, to examine the reports under the vigil mechanism and suitable action against complainants including reprimand in case of repeated frivolous complaints.
11. 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 performance of its duties or is mandatory for it to be carry out under Companies Act, SEBI Act and RBI Act or any rules/guidelines/regulations/circulars/etc. issued under those laws or any other applicable laws.

Meetings and Attendance during the year under review:

The meetings of the Audit Committee were held five times during the year on the following dates during the year, wherein the necessary quorum was present throughout the meetings:

i. 24 May, 2021
ii. 10 August, 2021
iii. 9 November, 2021
iv. 9 February, 2022 and
v. 29 March, 2022.

The details of the attendance of the aforesaid meetings, are as under.

Members	Number of meetings attended	% of attendance
Ms. Sudha Pillai, Non-Executive, Independent Director (inducted as Chairperson w.e.f. 22 December, 2021)	5/5	100%
Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director (inducted as a member w.e.f 22 December, 2021 and he ceased to be a member w.e.f. 1 July, 2022)	2/2	100%
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director (inducted as a member w.e.f 22 December, 2021)	2/2	100%
Mr. Anindo Mukherjee Non-Executive, Non-Independent Director (ceased to be a Chairman and a member w.e.f. 22 December, 2021)	3/3	100%
Dr. Milan Shuster, Non-Executive, Independent Director (ceased to be a member w.e.f. 22 December, 2021)	3/3	100%

Nomination and Remuneration Committee

The Board has constituted the Nomination and Remuneration Committee ('NRC') of the Board pursuant to the requirements under Section 178 of the Companies Act, 2013, the LODR 2015 and the RBI Master Directions. The NRC is vested with necessary powers, as per its Terms of Reference, duly approved by the Board.

Composition:

The NRC comprises of two Non-Executive, Independent Directors and one Non-Executive, Non-Independent Director, detailed as under:

Report on Corporate Governance

Contd...

Name of the Member	Category
Ms. Sudha Pillai, Non-Executive, Independent Director (inducted as chairperson w.e.f. 22 December, 2021)	Chairperson
Mr. Shantanu Mitra, Non-Executive, Non- Independent Director (inducted as a member w.e.f. 22 December, 2021)	Member
Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director (inducted as a member w.e.f. 22 December, 2021)	Member

Notes:

1. Mr. Anindo Mukherjee, Non-Executive, Non- Independent Director (ceased to be a member w.e.f. 22 December, 2021)
2. Dr. Milan Shuster, Non-Executive, Independent Director (ceased to be Chairman w.e.f. 22 December, 2021)
3. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director (inducted as a member on 22 December, 2021. He ceased to be a member w.e.f. 17 March, 2022)

Brief Description of Terms of Reference:

The Terms of Reference of the NRC, in brief, are as under:

Nomination Function:

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 and maintain an external data bank of such suitable candidates.

iii. Identifying and recommending 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 Function:

viii. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees of the Company (refer "Remuneration Policy

ix. Review and recommend to the Board the remuneration payable to the directors and senior management of the Company and ensure that there is no conflict of interest.

x. Review and approve the compensation of CEO & MD, and other KMPs within the limits approved by shareholders and the Companies Act, 2013.

xi. Review and approve the compensation matters of all CEO-1 employees at level SM2/SVP and above. Recommend the compensation strategy and budget covering all employees of the Company.

Meetings and Attendance during the year:

The NRC meetings were held three times during the year on the following dates wherein the necessary quorum was present throughout the meeting.

i. 10 August, 2021

ii. 9 November, 2021 and

iii. 29 March, 2022.

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

The details of the attendance of the aforesaid meetings, are as under.

Members	Number of meetings attended	% of attendance
Dr. Milan Shuster, Non-Executive, Independent Director (Ceased to be Chairman w.e.f 22 December, 2021)	2/2	100%
Ms. Sudha Pillai, Non-Executive, Independent Director (inducted as chairperson w.e.f. 22 December, 2021)	3/3	100%
Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director (ceased to be a member w.e.f 22 December,2021)	2/2	100%
Mr. Radhakrishnan Menon, Non-Executive, Independent Director (inducted as a member w.e.f 22 December, 2021)	1/1	100%
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director (inducted as a member w.e.f 22 December,2021)	1/1	100%

The proceedings at the meetings of the NRC were noted by the Board at its meeting. The Head of Human Resource of the Company, acts as the Secretary to the Committee.

Report on Corporate Governance

Contd...

Performance Evaluation Criteria for Independent Directors:

The performance evaluation criteria for Independent Directors were determined by the NRC. An indicative list of parameters on the basis of which evaluation of performance of Independent Directors was carried out includes their involvement, contribution, knowledge, competency, teamwork, initiative, commitment, integrity, independence and offering guidance to and understanding of the areas which were relevant to them in their capacity as members of the Board of the Company.

Stakeholders Relationship Committee

In accordance with the provisions of the LODR 2015, the Board has constituted a Stakeholders Relationship Committee of Board ('SRC') on 22 December, 2021. Mr. Jitendra Maheshwari, the Company Secretary and Compliance Officer of the Company, oversees the investor complaints received and redressed during the year.

Composition:

The SRC currently comprises of two Non-Executive, Non-Independent Directors and one Non-Executive, Independent Director.

Name of the Member	Category
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director (inducted as a member and Chairman w.e.f. 22 December, 2021)	Chairman
Ms. Sudha Pillai, Non-Executive, Independent Director (inducted as a member w.e.f. 22 December, 2021)	Member
Mr. Ajay Pareek, Non-Executive, Non-Independent Director (inducted as a member w.e.f. 1 July, 2022)	Member

Note:

1. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director (inducted as a member w.e.f. 22 December, 2021. He ceased to be a member w.e.f. the close of business hours on 31 May, 2022).

Brief Description of Terms of Reference:

The terms of reference of the SRC in brief, are as under:

1. Resolving the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company.

Meetings and Attendance during the year:

No meetings were held during the year under review.

Details of Investor Complaints:

During the financial year 2021-22, no complaints were received from the debenture holders/other investors (including through the Stock Exchange/ SEBI SCORES platform), detailed as under:

Complaints pending as on 1 April, 2021	Complaints received during the period from 1 April , 2021 to 31 March, 2022	Complaints disposed of during the period from 1 April, 2021 to 31 March, 2022	Complaints pending as on 31 March, 2022
Nil	Nil	Nil	Nil

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 Board has constituted the Risk Oversight Committee ('ROC') to identify, review and control key risk areas, across the entire organization as per the requirements of relevant RBI Master Directions. The ROC also monitors the risk management in the Company. The risk assessment and mitigation procedures are reviewed by the Board periodically. The proceedings of the meetings of the ROC were noted by the Board at its meetings. The Company Secretary acts as Secretary to the ROC.

Composition:

The ROC currently comprises of two Non-Executive, Non-Independent Directors and one Non-Executive Independent Director.

Name of the Member	Category
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director (inducted as Chairman w.e.f. 22 December, 2021)	Chairman
Ms. Sunita Sharma, Non-Executive, Independent Director (inducted as a member w.e.f. 1 July, 2022)	Member
Mr. Ajay Pareek, Non-Executive, Non-Independent Director (inducted as a member w.e.f. 22 December, 2021)	Member

Report on Corporate Governance

Contd...

Notes:

1. Dr. Milan Shuster, Non-Executive, Independent Director (ceased to be the member w.e.f. 22 December, 2021)
2. Ms. Sudha Pillai, Non-Executive, Independent Director (ceased to be the member w.e.f. closed of business hour 22 December, 2021)
3. Mr. Rakesh Makkar, Chief Executive Officer & Whole Time Director (ceased to be the member w.e.f. the close of business hours on 15 March, 2022)
4. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director (ceased to be a member w.e.f. the close of business hours on 31 May, 2022)
5. Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director (inducted as a member w.e.f. 22 December, 2021 and he ceased to be member w.e.f. 1 July, 2022)

Brief Description of Terms of Reference:

The Terms of Reference of ROC, in brief, are as under.

1. Evaluate the overall risk faced by the Company and monitor its risk profile;
2. Provide direction in building strong risk management framework in the Company and inculcate risk culture within the organization;
3. Oversee the development and implementation of risk strategies, policies, processes and programs;
4. Oversee risk assessment and minimization procedures; and
5. Monitor adherence to various risk parameters by operating departments.

The 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.

Meetings and Attendance during the year:

The meetings of the ROC were held twice during the year on the following dates during the year, wherein the necessary quorum was present at all the meetings:

i. 10 August, 2021 and

ii. 9 November, 2021.

The details of the attendance of the aforesaid meetings, are as under.

Members	Number of meetings attended	% of attendance
Mr. Pavan Kaushal, Non-Executive, Non- Independent Director (ceased to be a member w.e.f. the close of business hours on 31 May, 2022)	2/2	100%
Ms. Sudha Pillai, Non-Executive, Independent Director (ceased to be the member w.e.f. 22 December, 2021)	2/2	100%
Dr. Milan Shuster, Non-Executive, Independent Director (ceased to be the member w.e.f. 22 December, 2021)	2/2	100%
Mr. Rakesh Makkar, Chief Executive Officer & Whole Time Director (ceased to be the member w.e.f. the close of business hours 15 March, 2022)	2/2	100%

CORPORATE SOCIAL RESPONSIBILITY

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 Terms of Reference, to achieve its objectives.

Composition:

The CSR Committee currently comprises of three Non-Executive Independent Directors and one Non-Executive Non-Independent Director.

Members	Category
Ms. Sudha Pillai, Non-Executive, Independent Director	Chairperson
Ms. Sunita Sharma, Non-Executive, Independent Director (inducted as member w.e.f 1 July, 2022)	Member
Mr. Ajay Pareek, Non-Executive, Non-Independent Director (inducted as member w.e.f 1 July, 2022)	Member
Mr. Radhakrishnan B. Menon, Non-Executive, Independent Director (inducted as member w.e.f 1 July, 2022)	Member

Note:

1. Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director (ceased to be a member w.e.f 22 December, 2021)
2. Mr. Rakesh Makkar, Chief Executive Officer & Whole Time Director (ceased to be a member w.e.f. the close of business hours on 15 March, 2022)

Report on Corporate Governance

Contd...

3. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director (ceased to be a member w.e.f. the close of business hours on 31 May, 2022)

Terms of Reference

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

1. 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.
2. 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.
3. 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.
4. To institute a transparent monitoring mechanism for ensuring implementation of the projects/programs/ activities proposed to be undertaken by the company and review the amount spent on CSR.
5. To review synergy or alignment for various CSR activities along with partners as per the sectors identified by the Company for CSR.
6. To review and finalise the Annual CSR Report reflecting fairly the Company's CSR approach, policies, systems and performance.
7. 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.

Meetings and Attendance during the year:

During the FY 2021-22, due to inadequacy of net profits, the Company had no mandatory amount required to be spent and undertake any CSR activities as required under Section 135 of the Companies Act, 2013. No meetings were held during the said period.

IT STRATEGY COMMITTEE

The Board has constituted the IT Strategy Committee ('ITS Committee') to comply with the requirements as prescribed by 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 Terms of Reference, to achieve its objectives.

Composition:

The ITS Committee currently comprises of two Non-Executive, Non-Independent Directors, one Non-Executive Independent Director and Chief Information Officer/Chief Technology Officer (CIO/CTO):

Members	Category
Ms. Sunita Sharma, Non-Executive, Independent Director (inducted as Chairperson w.e.f 1 July, 2022)	Chairperson
Mr. Shantanu Mitra, Non-Executive, Non- Independent Director (inducted as member w.e.f 22 December, 2021)	Member
Mr. Ajay Pareek, Non-Executive, Non-Independent Director (inducted as member w.e.f 22 December, 2021)	Member
Chief Information Officer/ Chief Technology Officer	Member

Note:

1. Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director (ceased to be a member w.e.f 22 December, 2021)
2. Mr. Pavan Kaushal, Non-Executive, Non-Independent Director (ceased to be a member w.e.f the close of business hours on 31 May, 2022)
3. Ms. Sudha Pillai, Non-Executive, Independent Director (ceased to be a Chairperson w.e.f 1 July, 2022)

Terms of Reference

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

1. Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
2. Ascertaining that management has implemented processes and practices which ensures that the IT delivers value to the business.
3. Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
4. 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.
5. Ensuring proper balance of IT investments for sustaining FIHFC growth and becoming aware about exposure towards IT risks and controls.
6. Defining approval authorities for outsourcing depending on nature of risks and materiality of outsourcing.
7. Developing sound and responsive outsourcing risk management policies and procedures commensurate with the nature, scope, and complexity of outsourcing arrangements.

Report on Corporate Governance

Contd...

8. 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.
9. 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 performance of its duties or is mandatory for it to be carried out by any regulatory requirements.

Meetings and Attendance during the year

The meetings of the ITS Committee were held thrice during the year on the following dates during the year, wherein the necessary quorum was present throughout the meetings:

i. 14 May, 2021

ii. 11 November, 2021 and

iii. 21 March, 2022.

The details of the attendance of the aforesaid meetings, are as under.

Members	Number of meetings attended	% of attendance
Ms. Sudha Pillai, Non-Executive, Independent Director (ceased to be Chairperson w.e.f 1 July, 2022)	3/3	100%
Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director (ceased to be a member w.e.f 22 December, 2021)	2/2	100%
Mr. Pavan Kaushal, Non-Executive, Non-Independent Director (ceased to be a member w.e.f from the close of business hours on 31 May, 2022)	3/3	100%
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director (inducted as a member w.e.f 22 December, 2021)	1/1	100%
Mr. Ajay Pareek, Non-Executive, Non-Independent Director (inducted as a member w.e.f 22 December, 2021)	1/1	100%

The proceedings of the meetings of the ITS Committee were noted by the Board at its meetings. The Company Secretary acts as Secretary to the ITS Committee.

WILFUL DEFAULTER REVIEW COMMITTEE

The Board has constituted the Wilful Defaulter Review Committee ('WDRC') in compliance with the requirements prescribed by the RBI Master Direction. The Committee is vested with necessary powers, as laid down in its Terms of Reference, to achieve its objectives.

Composition

The WDRC currently comprises of two Non-Executive Independent Directors and one Non-Executive, Non-Independent Director.

Members	Category
Mr. Shantanu Mitra, Non-Executive, Non-Independent Director (inducted as a Chairman w.e.f 22 December, 2021)	Chairman
Ms. Sudha Pillai, Non-Executive, Independent Director	Member
Ms. Sunita Sharma, Non-Executive, Independent Director (inducted as a member w.e.f 1 July, 2022)	Member

Note:

1. Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director (ceased to be a member w.e.f 22 December, 2021)
2. Dr. Milan Shuster, Non-Executive, Independent Director (ceased to be a member w.e.f 22 December, 2021)
3. Mr. Radhakrishnan B. Menon Non-Executive, Independent Director (inducted as a member w.e.f. 22 December, 2021. He ceased to be member w.e.f. 1 July, 2022)

Terms of Reference

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

1. To review the order of the Wilful Defaulters Identification Committee ('WDIC') for classification of certain identified borrowers as 'Wilful Defaulters'.
2. 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.
3. 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.
4. 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.

Meetings and Attendance during the year

One meeting of the WDRC was held on 1 July, 2021 during the year, wherein the necessary quorum was present throughout the meeting.

Report on Corporate Governance

Contd...

The details of the attendance of the aforesaid meeting, are as under:

Members	Number of meetings attended	% of attendance
Mr. Anindo Mukherjee, Non-Executive, Non-Independent Director (ceased to be a member w.e.f 22 December, 2021)	1/1	100%
Dr. Milan Shuster, Non-Executive, Independent Director (ceased to be a member w.e.f 22 December, 2021)	1/1	100%
Ms. Sudha Pillai, Non-Executive, Independent Director	1/1	100%

The proceedings of the meetings of the WDRC were noted by the Board at its meeting. The Company Secretary acts as Secretary to the WDRC.

REMUNERATION OF DIRECTORS

NON-EXECUTIVE DIRECTORS:

Details of remuneration paid to the Non-Executive, Non-Independent Directors for the FY 2021-22, is as under:

Non-Executive, Non-Independent Directors:

No remuneration is paid to Non-Executive Directors of the Company.

Non-Executive, Non-Independent Directors:

Details of remuneration paid to the Non-Executive, Independent Directors of the Company for the FY 2021-22, are as under:

Members	Sitting Fees Paid for meetings of the Board/ Committees held during the FY 2021-22 (₹)	Commission paid for the FY 2020-21 (₹)
Mr. Radhakrishnan B. Menon	4,10,000	-
Dr. Milan Shuster (ceased to be a Non-Executive, Independent Director w.e.f. 22 December, 2021)	9,60,000	-
Ms. Sudha Pillai	15,80,000	-

Please note that, the Board of Directors by way of circulation on 26 April, 2022, had approved the revision in the sitting fees and remuneration/commission payable to the Non-Executive, Independent Directors, with effect from 1 April, 2021, detailed as under:

Sitting Fees:

- From ₹ 50,000/- to ₹ 70,000/- for attending every meeting of the Committees of the Board.
- From ₹ 75,000/- to ₹ 100,000/- for attending every meeting of the Board or such other meetings which they are required to attend as per the statutory requirement.

Remuneration/Commission:

- Limits for each Independent Director – ₹ 2mio per year.
- Limits for Chairman of the Board – ₹ 3.5mio per year.

EXECUTIVE DIRECTOR:

Details of the remuneration paid to Mr. Rakesh Makkar as the Chief Executive Officer & Whole Time Director of the Company, during the period 1 April, 2021 upto 15 March, 2022 (both days inclusive), are as under:

i) **All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.:**

Particulars of Remuneration	Amount in INR
Salary	1,60,72,972
Value of perquisites, other benefits, allowances & retirement benefits	7,64,26,999
Retiral Benefits	14,91,389
Insurance	
Performance Bonus paid (for Previous Year Performance i.e. FY20-21)	18,90,007
Total	**9,58,81,367**

ii) **Details of fixed component and performance linked incentives, along with the performance criteria:**

Fixed pay details included in Salary and perquisites. Payout for ESOP amounting to ₹ 7,54,74,720 has been added under other benefits

iii) **Service contracts, notice period, severance fees:**

a. Service contract: Not Applicable

b. Notice Period- 90 days

c. Severance Fees- Not Applicable

iv) **Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable -** Phantom stock units issued in FY21-22: 875,000

Report on Corporate Governance

Contd...

The vesting schedule- 33% of options after expiry of 3 years 8 months from date of grant, 33% options after expiry of 4 years 8 months from date of grant, and balance 34% after expiry of 5 years 8 months from date of grant, subject to achievement of performance conditions. The units so vested are to be exercised within 2 years from the respective dates of vesting.

Criteria for paying remuneration to Non-Executive Directors

The Company does not pay any remuneration to its Non-Executive, Non-Independent Directors. However, the NRC has approved the criteria for payment of remuneration to its Non-Executive Independent Directors.

General Body Meeting

The details of the Annual General Meeting held in the last three years, are given below:

Annual General Meeting (AGM)	Venue	Day & Date	Time	Special Resolutions passed
Eleventh AGM	Through two-way video conference.	Monday, September 06, 2021	10:30 AM	No Special Resolution was passed.
Tenth AGM	Through two-way video conference.	Tuesday, August 04, 2020	11:30 AM	1. To extend the current tenure of Dr. Milan Shuster, (DIN: 07022462), Independent Director, by two years.
Ninth AGM	Megh Towers, Third Floor, Old No.307, New No.165, Poonamallee High Road, Maduravoyal, Chennai – 600095	Friday, July 12, 2019	02:30 PM	No Special Resolution was passed.

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

Means of communication

(a) Quarterly results of the Company are approved by the Board and submitted to the Stock Exchange, in accordance with Regulation 52 of the LODR, 2015

(b) Quarterly results of the Company are published in Financial Express, Business Standard and Mumbai Lakshadweep newspapers.

(c) Quarterly results of the Company are also uploaded on the website of the Company at https://www.grihashakti.com/financial-results.aspx

(d) Official news release are also uploaded on the website of the Company at https://www.grihashakti.com/media.aspx

(e) No presentations were made to institutional investors or to analysts.

General Shareholder Information

a. Annual General Meeting

Date, Time and Venue.	20 September, 2022, at 2:00 p.m. IST through Two-way video conferencing.

b. Financial Calendar (tentative):

Financial Year 2022-23	April 1, 2022 to March 31, 2023
First Quarter Results	Fourth week of July 2022
Half Yearly Results	Second week of November 2022
Third Quarter Results	Second week of February 2023
Audited Results for the year ending 31 March, 2023	Second week of May 2023

c. Dividend Payment Date: The Board of Directors of the Company have not recommended any dividend for the financial year ended 31 March, 2022.

d. Listing on Stock Exchange: National Stock Exchange of India Limited, Exchange Plaza, C-1, Block-G Bandra Kurla Complex, Bandra (E) Mumbai- 400 051.

e. Payment of Annual Listing fees: The Company has paid the annual listing fees for the financial year 2022-2023.

Report on Corporate Governance

Contd...

f. Registrar to the issue and Share transfer agent (for Non-Convertible Debentures)

Address	Contact Details
Link Intime India Private Limited C-101, 1st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West) Mumbai-400083.	Toll Free number (India): 1800 1020 878 Telephone Number: 022-4918 6270 Fax: 022-4918 6060 e-mail: rnt.helpdesk@linkintime.co.in Website: https://www.linkintime.co.in

g. No listed debentures were suspended for trading during Financial Year 2021-2022.

h. Foreign Exchange risk and Hedging Activities- Nil

i. List of all credit ratings obtained for Financial year 2021-2022 for all debt instruments as on date. Kindly refer Para No. 38 of the Directors' Report.

j. Address for correspondence

Name	Contact Details
Mr. Jitendra Maheshwari, Company Secretary & Compliance Officer	Fullerton India Home Finance Company Limited: Corporate Address: 2nd North Avenue, Maker Maxity, Floor 10, BKC, Bandra (East), Mumbai – 400051. Annex to the Corporate Office: 6th Floor, Supreme Business Park, Supreme City, Powai, Mumbai, Maharashtra 400076.

As the Equity Shares of the Company are not listed on any Stock Exchange, the details related to stock code, market price data- high, low during each month in last financial year, performance in comparison to broad-based indices such as BSE Sensex, CRISIL Index etc. share transfer system, distribution of shareholding, dematerialization of shares and liquidity, outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity, commodity price risk are not applicable to the Company.

The Company is a Housing Finance Company, thereby it does not have any factory.

Other Disclosures:

a. There are no material-related party transactions which require approval of the shareholders of the Company.

b. During the past 3 (three) years there have been no instances of non-compliance by the Company with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) or any other statutory/regulatory authority, on any matter related to capital markets.

c. The Company has formulated a Vigil Mechanism / Whistle Blower Policy. No personnel of the Company have been denied access to the Audit Committee to lodge their grievances. The said Policy has been uploaded on the website of the Company at: https://www.grihashakti.com/images/CG/Whistle%20Blower%20Policy.pdf

d. The Company has been identified as a HVDLE, with effect from 7 September, 2021 and as such is required to comply with relevant provisions of the LODR, 2015 relating to corporate governance, on a 'comply or explain' basis, till 31 March, 2023. The extant corporate governance norms will become mandatory, with effect from 1 April, 2023. The Company has taken effective steps to ensure compliance with the said corporate governance norms.

e. The Company has complied with the discretionary requirements as specified under Part E of Schedule II of Regulation 27(1) of the LODR, 2015, detailed as under.

   i. Non-Executive, Non Independent Director is the Chairman of the Company.

   ii. The Company delivers the audited financial results/ statements on quarterly and annual basis to its shareholders.

   iii. Financial statements for the year ended 31 March, 2022 was unmodified.

   iv. Company has separated the post of the Chairman and that of its Managing Director and Chief Executive Officer.

   v. Internal Auditor functionally reports to the Audit Committee.

f. Since at present, the Company does not have any subsidiary, Policy for determining material subsidiary has not been formulated.

g. The Policy for Related Party Transactions has been uploaded on the website of the Company at https://www.grihashakti.com/images/CG/FIHFC-Related-Party-Transaction-FIHFC-Nov-2020.pdf. A copy of the said Policy has also been attached to the Directors' Report, as **Annexure V**.

h. Disclosure of Commodity price risk and commodity hedging activities- Being a Housing Finance Company, the Company is not exposed to commodity price risk.

i. The Company has not raised/utilised any funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the LODR, 2015.

j. The Company has received a certificate dated 6 July, 2022 from M/s. Vinod Kothari and Company, Practicing Company Secretaries (Unique Code: P1996WB042300), that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as

Report on Corporate Governance

Contd...

directors of the companies by their Board or by the Ministry of Corporate Affairs or any other statutory/regulatory authority, is enclosed to this Report as **Annexure A**.

k. The Board has accepted all the recommendations made by the Committees of the Board, during the FY 2021-22.

l. The details of the fees paid to Statutory Auditors of the Company during the financial year ended 31 March, 2022, is as under:

Professional fees payable to auditors	Audit fee (Rs. lakh)
Statutory Audit fee	14
Tax Audit fee	4
Other services	15
Total	**33**

m. Disclosure in relation to the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, for the financial year ended 31 March, 2022:

No. of complaints filed	Nil
No. of companies disposed off	Nil
No. of complaints pending	Nil

n. The Company and its subsidiary has not taken or given any loans and advances to firms/companies/body corporates in which directors are interested or deemed to be interested by name and account.

Compliance with Code of Conduct

I confirm that for the Financial Year 2021-22, Fullerton India Home Finance Company Limited has received from its board of directors and senior management, a declaration of compliance with the code of conduct as applicable to them.

Date: 27 July, 2022
Place: Mumbai

Shantanu Mitra
Chairman

Certificate of Corporate Governance

The Company has obtained a certificate dated 19 July, 2022 from, M/s. Vinod Kothari and Company, Practicing Company Secretaries (Unique Code P1996WB042300) confirming compliances with the conditions of Corporate Governance as stipulated in the LODR, 2015, is enclosed to this Report as **Annexure B.**

Annexure A

Certificate of Non-Disqualification of Directors

[Pursuant to NSE Circular dated January 07, 2022 and Para C (10)(i) of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,
The Members of

Fullerton India Home Finance Company Limited,

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

We have examined the relevant registers, records, forms, returns, and disclosures received from the Directors of **Fullerton India Home Finance Company Limited having CIN U65922TN2010PLC076972** and having registered office at Megh Towers, Third Floor, Old No-307, New No-165, Poonamallee High Road, Maduravoyal, Chennai, Tamil Nadu, 600095 India.(hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with NSE Circular dated January 07, 2022 read with clause 10(i) of Para C of Schedule V to the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended March 31, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or by the Reserve Bank of India.

Sl. No.	Name of the Director as on March 31, 2022	DIN	Category of Directorship as on March 31, 2022	Date of Appointment
1.	Mr. Shantanu Mitra	03019468	Chairman, Non-Executive Director	December 22, 2021
2.	Mr. Pavan Kaushal[1]	07117387	Non-Executive Director	January 15, 2021
3.	Mr. Ajay Pareek	08134389	Non-Executive Director	December 22, 2021
4.	Ms. Sudha Pillai	02263950	Independent Director	August 21, 2019
5.	Mr. Radhakrishnan B. Menon	01473781	Independent Director	December 22, 2021

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559D000575794
Peer Review Certificate No.: 781/2020

Place: Mumbai
Date: July 6, 2022

[1] Mr. Pavan Kaushal resigned w.e.f. May 31, 2022 on attaining superannuation at Fullerton India Credit Company Limited, Holding Company.

Annexure B

Certificate on Corporate Governance

To,
The Members,
Fullerton India Home Finance Company Limited
Mumbai

We have examined the compliance of Corporate Governance by **Fullerton India Home Finance Company Limited** ("the Company") for the financial year ending on March 31, 2022, as stipulated in Regulations 17 to 27 and clauses (b) to (i) and (t) of sub-regulation (2) of Regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations, 2015") basis examination of documents provided in Annexure I.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations, 2015 applicable on a 'comply or explain' basis till March 31, 2023. The compliances pending to be implemented as on March 31, 2022 has been provided in Annexure II.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted its affairs.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
UDIN: F010559D000649010
Peer Review Certificate No.: 781/2020

Place: Mumbai
Date: July 19, 2022

Annexure I

List of Documents

1. Signed Minutes and Agenda papers of:
    - Board Meetings;
    - Audit Committee Meetings;
    - Nomination and Remuneration Committee Meetings;
    - Annual General Meeting and Extra-Ordinary General Meeting;
2. Policies as available on the website;
3. Annual disclosures received from Directors pursuant to Section 184(1);
4. Declaration by Independent Directors;
5. Details of remuneration paid to Directors;
6. Terms of reference of the Committees of the Board;
7. Draft CG Report for FY 2021-22;
8. Details of other directorship as reflecting in Director's Master Data on MCA and stock exchange filing for corporate governance.

Annexure- II

Sr. No	Compliance Requirement	Deviations	Remarks
1.	Reg. 16 (1) (b) of the Listing Regulations read with Regulation 25 (8) & (9): Definition of Independent Directors	The Company had not obtained revised declaration from the independent directors of the Company during the Review Period. However, compliance was ensured as on the date of signing the report.	The deviations as on March 31, 2022 CANNOT be regarded as a non-compliance during the Review Period. The Company is a 'high value debt listed entity' w.e.f. September 7, 2021 and the corporate governance provisions, viz. Reg. 15 to Reg. 27 are applicable on a 'comply or explain' basis till March 31, 2023. The Company has reported the requisite deviation in the quarterly compliance report filed under Reg. 27 (2) (a) of the Listing Regulations submitted in the format prescribed by SEBI. The Company has complied with the requirements stated in Sr. 1 & 2 as on the date of signing the report.
2.	Reg. 17 (1) of the Listing Regulations: Composition of Board of Directors	The Chairperson of the Board is related to the promoters and consequently, half of the Board should comprise of independent directors. As on March 31, 2022, 2 out of 5 directors are independent directors, which is less than one half. However, as on date of signing of the report compliance was ensured as 3 out of 5 directors are independent directors, which is more than one half.	
3.	Reg. 17 (4) of the Listing Regulations: Succession Planning	The Company is yet to frame succession plan for appointment of board of directors and senior management.	
4.	Reg. 17 (5) of the Listing Regulations: Framing of Code of Conduct	The Company is yet to amend the existing Code of Conduct to align with the requirements under the Listing Regulations.	
5.	Reg. 23(1) of the Listing Regulations: Formulate a Policy on materiality of RPT transactions and on dealing with RPT transactions.	The Company is yet to revise the RPT Policy to align with the Listing Regulations.	

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, Ajay Pareek Member of the Interim Operations Management Committee (IOMC) constituted by Board on April 6, 2022 and Ashish Chaudhary, 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, 2022 (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.

Ajay Pareek
Member of Interim Operations
Management Committee

Ashish Chaudhary
Chief Financial Officer

Date: 27 July, 2022
Place: Mumbai

Annexure IV

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED ON MARCH 31, 2022

[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 on March 31, 2022 ["**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, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the period under review for the year ended on March 31, 2022 has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the 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 (till August 15, 2021);
    b. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (w.e.f. August 16, 2021);
    c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    d. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations');
    e. The Securities and Exchange Board of India (Debenture Trustee) Regulations, 1993 (in relation to obligations of Issuer Company);
    f. 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. Returns to be submitted by Housing Finance Companies;
    c. RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
    d. RBI Master Direction – Know Your Customer (KYC) Direction, 2016.
    e. RBI Master Direction – Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016.
    f. RBI Master Direction –Information Technology Framework for the NBFC Sector dated June 08, 2017.
    g. Guidelines for Appointment of Statutory Central Auditors (SCAs)/Statutory Auditors (SAs) of Commercial Banks (excluding RRBs), UCBs and NBFCs (including HFCs)

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

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

It is to be noted that the Company, being a High Value Debt Listed Entity, is in the process of complying with certain requirements relating to corporate governance related provisions under the Listing Regulations as the provisions are presently applicable on a 'comply or explain' basis and become mandatory from April 1, 2023.

Recommendations as a matter of best practice:

In the course of our audit, we have made certain recommendations for good corporate practices to the compliance team, for its necessary consideration and implementation by the Company.

We further report that:

During the period under review the Board of Directors of the Company was duly constituted with proper balance

Form No. MR-3

Contd...

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. The tenure of the Mr. Rakesh Makkar, the Wholetime Director and CEO, got completed on March 15, 2022 resulting in vacancy to the office of key managerial personnel.

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.

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. **Issuance of subordinated debt and secured debentures:**

During the period under review, the Company allotted secured debentures amounting to INR 199 crores and subordinated debt amounting to INR 25 crores.

ii. **Redemption of debentures:**

During the period under review, the Company redeemed debentures amounting to INR 175 crores pursuant to maturity.

iii. **Receipt of approval of the Reserve Bank of India for change of control and change in directors:**

The Company made an application to the Reserve Bank of India on July 30, 2021 to seek its prior approval for the acquisition of indirect control and change in board of directors of the Company pursuant to the:

i. the sale of 74.9% (seventy four point nine per cent) of the shareholding in Fullerton India Credit Company Limited 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 per cent) after a transition period, each in accordance with the terms and conditions set out in the transaction documents.

Accordingly, RBI has accorded its approval for the acquisition of indirect control and change in directors of the Company pursuant to the aforesaid Transaction vide its letter dated November 8, 2021 and December 21, 2021 respectively. Consequently, 85,256,357 and 1,597,534,932 equity shares of ₹ 10 each aggregating to 74.9% of the paid-up share capital of Fullerton India Credit Company Limited (FICCL) were transferred by Fullerton Financial Holdings Pte Ltd ('FFH') and Angelica Investments Pte Ltd. ('Angelica') respectively to Sumitomo Mitsui Financial Group ('SMFG') on November 30, 2021.

FICCL became a subsidiary of SMFG and an associate of Angelica w.e.f. November 30, 2021. The Company remains a wholly owned subsidiary of FICCL.

iv. **Alteration in the Articles of Association of the Company**

Approval of shareholders was obtained at the Extraordinary General meeting held on November 30, 2021 for inserting Part B and Schedule 1 to 3 to the Articles of Association of the Company in order to record the relevant clauses of the Shareholder's Agreement dated July 06, 2021 entered between the Fullerton India Credit Company Limited, Angelica Investments Pte. Ltd and Sumitomo Mitsui Financial Group.

For M/s Vinod Kothari & Company
Practicing Company Secretaries
Unique Code: P1996WB042300

Vinita Nair
Senior Partner
Membership No.: F10559
CP No.: 11902
Place: Mumbai UDIN: F010559D000575794
Date: July 19, 2022 Peer Review Certificate No.: 781/2020

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.

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. Given the challenges and limitations posed by Covid-19, lockdown restrictions (wherever applicable), as well as considering the effectiveness of information technology tools in the audit processes, we have conducted online verification and examination of records, as facilitated by the Company, for the purpose of issuing this Report. In doing so, we have followed the guidance as issued by the Institute.
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

1. Minutes of the following meetings (Final draft minutes furnished electronically):
   - Board Meeting;
   - Audit Committee Meeting;
   - Nomination and Remuneration Committee Meeting;
   - Risk Oversight Committee Meeting;
   - Asset Liability Management Committee;
   - IT Strategy Committee Meeting;
   - Annual General Meeting and Extraordinary General Meetings.
2. Resolution passed by circulation on a sample basis;
3. Notice for Board and Committee Meetings on a sample basis;
4. Statutory Registers under Act, 2013;
5. Disclosure under Act, 2013 and Rules made thereunder;
6. Intimations/ Information submitted to Stock Exchanges, Debenture Trustees and Credit Rating Agencies;
7. Forms and returns filed with the ROC, NHB;
8. Codes and Policies framed under applicable SEBI Regulations and disclosures/ details obtained/ furnished thereunder.
9. Annual report 2021 and quarterly financials submitted during the period under review.

Annexure V

Related Party Transactions Policy

1. Background

Since the Securities of the Company are listed on National Stock Exchange, The Securities and 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 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.

Related Party Transactions Policy

Contd...

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 related 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.
  - 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,

Related Party Transactions Policy

Contd...

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 from 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) exceeding 10% of Turnover or ₹ 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 ₹ 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 ₹ 100 crores, whichever is lower;

  iv. Availing or rendering of any services (directly or through agent) exceeding 10% of Turnover of the Company or ₹ 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 ₹ 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.

Annexure VI

CSR Report

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

CSR policy of Fullerton India Home Finance Company Limited (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 key 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.

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, 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 Pilai	Independent Director	-	-
2	Mr. Pavan Kaushal	Non-Executive Director	-	-

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

CSR Report

Contd...

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.) as per U/s 198				
Company/ Year	**FY2019**	**FY2020**	**FY2021**	**Average for last 3 years**
FIHFC	29,592,267	213,939,441	(73,86,46,476)	(16,50,38,256)

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

Nil

(b) Surplus arising out of the CSR projects, 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)

Nil

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
Nil	**NIl**		-	-	-

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

Nil

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

Not Applicable

(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):

Nil

(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

Ajay Pareek
Non-Executive Director

Sudha Pillai
Chairperson CSR Committee

Independent Auditor's Report

TO THE MEMBERS OF
FULLERTON INDIA HOME FINANCE COMPANY LIMITED ON THE AUDIT OF THE FINANCIAL STATEMENTS

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of **Fullerton India Home Finance Company Limited** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at 31st March 2022, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow for the year then ended, and notes to the Financial Statements, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March 2022 and profit, total comprehensive income, changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act ("the SAs"). 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's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Key Audit Matter	How the matter was addressed in our audit
Expected Credit Loss – Impairment of carrying value of loans and advances Under Ind AS 109, Expected Credit Loss (ECL) is required to be determined for recognising impairment loss on financial assets which are stated at amortised cost or carried at fair value through other comprehensive income. The Company exercises significant judgement using assumptions over both when and how much to record as impairment for loans and advances and estimation of the amount of the impairment provision for loans and advances. The calculation of impairment loss or ECL is based on significant management estimates and judgements, which are as under: » Judgements about credit risk characteristics for collective evaluation of impairment under various stages of ECL.	We performed audit procedures set out below: Read the Company's Board approved Ind-AS 109 based impairment provisioning Methodology and Estimates policy Understood and assessed the Company's process and controls on measurement and recognition of impairment in the loan portfolio. Test checked loans in stage 1, 2 and 3 to ascertain that they were allocated to the appropriate stage. Test checked PD and LGD calculation workings performed by management, including testing data used in assessment and evaluation of whether the results support appropriateness of the PDs at portfolio level. Test checked the calculations of determining Exposure at Default (EAD).

Independent Auditor's Report

Contd...

Key Audit Matter	How the matter was addressed in our audit
» Loan staging criteria » Consideration of probability scenarios and forward looking macro-economic factors » 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"). » Inputs and Judgements used in determination of management overlay at various asset stages ECL requires a large variety of data as an input to the model. This increases the risk of completeness and accuracy of the data that has been used to create assumptions in the model. In view of the criticality of the item to the Financial Statements, complex nature of assumptions & judgements exercised by the management and loans forming a major portion of the Company's assets and impairment charge for the year being material to the net profit for the year, in our opinion this is considered as a Key Audit Matter.	Performed an assessment of the ECL provision levels at each stage including management's assessment on COVID 19 impact to determine if they were reasonable considering the Company's portfolio, risk profile, credit risk management practices and the macroeconomic environment.
IT Systems and controls The Company financial accounting and reporting systems are highly dependent on the effective working of the operating and accounting system. The company has separate software applications for management of its loan portfolio from origination to servicing and closure and for the routine accounting. Transfer of data from / to these software are critical for accurate compilation of financial information. Due to extensive volumes, variety and complexity of transactions the operating system is functioning, consistently and accurately, specifically with respect to following: • Interest, Fee income and other charges collected on Loans • Bifurcation of the Loan Portfolio based on maturity pattern and Assets Classification based on ageing of default We have identified 'IT systems and controls' as key audit matter because of significant use of IT system and the scale and complexity of the IT architecture. Our audit outcome is dependent on the effective functioning of such operating and accounting system.	We have carried out the following procedures to verify the effectiveness of IT controls: • We obtained an understanding of the Company's business IT environment and key changes if any during the audit period that may be relevant to the audit. • Our audit procedures included verifying, testing and reviewing the design and operating effectiveness of the key automated and manual business cycle controls and logic for system generated reports relevant to the audit by verifying the reports/returns and other financial and non-financial information generated from the system on a test check basis • We have tested and reviewed the reconciliations between the loan origination/ servicing application and the accounting software to mitigate the risk of incorrect data flow to/from separate application software. • We have also obtained management representations wherever considered necessary.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the Financial Statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

Independent Auditor's Report

Contd...

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

When we read the Other Information, if, we conclude that there is a material misstatement therein, we are required to communicate the matters to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are 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 Standards on Auditing 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 Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

i. Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

ii. Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under the section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

iv. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company 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.

v. 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.

Independent Auditor's Report

Contd...

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the financial year ended 31st March 2022 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

Other Matter

The Financial Statements of the Company for the year ended 31st March, 2021 were audited by predecessor auditor who expressed an unmodified opinion on those Financial Statements vide their report dated May 24, 2021.

Our opinion on the Financial Statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
   c. the Balance Sheet, the Statement of Profit and Loss, Other Comprehensive Income, 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 Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended;
   e. on the basis of written representations received from the directors, as on 31st March, 2022 taken on record by the Board of Directors, none of the other directors is disqualified as on 31st March, 2022, from being appointed as a director in terms of Section 164(2) of the Act;
   f. with respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B";
3. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended, in our opinion and to the best of our information and according to the explanations given to us:
   a. the Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 40 (a) to the Financial Statements.
   b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
   c. there has been no delay in transferring amounts, required to be transferred, to the Investor, Education and Protection Fund by the Company.
   d. (i) The Management has represented that, to the best of it's knowledge and belief, as disclosed in the notes to the accounts (Refer note 52 (i) to the Financial Statements), no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

      (ii) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the notes to the accounts (Refer note 52 (i) to the Financial Statements), no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

Independent Auditor's Report

Contd...

(iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under clause (i) & (ii) above, contain any material misstatement.

e. The company has neither declared dividend nor paid during the year.

4. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197 (16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors, including sitting fees paid to directors, during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act;

For M. P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Murtuza Vajihi
Partner
Membership No.: 112555
UDIN: 22112555AIUEER8197

Place: Mumbai
Date: May 11, 2022

Annexure A to Independent Auditor's Report

(REFERRED TO IN PARAGRAPH 1 UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT TO THE MEMBERS OF FULLERTON INDIA HOME FINANCE COMPANY LIMITED OF EVEN DATE)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its Property, Plant and Equipment including intangible assets.

(b) In our opinion, the Company's program of verifying Property, Plant and Equipment once in a year, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to such program, the physical verification of Property, Plant and Equipment, were done during the current year. We have been informed that no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, we report that, the title deeds, comprising all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) classified as Property Plant and Equipment, are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use Assets) and intangible assets during the year.

(e) According to the information and explanations given to us and based on management representations, there are no proceedings initiated or are pending against the Company as at 31st March, 2022 for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The Company is in business of Housing Finance. Therefore, it does not hold any physical inventories. Accordingly, paragraph 3(ii) (a) of the Order is not applicable to the Company.

(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. According to information and explanation given to us and the records examined by us, the quarterly returns or statements, if any filed by the Company during the year with such banks or financial institutions are in agreement with books of account. The return in respect of quarter ended March 2022 is not yet filed.

(iii) (a) Since the Company is in business of Housing Finance, the reporting under clause 3(iii)(a) of the Order is not applicable to the Company

(b) In our opinion, the investments made and the terms and conditions of the grant of loans, during the year are, prima facie, not prejudicial to the Company's interest.

(c) The Company is principally engaged in the business of providing loans. In respect of loans granted by the Company, the schedule of repayment of principal and payment of interest has been duly stipulated and the repayments of principal amounts and receipts of interest have generally been regular as per repayment schedules except for 4555 cases having outstanding balance at year end aggregating to ₹ 87,387.10 Lacs wherein the repayments of principal and interest are not regular. Having regard to the nature of the Company's business and the volume of information involved, it is not practicable to provide an itemised list of loan assets where repayment of principal and interest have not been regular.

(d) In respect of loans granted by the Company, the total amount overdue for more than 90 days as at the balance sheet date are as under.

No. of cases	Principal amount overdue (₹ lacs)	Interest overdue (₹ lacs)	Total overdue (₹ lacs)
1276	564.50	3,387.33	3,951.83

According to information and explanation given to us and the records examined by us, the Company has taken reasonable steps to recover the principal and interest amount.

(e) Since the Company is in business of Housing Finance, the reporting under clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to information and explanation given to us and the records examined by us, the Company has not granted any loans or advances in the nature of loans that were either repayable on demand or without specifying any terms or period of repayment

(iv) There are no loans, investments, guarantees and securities granted in respect of which provisions of section 185 and 186 of the Act are attracted. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us and records examined by us, the Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us and to the best of our knowledge, the Central Government

Annexure A to Independent Auditor's Report

Contd...

has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014, as amended for the services of the Company, and, hence, reporting on clause 3 (vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, and on the basis of examination of the books of account of the company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it. According to information and explanations given to us, no undisputed amount payable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) According to the records of the Company and information and explanations given to us, no material disputed statutory dues that have not been deposited as on 31st March,2022 on account of appeal matters pending before the appropriate authorities.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income in the tax assessments made during the year under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company has not been declared as a wilful defaulter by any bank or financial institution or government or any government authority during the year.

(c) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised.

(d) On an overall examination of the financial statements of the Company, no funds have been raised on short-term basis therefore reporting under this clause is not applicable.

(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary and Associate;

(f) According to the information and explanations given to us, and on the basis of our examination of the books of account, Company does not have any investment in subsidiary and associate therefore, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3(x)(b) of the Order is not applicable to the Company

(xi) (a) During the course of our examination of the books and records of the Company and according to the information and explanations given to us, we have not come across any instances of fraud by the Company. Following are the instances of fraud on the Company, noticed or reported during the year,

No of instances	Nature of Fraud	Amount involved (₹ In Lacs)
3	Borrower related fraud	44.40

(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.

(c) We have taken into consideration the whistle blower complaint received by the Company during the year, while determining the nature, timing and extent of our audit procedures

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

(xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv) According to the information and explanations given to us and on the basis of our examination of the records, the

Annexure A to Independent Auditor's Report

Contd...

Company has not entered into any non-cash transactions with directors or persons connected with directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable.

(xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) therefore reporting under this clause is not applicable.

(b) The Company is a Housing Finance Company and it holds a valid Certificate of Registration (CoR) from the National Housing Bank issued under Section 29A(2) of the National Housing Bank Act 1987 for conducting housing finance business.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.

(d) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

(xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors of the Company during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) There are no unspent amounts under sub-section (5) of section 135 of the Act, pursuant to any ongoing project requiring transfer to special account in compliance with the provision of sub-section (6) of section 135 of the Act. Accordingly, reporting under clause 3(xx)(b) of the Order is not applicable for the year.

(xxi) The Company is not required to prepare Consolidated Financial Statements and therefore reporting under clause 3(xxi) of the Order is not applicable for the year.

For M. P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Murtuza Vajihi
Partner
Membership No.: 112555
UDIN: 22112555AIUEER8197

Place: Mumbai
Date: May 11, 2022

Annexure B To Independent Auditor's Report

(REFERRED TO IN PARAGRAPH 2(F) UNDER 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' SECTION OF OUR REPORT TO THE MEMBERS OF FULLERTON INDIA HOME FINANCE COMPANY LIMITED OF EVEN DATE)

REPORT ON THE INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE AFORESAID FINANCIAL STATEMENTS UNDER CLAUSE (I) OF SUB-SECTION (3) OF SECTION 143 OF THE COMPANIES ACT, 2013 (THE 'ACT')

We have audited the internal financial controls with reference to financial reporting of Fullerton India Home Finance Company Limited (hereinafter referred to as "the Company") as of 31st March, 2022 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to the 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 reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls with reference to Financial Statements.

A Company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control 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 authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls 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 control 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Financial Statements and such internal financial controls were operating effectively as at 31st March, 2022, 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.

For M. P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Murtuza Vajihi
Partner
Membership No.: 112555
UDIN: 22112555AIUEER8197

Place: Mumbai
Date: May 11, 2022

INDEPENDENT AUDITOR'S REPORT AS PER PARA 69 OF MASTER DIRECTION – NON-BANKING FINANCIAL COMPANY – HOUSING FINANCE COMPANY (RESERVE BANK) DIRECTIONS, 2021

To,
The Board of Directors,
Fullerton India Home Finance Company Limited
Mumbai

1. Introduction

This report is issued in terms of our statutory audit engagement with Fullerton India Home Finance Company Limited (the "Company") in our capacity as Statutory Auditors. Pursuant to the Paragraph 69 of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 ("RBI Master Directions"), we have examined the matters specified in Paragraph 70 and 71 of RBI Master Directions in respect of the Company for the year ended March 31, 2022.

2. Management's Responsibility

The Management of the Company is responsible for compliance with the RBI Master Directions, Reserve Bank of India Act, 1934 ("the RBI Act") and the National Housing Bank Act, 1987 ("the NHB Act") on an ongoing basis and reporting non-compliances, if any, to the regulatory authorities, Board of Directors and its Audit Committee. This responsibility also includes-

a. creation and maintenance of proper accounting and other records on the basis of guidelines issued by National Housing Bank ("NHB") and the Reserve Bank of India ("RBI"),

b. design, implementation and maintenance of adequate internal control relevant to the preparation and presentation of the records and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances,

c. ensuring that the records provided to us for our examination are correct and complete.

3. Our Responsibility

Our responsibility is to express reasonable assurance in the form of an opinion based on our examination of the books of accounts and other records maintained by the Company on the matters specified in Paragraph 70 and 71 of the RBI Master Directions.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements issued by ICAI.

4. Opinion

Based on the information and explanations given to us and shown by the records examined by us, we are of the opinion that-

i. The Company has obtained the Certificate of Registration (CoR) under Section 29A of the NHB Act with Registration No. 07.0122.15 dated July 14, 2015. The Company has fulfilled the Principal Business Criteria as specified in Paragraph 4.1.17 of RBI Master Direction.

ii. The Company has complied with the Net Owned Fund (NOF) requirements as prescribed under Section 29A of the NHB Act;

iii. The Company has complied with the Special Reserve requirements as prescribed under Section 29C of the NHB Act;

iv. According to the information and explanations given to us and records examined by us, the Company has not accepted any deposits from the public. Accordingly, the requirement to report on Para 70.1.4 read with Para 27.2 of the RBI Master Directions are not applicable to the Company.

v. According to the information and explanations given to us, we report that the Company has complied with the prudential norms on income recognition, accounting standards, asset classification, loan-to-value ratio, provisioning requirements, disclosures in balance sheet, investment in real estate, exposure to capital market and engagement of brokers, and concentration of credit/investments as specified in the RBI Master Directions;

vi. The Capital Adequacy Ratio as disclosed in the Schedule II return submitted to the National Housing Bank in terms of the Directions issued by NHB in this regard, has been correctly determined and such ratio is in compliance with the minimum capital to risk weighted asset ratio (CRAR) prescribed;

vii. Schedule II Return for half year ended September 30, 2021 was filed with the National Housing Bank within the stipulated time as specified in the Directions issued by NHB in this regard. The due date for furnishing the return for half year ended March 31, 2022 to NHB is May 12, 2022, accordingly the Schedule II return for the half year ended March 31, 2022 has not submitted as of date.

viii. Quarterly Schedule III returns on Statutory Liquid Assets for the quarter ended June 30, 2021 and September 30, 2021 were filed with the National Housing Bank within the stipulated time as specified in the Directions issued by NHB. Filing of quarterly Schedule III returns on Statutory Liquid Assets from quarter ended December 31, 2021 onwards is not applicable to Company.

ix. The Company has complied with the requirements contained in the RBI Master Directions & NHB Directions in the case of opening of new branches / offices or in the case of closure of existing branches/ offices.

x. In our opinion and according to the information and explanations given to us, the company has not granted loan against securities of shares, loan against security of single product- gold jewellery, loan against Company's own shares during the year ended March 31, 2022, and hence provisions contained in paragraph 3.1.3, 3.1.4 and 18 of the RBI Master Directions are not applicable to the Company

xi. The Company has passed a resolution dated August 10, 2021 confirming non acceptance of public deposit

xii. The Company has not accepted any public deposits during the year;

5. Restriction on Use

The report is solely for the purpose mentioned in paragraph 1 and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For M. P. Chitale & Co.
Chartered Accountants
Firm Regn. No.101851W

Murtuza Vajihi
Partner
Membership No.: 112555
UDIN: 22112555AIUEMO3004

Place: Mumbai
Date: May 11, 2022

Balance sheet

as at 31 March, 2022

	Note	As at 31 March, 2022 (₹ lakhs)	As at 31 March, 2021 (₹ lakhs)
ASSETS			
Financial assets			
Cash and cash equivalents	2	3,680	6,818
Bank balances other than cash and cash equivalents	3	39,955	59,566
Investments	4	2,499	30,750
Trade receivables	5	51	68
Loans	6	3,93,051	3,65,486
Other financial assets	7	2,825	4,101
		4,42,061	**4,66,789**
Non financial assets			
Current tax assets (net)	8	1,350	621
Deferred tax asset (net)	9	6,560	5,638
Other non financial assets	10	662	575
Property, plant and equipment	11	278	456
Right of use assets	12	1,858	1,646
Other Intangible assets	13	170	197
Intangible assets under development	13	11	0
		10,889	**9,133**
Total Assets		**4,52,950**	**4,75,922**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Trade payables	14		
i) total outstanding dues to micro enterprises and small enterprises		87	36
ii) total outstanding dues to creditors other than micro enterprises and small enterprises		266	260
Debt Securities	15	98,285	1,00,186
Subordinated liabilities	16	9,776	7,218
Borrowings	17	2,57,890	2,86,263
Other financial liabilities	18	16,787	14,405
		3,83,091	**4,08,368**
Non financial liabilities			
Provisions	19	886	545
Other non financial liabilities	20	1,718	1,475
		2,604	**2,020**
Equity			
Equity share capital	21	30,803	30,803
Other equity	22	36,452	34,731
		67,255	**65,534**
Total liabilities and equity		**4,52,950**	**4,75,922**
Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements	1-56		

As per our report of even date attached.
For M P Chitale & Co
Chartered Accountants

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

Sd/-
Murtuza Vajihi
Partner

Sd/-
Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Sd/-
Ajay Pareek
Non-Executive Director
DIN : 08134389

Sd/-
Ashish Chaudhary
Chief Financial Officer

Sd/-
Jitendra Maheshwari
Company Secretary
ICSI Reg. No. : 19621

Place: Mumbai
Date: 11 May 2022

Place: Mumbai
Date: 11 May 2022

Statement of Profit and Loss

for the year ended 31 March, 2022

	Note	For the year ended 31 March, 2022 (₹ lakhs)	For the year ended 31 March, 2021 (₹ lakhs)
REVENUE FROM OPERATIONS			
Interest income	23	48,363	51,013
Fees and commission income	24	710	500
Gain on derecognition of financial instruments held at amortized cost		596	776
Net gain on fair value changes	25	15	42
Ancillary income	26	192	60
Total revenue from operations		**49,876**	**52,391**
Other income	27	509	196
Total Income		**50,385**	**52,587**
Finance costs	28	27,326	31,090
Net loss on fair value changes	29	-	1
Impairment on financial instruments	30	6,717	18,048
Employee benefits expense	31	8,899	7,107
Depreciation, amortisation and impairment	11,13&43	662	716
Other expenses	32	4,520	3,033
Total expenses		**48,124**	**59,995**
Profit/(Loss) before tax		**2,261**	**(7,408)**
Tax expense	33		
Current tax		1,497	843
Deferred tax expense / (credit)		(922)	(2,700)
		575	**(1,857)**
Net profit/(loss) after tax		**1,686**	**(5,551)**
Other comprehensive income / (loss)	34(b)		
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		45	(5)
Income tax relating to above		(11)	1
Other comprehensive income/(loss)		**34**	**(4)**
Total comprehensive income/(loss) for the year		**1,720**	**(5,555)**
Earnings per equity share:	34		
Basic earnings per share (in ₹)		0.55	(1.80)
Diluted earnings per share (in ₹)		0.55	(1.80)
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	1-56		

As per our report of even date attached.
For M P Chitale & Co
Chartered Accountants

Sd/-
Murtuza Vajihi
Partner

Place: Mumbai
Date: 11 May 2022

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

Sd/-
Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Sd/-
Ajay Pareek
Non-Executive Director
DIN : 08134389

Sd/-
Ashish Chaudhary
Chief Financial Officer

Sd/-
Jitendra Maheshwari
Company Secretary
ICSI Reg. No. : 19621

Place: Mumbai
Date: 11 May 2022

Statement of cash flow

for the year ended 31 March 2022

		Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit/(Loss) before tax	2,261	(7,408)
	Adjustments for :		
	Financial asset measured at amortised cost	(354)	(284)
	Financial liabilities measured at amortised cost	156	122
	Depreciation, amortisation and impairment	662	716
	Interest income on fixed deposits, bonds and investments	(3,330)	(3,388)
	Net (gain)/loss on financial assets at FVTPL	(15)	(41)
	Impairment on financial instruments	6,717	18,048
	Write off of fixed assets & intangible assets	1	2
	Profit on sale of property, plant and equipment	(2)	23
	Fair valuation of Stock appreciation rights	347	(71)
	Gain on derecognition of financial instruments held at amortized cost	(596)	(776)
	Operating profit before working capital changes	**5,848**	**6,943**
	Adjustments for working capital:		
	- (Increase)/decrease in loans and advances	(33,348)	3,397
	- (Increase)/ decrease in other Assets (financial and non financial assets)	1,101	475
	- (Increase)/decrease in trade receivables	16	(43)
	- Increase/(decrease) in other liabilities (Provision, financial and non financial liabilities)	(1,007)	11,281
	Cash generated from/(used in) operating activities	**(27,390)**	**22,053**
	Income tax paid (net)	(2,225)	(1,238)
	Net cash generated from/(used in) operating activities (A)	**(29,615)**	**20,814**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**	.	
	Purchase of property plant and equipment and intangibles	(89)	(64)
	Proceeds from sale of property, plant and equipment and intangibles	5	33
	Purchase of investments	(58,076)	(1,26,420)
	Sale/maturity of investments	86,346	1,34,223
	Fixed deposit placed during the year	(3,42,822)	(3,34,140)
	Fixed deposit matured during the year	3,61,720	2,76,474
	Interest received on fixed deposits and bonds	3,558	421
	Interest received on investments	587	2,046
	Net cash generated from/(used in) investing activities (B)	**51,231**	**(47,427)**

Statement of cash flow

for the year ended 31 March, 2022 *Contd...*

	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings from banks and financial institutions	77,400	1,88,541
Repayment of borrowings from banks and financial institutions	(1,01,304)	(1,65,921)
Payment of ancillary borrowing costs	(338)	(646)
Principal payment of lease liability	(514)	(433)
Net cash generated from/(used in) financing activities (C)	**(24,755)**	**21,541**
Net increase / (decrease) in cash and cash equivalents D=(A+B+C)	**(3,140)**	**(5,071)**
Cash and cash equivalents as at the beginning of the period **(E)**	6,819	11,890
Closing balance of cash and cash equivalents (D+E)	**3,680**	**6,819**
Components of cash and cash equivalents:		
Cash on hand	68	50
Balances with banks		
- in current accounts	3,295	2,668
- in fixed deposit with maturity less than 3 months	1	4,101
Cheques, drafts on hand	316	-
Cash and cash equivalents	**3,680**	6,819

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.

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements

As per our report of even date attached.
For M P Chitale & Co
Chartered Accountants

Sd/-
Murtuza Vajihi
Partner

Place: Mumbai
Date: 11 May 2022

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

Sd/-
Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Sd/-
Ajay Pareek
Non-Executive Director
DIN : 08134389

Sd/-
Ashish Chaudhary
Chief Financial Officer

Sd/-
Jitendra Maheshwari
Company Secretary
ICSI Reg. No. : 19621

Place: Mumbai
Date: 11 May 2022

Statement of Changes in Equity

for the year ended 31 March 2022

A. Equity share capital

Particulars	Number of shares	Amount (₹ lakhs)
Equity share of ₹ 10 each fully paid up as at 31 March 2020	30,80,33,193	30,803
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance as at 31 March 2020	30,80,33,193	30,803
Changes during the year ended 31 March 2021	-	-
Equity share of ₹ 10 each fully paid up as at 31 March 2021	30,80,33,193	30,803
Changes in Equity Share Capital due to prior period errors	-	-
Restated balance at the 31 March 2021	30,80,33,193	30,803
Changes during the year ended 31 March 2022	-	-
Equity share of ₹ 10 each fully paid up as at 31 March 2022	30,80,33,193	30,803

B. Other equity

(₹ lakhs)

Particulars	Reserves and surplus						Total
	General Reserve	Capital Reserve	Securities premium	Reserve Fund under Section 29C(i) of the NHB Act, 1987	Retained Earnings	Re-measurement of defined benefit plans	
Closing balance as at 31 March 2020	**-**	**10**	**40,186**	**509**	**(403)**	**(16)**	**40,286**
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Restated 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	-	-	-	-	-	-	-
Profit 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**
Changes in accounting policy or prior period error	-	-	-	-	-	-	-
Restated balance as at 31 March 2021	**-**	**10**	**40,186**	**509**	**(5,954)**	**(20)**	**34,731**
Securities Premium on shares issued	-	-	-	-	-	-	-
Transferred from retained earnings to reserve fund	-	-	-	337	(337)	-	0
Profit / (loss) for the year	-	-	-	-	1,686	-	1,686
Other comprehensive income/(loss) for the year	-	-	-	-	-	34	34
Closing balance as at 31 March 2022	**-**	**10**	**40,186**	**847**	**(4,605)**	**14**	**36,452**

Refer Summary of significant accounting policies and accompanying notes which form an integral part of the financial statements 1-56

As per our report of even date attached.
For M P Chitale & Co
Chartered Accountants

Sd/-
Murtuza Vajihi
Partner

Place: Mumbai
Date: 11 May 2022

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

Sd/-
Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Sd/-
Ajay Pareek
Non-Executive Director
DIN : 08134389

Sd/-
Ashish Chaudhary
Chief Financial Officer

Sd/-
Jitendra Maheshwari
Company Secretary
ICSI Reg. No. : 19621

Place: Mumbai
Date: 11 May 2022

Notes to Financial Statements

for the year ended 31 March, 2022

1 Notes to Financial Statement

(A) Company information

Fullerton India Home Finance Company Limited ('the Company' or 'the entity') 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 and builder finance (collectively referred to as "Loans").

As at 31 March 2022, Fullerton India Credit 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 11 May 2022.

(ii) Presentation of financial statements

The balance sheet, the statement of profit and loss and the statement of changes in equity and notes to accounts 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 read with amendment to Schedule III made vide Notification G.S.R. (E) dated 24 March 2021. 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 50.

(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 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 through profit and loss statement (FVTPL) (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 2022 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

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

Note 51 – 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 37- Gratuity and Compensated absences

Note 38- Cash-settled- share-based payments

Note 49 - Financial instruments - Fair values and risk management

(C) Significant accounting policies

1 Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

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 net carrying value of the financial asset. If the financial assets cures and 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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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. Fees and charges are recognised as income only when revenue is virtually certain which generally coincides with receipts.

Dividend income

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

Net gain and losses 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.

Other income

Other income represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

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 Company'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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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 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.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss

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 make changes to business model in case their is any change in above stated parameters.

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

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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

Subsequent measurement and gains and losses

Financial assets at FVTPL	Instruments that do not meet the amortised cost or FVTOCI criteria are measured 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. All equity investments in scope of Ind AS 109 are measured at fair value are classified as at FVTPL. The Company may make an irrevocable election to present certain equity investments measured at fair value through other comprehensive income. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, on sale/disposal the Company may transfer the cumulative gain or loss within equity.
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	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
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**

  The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

Amortised cost	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognised in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

- **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

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

Based on the above process, the company categorises its loans into Stage 1, Stage 2 and Stage 3 as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 month ECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2 to Stage 1.

Stage 2: When a loan has shown an increase in credit risk since origination, the Company records an allowance for the life time expected credit losses. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3 to Stage 2.

Stage 3: When loans shows significant increase in credit risk and/or are considered credit-impaired, the company records an allowance for the life time expected credit losses.

The Company measures ECL on an individual basis, or on a collective basis for portfolios of loans that share similar economic risk characteristics. This expected credit loss is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

Key elements of ECL computation are outlined below:

- 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.
- Probability of default ("PD") is an estimate of the likelihood that customer will 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 de-recognised and is still in the portfolio. PD is calculated based on historical default rate summary of past years using historical analysis.
- Loss given default ("LGD") estimates the normalised loss which Company incurs post customer default. It is computed using historical

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

loss and recovery experience. It is usually expressed as a percentage of the Exposure at default ("EAD").

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. 49.

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, 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, partially secured and unsecured loans 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 upon account becoming delinquent, the Company physically repossess properties or other assets in its portfolio.Repossession of property(ies) may be initiated under the provisions of the SARFAESI Act, 2002. Repossessed property(ies) is disposed of in the manner prescribed in the SARFAESI Act, 2002, to recover outstanding debt

When a financial asset is modified, the Company assesses whether this modification results in derecognition. In accordance with the Company's policy, a modification results in derecognition when it gives rise to substantially different terms. To determine if the modified terms are substantially different from the original contractual terms the Company considers the following:

Qualitative factors, such as contractual cash flows after modification are no longer SPPI, change in currency or change of counterparty, the extent of change in interest rates, maturity, covenants. If these do not clearly indicate a substantial modification, then a quantitative assessment is performed to compare the present value of the remaining contractual cash flows under the original terms with the contractual cash flows under the revised terms, both amounts discounted at the original effective interest.

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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. The related cash flows are classified as operating activities.

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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 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.

9 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.

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

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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 ₹ 5000. 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 ₹ 5000 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.

11 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.

12 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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis

Other long term employee benefits

The Company's net obligation in respect of long-term 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 38 for details.

13 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.

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

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

Commitments

Commitments are future liabilities for contractual expenditure, classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for;

b) Other non-cancellable commitments, if any.

14 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.

15 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.

16 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.

17 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 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

On 23 March 2022, the Ministry of Corporate Affairs ("MCA") through notifications, amended to existing Ind AS. The same shall come into force from annual reporting period beginning on or after 1st April 2022. Key Amendments relating to the same whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Standard / amendments	Summary of amendments
Ind AS 16 Property, Plant and Equipment	For items produced during testing/ trail phase, clarification added that revenue generated out of the same shall not be recognised in SOPL and considered as part of cost of PPE.
Ind AS 37 Provisions, Contingent Liabilities & Contingent Assets	Guidance on what constitutes cost of fulfilling contracts (to determine whether the contract is onerous or not) is included.
Ind AS 41 Agriculture	This aligns the fair value measurement in Ind AS 41 with the requirements of Ind AS 113 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement.
Ind AS 101-First time Adoption of Ind AS	Measurement of Foreign Currency Translation Difference in case of subsidiary/associate/ JV's date of transition to Ind AS is subsequent to that of Parent – FCTR in the books of subsidiary/associate/JV can be measured based Consolidated Financial Statements.
Ind AS 103 – Business Combination	Reference to revised Conceptual Framework. For contingent liabilities / levies, clarification is added on how to apply the principles for recognition of contingent liabilities from Ind AS 37. Recognition of contingent assets is not allowed.
Ind AS 109 Financial Instruments	The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

2 Cash and cash equivalents

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Cash on hand	68	49
Balances with banks		
- in current accounts	3,295	2,668
- in fixed deposit with original maturity less than 3 months	1	4,101
Cheques, drafts on hand	316	-
Total	**3,680**	**6,818**

3 Bank balances other than cash and cash equivalents

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
In Deposits accounts- with original maturity of more than 3 months*	39,955	59,566
Total	**39,955**	**59,566**

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

1) Deposits amounting to ₹ 25 lakhs (31 March 2021: ₹ 25 lakhs) pertain to collateral deposits towards recovery expense fund (REF) with NSE in the interest of investors.

2) 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. Fixed deposits place as security cover as 31 March 2022 are ₹ Nil (As at 31 March 2021: ₹ 36,808 lakhs)

4 Investments

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Measured at fair value through profit and loss		
Quoted: Government securities		
Nil (31 March 2021: 10,000,000) units 0% INR GOI TB 2021/182	-	9,869
Nil (31 March 2021: 5,000,000) units 0% INR GOI TB 2021/182	-	4,949
2,500,000 (31 March 2021: NIL) units 0% INR GOI TB 2022/364	2,499	
Unquoted: Certificate of deposits		
Nil (31 March 2021: 7,500) units of ₹ 100,000 each of SIDBI	-	7,186
Nil(31 March 2021: 1,500) units of ₹ 100,000 each of NABARD	-	1,462
Nil(31 March 2021: 7,500) units of ₹ 100,000 each of INDUSIND Bank	-	7,284
Total	**2,499**	**30,750**
Investments within India	2,499	30,750
Investments Outside India	-	-

5 Trade receivables

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Receivables considered good- Unsecured	51	68
Less: Provision for impairment *	-	-
Total	**51**	**68**

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.

*There are no receivables conisdered as doubtful.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(A) Trade Receivables aging schedule as on 31 March 2022

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from date of transaction					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	51	-	-	-	-	51
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-

(B) Trade Receivables aging schedule as on 31 March 2021

(₹ lakhs)

Particulars	Unbilled Dues	Outstanding for following periods from date of transaction					
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	-	68	-	-	-	-	68
(ii) Undisputed Trade Receivables – considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables considered good	-	-	-	-	-	-	-
iv) Disputed Trade Receivables considered doubtful	-	-	-	-	-	-	-

6 Loans

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Loans carried amortised cost		
(i) Loans repayable on Demand	-	-
(ii) Loans*	4,17,268	3,86,345
Gross loans	**4,17,268**	**3,86,345**
Less- Impairment allowance	(24,217)	(20,859)
Net loans and advances	**3,93,051**	**3,65,486**
(i) Secured by tangible assets	4,15,613	3,84,153
(ii) Secured by intangible assets	-	-
(iii) Covered by Bank/Government Guarantees **	1,655	2,192
(iv) Unsecured	-	-
Gross loans	**4,17,268**	**3,86,345**
Less: Impairment loss allowance	(24,217)	(20,859)
Net loans	3,93,051	3,65,486

* Note:

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

2) The Company has not granted any loans or advances in the nature of loans, to promoters, Directors, KMPs and related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person, that are either repayable on demand or without specifying any terms or period of repayment during the year.

** Represents loans under Emergency Credit Line Guarantee Scheme.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

7 Other financial assets

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Security Deposits- Considered Good and Unsecured	117	100
Interest Accrued on Investment	-	104
Receivable from Government of India for exgratia claim	-	475
Interest strip asset on assignment	2,424	3,188
Others	284	234
Total	**2,825**	**4,101**

8 Current tax assets

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Advance tax (net of provision)	1,350	621
Total	**1,350**	**621**

9 Deferred tax assets (net)

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Deferred tax asset arising on account of :		
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	88	109
Timing difference between book depreciation and Income Tax Act, 1961	97	71
Provision for expected credit loss on financial assets	6,016	5,206
Processing fees and loan origination charges adjustment related to financial assets at amortized cost	321	420
Provision for expenses disallowed as per Income-tax Act, 1961	405	151
On account of lease liabilities	526	461
Total deferred tax assets (A)	**7,453**	**6,418**
Deferred tax liability arising on account of :		
On account of right to use asset	472	419
Borrowing cost adjustment related to financial liabilities at amortized cost	208	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	213	128
Total deferred tax liabilities (B)	**893**	780
Deferred tax assets (net) (A-B)	**6,560**	**5,638**

10 Other non-financial assets

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Goods and service tax recoverable	152	143
Prepayments	336	268
Capital advances	5	-
Others	169	164
Total	**662**	**575**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

11 Property, plant and equipment

(₹ lakhs)

Particulars	Office Equipments	Furniture & Fixtures	Computers & Accessories	Leasehold Improvements	Vehicles	Land & Building*	Total
GROSS BLOCK							
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**	**1,255**
Additions	2	12	16	12	-	-	42
Deletions	(0)	(5)	(1)	-	(8)	-	(14)
Transfer to right to use of asset	-	-	-	-	-	-	-
Balance as at 31 March 2022	**135**	**447**	**366**	**316**	**12**	**6**	**1,282**
ACCUMULATED DEPRECIATION							
Balance as at 31 March 2020	**45**	**158**	**213**	**107**	**30**	**-**	**554**
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**
Depreciation charge	27	86	46	52	4	-	216
Deletions	(0)	(4)	(1)	-	(5)	-	(10)
Transfer to right to use of asset	-	-	-	-	-	-	-
Balance as at 31 March 2022	**103**	**340**	**340**	**213**	**7**	**-**	**1,004**
NET BLOCK							
Balance as at 31 March 2021	**57**	**182**	**56**	**143**	**11**	**6**	**456**
Balance as at 31 March 2022	**32**	**107**	**26**	**103**	**5**	**6**	**278**

* Pledged as security against secured non convertible debenture

Note:

1) 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.

2) The title deeds, comprising all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) classified as Property Plant and Equipment, are held in the name of the Company.

12 Right of use assets

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Right of use assets (Refer Note 42)	1,858	1,646
Total	**1,858**	**1,646**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

13 Other Intangibles assets

(₹ lakhs)

Particulars	Computer Software	Total
GROSS BLOCK		
Balance as at 31 March 2020	**225**	**225**
Additions	79	79
Deletions	-	-
Balance as at 31 March 2021	**304**	**304**
Additions	36	36
Deletions	-	-
Balance as at 31 March 2022	**340**	**340**
Amortisation		
Balance as at 31 March 2020	**53**	**53**
AMORTISATION	54	54
Deletions	-	-
Balance as at 31 March 2021	**107**	**107**
Amortisation	63	63
Deletions	-	-
Balance as at 31 March 2022	**170**	**170**
NET BLOCK		
Balance as at 31 March 2021	**197**	**197**
Balance as at 31 March 2022	**170**	**170**
INTANGIBLES UNDER DEVELOPMENT		
Balance as at 31 March 2021	**-**	**-**
Balance as at 31 March 2022	**11**	**11**

Ageing of Intangibles under development (₹ lakhs)

CWIP	As at 31 March 2022					As at 31 March 2021				
	Amount in CWIP for a period of				Total	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress*	11	-	-	-	11	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-	-	-	-	-	-

*Completion is not over due and not exceeded with its cost as compare to its original plan of Intangible asset under development.

14 Trade payables

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Dues to micro enterprises and small enterprises (refer note 44 for dues to Micro, Small and Medium enterprise)	87	36
Dues to creditors other than micro enterprisesand small enterprises	266	260
Total	**353**	**297**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(A) Trade Payable aging schedule as on 31 March 2022 **(₹ lakhs)**

Particulars	Unbilled Dues	Outstanding for following periods from transaction				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	87	-	-	-	87
(ii) Others	-	262	4	-	-	266
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues- Others	-	-	-	-	-	-

(B) Trade Payable aging schedule as on 31 March 2021 **(₹ lakhs)**

Particulars	Unbilled Dues	Outstanding for following periods from transaction				
		Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	36	-	-	-	36
(ii) Others	-	260	-	-	-	260
(iii) Disputed dues – MSME	-	-	-	-	-	-
(iv)Disputed dues- Others	-	-	-	-	-	-

15 Debt Securities

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
At amortised cost		
Non convertible debentures (secured)*	98,285	1,00,186
Total	**98,285**	**1,00,186**
Debt Securities within India	98,285	1,00,186
Debt Securities 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 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
At amortised cost		
Non convertible debentures (unsecured)*	9,776	7,218
Total	**9,776**	**7,218**
Subordinated liabilities within India	9,776	7,218
Subordinated liabilities Outside India	-	-

*The funds raised by the Company during the year by issue of Subordinated liabilities 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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

17 Borrowings

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
At amortised cost		
Term loans from bank (secured)*	2,57,890	2,79,062
Cash Credit from bank(Secured)	-	41
Other Loans		
Commercial papers (unsecured) #	-	7,160
Total	**2,57,890**	**2,86,263**
Borrowings within India	2,57,890	2,86,263
Borrowings Outside India	-	-

(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 ₹ NIL lakhs (31 March 2021: ₹ 5,000 lakhs) that are secured by way of specific charge on loan receivables.

The funds raised by the Company during the year from Borrowings 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.

Commercial paper carries interest in the range of 0% (31 March 2021: 5 to 6% p.a.) and tenure of 0 days (31 March 2021: 90 to 365 days)fully payable at maturity. The interest rate is on XIRR basis.

(b) Net debt reconciliation

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Borrowings	2,57,890	2,86,263
Debt securities (including Subordinated liabilities)	1,08,061	1,07,403
Less: Cash and cash equivalents	(3,680)	(6,818)
Net Debt	**3,62,271**	**3,86,848**

Particulars	Borrowings	Debt securities (including Subordinated liabilities)
Balance as at 31 March 2020	**2,80,342**	**89,401**
Cash flows (net)	6,120	16,500
Others*	(199)	1,502
Balance as at 31 March 2021	**2,86,263**	**1,07,403**
Cash flows (net)	(28,845)	4,900
Others*	471	(4,242)
Balance as at 31 March 2022	**2,57,889**	**1,08,061**

*Others includes the effect of accrued but not paid interest on borrowing, amortisation of processing fees etc.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

i) Details of terms of contractual principal redemption/repayment in respect of debt securities and borrowing

(A) Debt securities as on 31 March 2022 **(₹ lakhs)**

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
Debt Issued at par and redeemable at par						
2-3 years	05%- 07%	10,000	12,500	-	-	22,500
	07%- 08%	-	27,500	-	-	27,500
3-4 years	05%- 07%	-	-	10,000	-	10,000
More than 4 years	08%- 09%	4,000	6,800	12,100	-	22,900
	09%- 11%	-	-	-	2,500	2,500
3-4 years	05%- 07%	-	-	9,900	-	9,900
Total		**14,000**	**46,800**	**32,000**	**2,500**	**95,300**

(B) Subordinated Debt as on 31 March 2022 **(₹ lakhs)**

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
More than 4 years	07%- 08%	-	-	-	6,500	6,500
	08%- 09%	-	-	-	3,000	3,000
Total		**-**	**-**	**-**	**9,500**	**9,500**

(C) Debt securities as on 31 March 2021 **(₹ lakhs)**

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
Issued at par and redeemable at par						
2-3 years	05%- 07%	-	10,000	12,500	-	22,500
	07%- 08%	-	-	27,500	-	27,500
3-4 years	08%- 09%	10,000	-	-	-	10,000
	09%- 11%	7,500	-	-	-	7,500
More than 4 years	07%- 08%	-	-	-	4,000	4,000
	08%- 09%	-	4,000	6,800	15,100	25,900
	09%- 11%	-	-	-	2,500	2,500
Total		**17,500**	**14,000**	**46,800**	**21,600**	**99,900**

(D) Subordinated Debt as on 31 March 2021 **(₹ lakhs)**

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
Issued at par and redeemable at par						
More than 4 years	07%- 08%	-	-	-	4,000	4,000
	08%- 09%	-	-	-	3,000	3,000
Total		**-**	**-**	**-**	**7,000**	**7,000**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(E) Borrowings as on 31 March 2022

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 4 years	05%- 07%	36	3,214	36	3,214	36	3,214	48	3,339	12,981
Quarterly repayment schedule										
3-4 years	07%- 08%	8	8,750	8	8,750	4	3,750	-	-	21,250
More than 4 years	07%- 08%	48	22,159	41	17,587	7	4,583	7	6,875	51,204
Half yearly repayment schedule										
1-2 years	07%- 08%	2	2,500	-	-	-	-	-	-	2,500
2-3 years	07%- 08%	1	5,000	-	-	-	-	-	-	5,000
3-4 years	05%- 07%	4	2,000	4	2,000	4	2,000	3	1,500	7,500
	07%- 08%	-	-	3	10,000	3	7,500	3	2,500	20,000
More than 4 years	07%- 08%	32	23,062	31	25,354	21	16,979	25	18,870	84,265
	08%- 09%	31	19,931	21	18,931	9	14,444	-	-	53,306
Total		**162**	**86,616**	**144**	**85,836**	**84**	**52,470**	**86**	**33,084**	**2,58,006**

* All borrowings from banks are floating in nature

(F) 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 4 years	07%- 08%	36	3,214	36	3,214	36	3,214	88	6,554	16,196
Quarterly repayment schedule										
1-2 years	07%- 08%	2	1,250	-	-	-	-	-	-	1,250
2-3 years	07%- 08%	2	1,250	-	-	-	-	-	-	1,250
3-4 years	07%- 08%	-	-	4	2,500	4	2,500	2	1,250	6,250
More than 4 years	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										
3-4 years	07%- 08%	-	-	1	1,000	2	2,000	2	2,000	5,000
More than 4 years	07%- 08%	49	30,347	57	39,125	50	39,625	35	28,917	1,38,014
	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										
Upto 1 year	07%- 08%	2	5,041	-	-	-	-	-	-	5,041
Total		**129**	**60,760**	**164**	**83,692**	**148**	**78,745**	**150**	**56,152**	**2,79,350**

*All borrowings from banks are floating in nature

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

iia) Particulars of Secured Redeemable Non-convertible Debentures:

Particulars	Face Value (₹ lakhs)	Quantity	Date of Redemption	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
8.48% Series-7	10	1,000	April 20, 2021	-	10,000
9.2% Series-8	10	750	July 28, 2021	-	7,500
8.05% Series-2	10	400	March 24, 2023	4,000	4,000
7.95% Series-13	10	1,750	May 18, 2023	17,500	17,500
8.75% Series-6	10	680	May 28, 2023	6,800	6,800
7.2% Series-14	10	1,000	June 29, 2023	10,000	10,000
FRB (Linked to 3 Months T-Bills plus spread of 2.25%) Series-16	10	1,250	September 26, 2023	12,500	12,500
6.00 % Series-15	10	1,000	October 14, 2022	10,000	10,000
FRB (linked to 3 month T-bills plus spread of 2 %) Series 17	10	1,000	December 13, 2024	10,000	-
FRB (linked to 3 month T-bills plus spread of 2 %) Series-17 Reissuance I	10	990	December 13, 2024	9,900	-
8.65% Series-12	10	1,210	February 12, 2025	12,100	12,100
9.25% Series-9	10	250	August 8, 2025	2,500	2,500
Total				**95,300**	**92,900**

iib) Particulars of Unsecured Non-convertible Debentures:

Particulars	Face Value (₹ lakhs)	Quantity	Date of Redemption	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
8.5% Sub-debt-1	10	300	June 7, 2030	3,000	3,000
7.63% Sub-debt-2	10	400	January 1, 2031	4,000	4,000
7.7% Sub-debt-3	100	25	August 12, 2031	2,500	-
Total				**9,500**	**7,000**

18 Other financial liabilities

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Employee benefits and other payables	1,146	913
Book overdraft*	8,218	7,374
Payable towards asset assignment	1,369	1,227
Lease liabilities	2,079	1,831
Others **	3,975	3,060
Total	**16,787**	**14,405**

*Book overdraft represents cheque issued towards disbursement to borrowers but not presented to banks as on March 31, 2022.

** Others includes expense accruals amounting to ₹ 2,436 lakhs (As at 31 March 2021 ₹1,426 lakhs)

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

19 Provisions

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Provision for compensated absences (Refer Note 37C)	105	80
Provision for defined benefit plans (Refer Note 37C)	17	205
Provision for code on social security (Refer Note 37.1)	264	-
Provision for future litigation (Refer Note 19.1)	500	260
Total	**886**	**545**

19.1. Provision for future litigation

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Opening	260	156
Addition	240	104
Reduction	-	-
Closing	**500**	**260**

20 Other non-financial liabilities

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Statutory dues	165	142
Prepayments from Borrower	1,265	571
Others	288	762
Total	**1,718**	**1,475**

21 Equity share capital

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Authorised Equity shares Capital	1,50,000	1,50,000
1,500,000,000 (31 March 2021: 1,500,000,000) equity shares of ₹ 10 each		
Issued, subscribed and fully paid up	30,803	30,803
308,033,193 (31 March 2021: 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 2022		As at 31 March 2021	
	Number of shares	Amount (₹ lakhs)	Number of shares	Amount (₹ lakhs)
Balance at the beginning of the year	30,80,33,193	30,803	30,80,33,193	30,803
Add :Shares issued during the year	-	-	-	-
Balance at the end of the year	**30,80,33,193**	**30,803**	**30,80,33,193**	**30,803**

(b) Terms/right attached to equity shares:

The Company has only one class of equity shares having a par value of ₹ 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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(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 2022		As at 31 March 2021	
	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 2021: 308,033,193) equity shares of ₹ 10 each fully paid)	30,80,33,193	30,803	30,80,33,193	30,803

(d) Shareholders holding more than 5% of the shares in the Company

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number of shares	% of holding	Number of shares	% of holding
Fullerton India Credit Company Limited, the holding company and its nominees	30,80,33,193	100.0%	30,80,33,193	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 2022.

22 Other equity

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Capital Reserve	10	10
Securities premium	40,186	40,186
Reserve Fund under Section 29C(i) of the NHB Act, 1987	847	509
Items of other comprehensive income	14	(20)
Surplus in the statement of profit and loss	(4,605)	(5,954)
Total	**36,452**	**34,731**

(Refer Statement of Change in Equity for the year ended 31 March 2022 for movement in Other Equity)

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

23 Interest Income

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
On Financial assets measured at amortised cost		
Loans *	45,033	47,625
Deposits with banks	2,846	2,070
On Financial assets measured at Fair value thorugh Profit and Loss(FVTPL)		
Investments	484	1,318
Total	**48,363**	**51,013**

*In accordance with RBI notification dated April 7, 2021, the Company is required to refund/adjust 'interest on interest' to eligible borrowers. As required by the RBI notification, the methodology for calculation of such interest on interest has been circulated by the Indian Banks' Association. The Company had processed and refunded/adjusted interest relief amounting ₹ Nil (Year ended 31 March 2021 : ₹ 154 lakhs) to and reduced the same from the interest income.

24 Fees and commission income

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Fees and commission income (Refer Note 47)	710	500
Total	**710**	**500**

25 Net gain on fair value changes

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
On financial instruments designated at fair value through profit or loss		
Realised Gain	15	42
Unrealised Gain	-	-
Total	**15**	**42**

26 Ancillary income

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Other fee income	192	60
Total	**192**	**60**

27 Other income

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Profit on derecognition of property plant and equiptment (net)	2	-
Interest on Security Deposits	15	8
Miscellaneous income	492	188
Total	**509**	**196**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

28 Finance costs

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
On financial liabilities measured at amortised cost		
Borrowings	19,681	21,450
Debt securities	7,100	9,041
Interest expense on lease rental liabilities	166	119
Bank charges and others	379	480
Total	**27,326**	**31,090**

29 Net loss on fair value changes

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
On financial instruments designated at fair value through profit or loss	-	1
Total	**-**	**1**

30 Impairment on financial instruments

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
On Financial assets measured at amortised cost		
Bad debts and Write off (net of recovery)	3,359	7,444
Expected credit loss on loans	3,358	10,604
Total	**6,717**	**18,048**

*Bad debts and write offs offset by recovery of ₹1,217 lakhs (FY 2021: ₹1,602 lakhs)

31 Employee benefits expense

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Salaries, bonus and allowances	7,552	6,505
Share based payment to employee's and director's	347	(71)
Contribution to provident and other funds (refer note 37)	430	354
Provision for code on social security (refer note 37.1)	264	-
Staff welfare and training expenses	306	319
Total	**8,899**	**7,107**

Notes to Financial Statements
for the year ended 31 March, 2022 *Contd...*

32 Other expenses

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Printing and stationery	63	34
Rent,Rates and taxes	48	42
Legal charges	439	479
Professional charges	1,462	990
Collection expenses	226	6
Courier charges	23	13
Repairs and maintenance		
Office premises	99	91
Others	1	0
Directors' sitting fees	30	24
Travelling expenses	249	124
Telecommunication expenses	63	90
Payment to auditor (refer details below)	33	26
Electricity charges	76	76
Security charges	30	51
Recruitment expenses	36	15
Fees and subscription	32	6
Corporate social responsibility expenses as per section 135 (5) of Companies Act, 2013 (Refer note 45)	-	14
Miscellaneous expenses	1,609	928
Write off of Property, plant & equipment and intangible assets	1	25
Total	**4,520**	**3,033**
Professional fees payable to auditors		
Statutory Audit fee	14	13
Limited review	4	3
Tax Audit fee	4	3
Certification matter	10	6
Reimbursement of expenses	1	1
	33	**26**

33 Tax expense

(a) Amount recognised in the statement of profit and loss

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Current tax for the year	1,497	843
Current tax expense (A)	**1,497**	**843**
Deferred taxes for the year		
Change in deferred tax assets	(1,035)	(2,675)
Change in deferred tax liabilities	113	(25)
Net deferred tax expense (B)	**(922)**	**(2,700)**
Total income tax expense (A+B)	**575**	**(1,857)**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(b) Amount recognised in Other comprehensive income

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on defined benefit obligations	45	(5)
Income tax relating to above	(11)	1
Total	**34**	**(4)**

(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 2022 and 2021 is, as follows:

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Net profit / (loss) before OCI as per profit & loss	**2,261**	**(7,408)**
Income tax @ Statutory Tax Rate of 25.17%	570	(1,864)
Tax effects of:		
Items which are taxed at different rates	-	-
Net expenses that are not deductible in determining taxable profit	6	8
Recognition of previously unrecognised temporary differences	-	0
Income tax expenses reported in profit & loss	**575**	**(1,857)**
Tax Rate Effective*	25.44%	25.06%

Significant components and movement in deferred tax assets and liabilities

Particulars	As at 31 March 2021	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2022
On account of right to use asset	419	53	-	-	472
Borrowing cost adjustment related to financial liabilities at amortized cost	233	(25)	-	-	208
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	85	-	-	213
Deferred Tax liability (A)	**780**	**113**	**-**	**-**	**893**
Deferred tax assets on account of:					
Impact of expenditure charged to profit and loss but allowed for tax purposes on payment basis	109	(21)	-	-	88
Timing difference between book depreciation and Income Tax Act, 1961	71	26	-	-	97
Provision for expected credit loss on financial assets	5,206	810	-	-	6,016
Processing fees and loan origination charges adjustment related to financial assets at amortized cost	420	(99)	-	-	321
Provision for expenses disallowed as per Income-tax Act, 1961	151	254	-	-	405
On account of lease liabilities	461	65	-	-	526
Deferred tax asset (B)	**6,418**	**1,035**	**-**	**-**	**7,453**
Net Deferred tax assets (B-A)	**5,638**	**923**	**-**	**-**	**6,560**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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 2020	Recognised in Profit and loss	Recognised in OCI	Recognised in equity	As at 31 March 2021
Deferred tax liabilities on account of:					
Fair value on Investments	29	(28)	-	-	1
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	60	-	-	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 loan origination charges 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)	-	-	0
On account of lease liabilities	546	(86)	-	-	461
Deferred tax asset (B)	**3,743**	**2,675**	**-**	**-**	**6,418**
Net Deferred tax assets (B-A)	**2,937**	**2,700**	**-**	**-**	**5,638**

34 Earnings per share

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Net Profit after tax attributable to Equity Holders (₹ lakhs)	1,686	(5,551)
Weighted Average number of Equity Shares for basic earnings per share	30,80,33,193	30,80,33,193
Weighted Average number of Equity Shares for diluted earnings per share	30,80,33,193	30,80,33,193
Earnings per Share		
Basic earning per share ₹	0.55	(1.80)
Diluted earning per share ₹	0.55	(1.80)
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, 2022 *Contd...*

35 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 KMP, 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	
	Upto November 30, 2021	**With effect from November 30, 2021**
Ultimate Holding Company	Temasek Holdings (Private) Limited	Sumitomo Mitsui Financial Group
	1. Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica) 2. Angelica Investments Pte Ltd, Singapore ('Angelica')	Not applicable
Holding Company	Fullerton India Credit Company Limited	
Entities having significant influence	Not applicable	1. Temasek Holdings (Private) Limited 2. Fullerton Financials Holdings Pte Ltd (Holding Company of Angelica) 3. Angelica Investments Pte Ltd, Singapore ('Angelica')
Key Management Personnel	Dr. Milan Shuster-Independent Director (upto December 22, 2021)	
	Ms. Sudha Pillai- Independent Director	
	Mr. Shantanu Mitra- Chairman and Non-executive director(w.e.f December 22, 2021)	
	Mr. Ajay Pareek- Non-executive director(upto December 22, 2021)	
	Mr. Radhakrishnan Menon- Independent director(upto December 22, 2021)	
	Mr. Anindo Mukherjee- Non-Executive Director (upto December 22, 2021)	
	Mr. Pankaj Malik- Chief Financial Officer (upto 30 September 2021)	
	Mr. Ashish Chaudhary- Chief Financial Officer (w.e.f. 1 October 2021)	
	Ms. Seema Sarda- Company Secretary (upto October 31,2021)	
	Mr. Jitendra Maheshwari-Company Secretary (w.e.f. November 1,2021)	
	Mr. Rakesh Makkar, Chief Executive Officer and Whole time Director (upto March 15, 2022) *	

***In the interim, effective from 29 March,2022 till the time new CEO is appointed or 180 days whichever is earlier, Interim Operations Management Committee" comprise of Mr. Shantanu Mitra- (Chairman and Non-executive director), Mr. Ajay Pareek (Non-executive director), Mr. Dhanajay Tiwari (Chief Risk Officer), was constituted to manage the day-to-day running of the Company.

35.1 Transactions during the period with related parties

Nature of transaction	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Income as per Resource sharing agreement		
Fullerton India Credit Company Limited	157	89
Expense as per Resource sharing agreement *		
Fullerton India Credit Company Limited	1,490	1,055
Commitment Charges on Committed lines provided by parent Company		
Fullerton India Credit Company Ltd	215	221

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

Remuneration to Company's Key Management Personnel	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Salary, bonus and allowances (including short term benefits)		
Mr. Rakesh Makkar	215	303
Mr. Ashish Chaudhary	19	-
Ms. Seema Sarda	27	49
Mr. Jitendra Maheswari	20	-
Director's sitting fees		
Ms. Sudha Pillai	16	13
Dr. Milan Shuster-Independent Director (upto December 22, 2021)	10	11
Mr. Radhakrishnan Menon - Independent director(upto December 22, 2021)	4	-
Post-employment benefits (on payment basis) **		
Ms. Seema Sarda	1	-
Mr. Rakesh Makkar	-	3
Share based payments (on payment basis)**		
Mr. Rakesh Makkar	755	-
Total	**1,067**	**379**

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.

* The aforesaid resource sharing cost paid to Fullerton India Credit Company Ltd includes deputation cost of certains KMP.

**Expense towards gratuity, leave encashment and Share based payments cannot be determined employee wise since the provision is based on the actuarial valuation of the company as a whole, hence the same have not been considered in above disclosure.

35.2 Amount Outstanding to / from related parties:

Balance outstanding as at the end of period	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ 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	540	116

Off balance sheet Exposure

Committed credit lines sanctioned by the holding Company (FICC) was matured and renewed on 29 March 2022, amounting to ₹ 25,000 Lakhs (31 March 2021: ₹ 25,000 Lakhs)

36 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

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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"

37 Retirement Benefit Plans

(A) Defined Contribution Plan (Provident fund)

The total expense charged to income statement of ₹ 366 lakhs (2021: ₹ 313 lakhs) represents contributions payable to Employees State Insurance Corporation and provident fund plans by the Company at rates specified in the rules of the plan.

(B) Defined Benefit Obligation

I. Gratuity

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	6.41% p.a.	6.33% p.a.
Rate of increase in compensation	9.00% p.a.	8.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	44.20%	35.68%
5 years and above	1.25%	1.25%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	49.40%	29.91%
5 years and above	1.25%	1.25%
Assets information:		
Insurance fund	213	2
Changes in the present value of defined benefit obligation		
Present value of obligation at the beginning of the year	208	162
Interest expense	13	9
Current service cost	60	33
Past service cost	-	-
Liability Transferred In	16	1
Liability Transferred Out	(10)	(3)
Benefit Paid From the Fund / Employer	(10)	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	(51)	83
Actuarial (Gains)/Losses on Obligations- Due to Change in Financial Assumptions	31	(71)
Actuarial (Gains)/Losses on Obligations- Due to Experience adjustments	(26)	(6)
Present Value of obligation at the end of the year	**230**	**208**
Changes in the Fair value of Plan Assets		
Fair value of plan assets at beginning of the year	2	-
Interest income	10	-
Contributions by the Employer	208	2
Mortality charges and taxes	-	-
Benefit Paid from the Fund	(5)	-
Return on Plan Assets, Excluding Interest Income	(2)	(0)
Fair Value of Plan Assets at the end of the year	**213**	**2**
Assets and liabilities recognised in the balance sheet		
Present value of the defined benefit obligation at the end of the year	(230)	(208)
Fair Value of Plan Assets at the end of the Period	213	2
Funded Status (Surplus/ (Deficit))	(17)	(205)
Net (Liability)/Asset Recognized in the Balance Sheet	**(17)**	**(205)**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

Expenses recognised in the Statement of Profit and Loss	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Current Service Cost	60	33
Past service cost	-	-
Net interest (income)/ expense	3	9
Net gratuity expense recognised	**63**	41
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	(45)	5
Total remeasurement cost / (credit) for the year recognised in OCI	**(45)**	**5**

Reconciliation of Net asset / (liability) recognised:	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Opening Net Liability	205	162
Expenses recognised at the end of period	63	41
Amount recognised in other comprehensive income	(45)	5
Net Liability/(Asset) Transfer In	16	1
Net (Liability)/Asset Transfer Out	(10)	(3)
Employer's Contribution	(208)	(2)
Benefits directly paid by Employer	(5)	-
Net Liability/(Asset) Recognized in the Balance Sheet	**17**	**205**

Sensitivity Analysis:

Particulars	As at 31 March 2022 (₹ lakhs)		As at 31 March 2021 (₹ lakhs)	
	Decrease	Increase	Decrease	Increase
Discount Rate (1% movement)	41	34	35	(29)
Future Salary Growth (1% movement)	(33)	40	(29)	34
Rate of Employee Turnover (1% movement)	11	(10)	8	(7)

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 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
1	2	2
2	2	2
3	3	3
4	3	3
5	3	3
Sum of Years 6 to 10	31	58

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

(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 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Actuarial assumptions		
Mortality table	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
Discount rate and expected rate of return on assets	6.41% p.a.	6.33% p.a.
Rate of increase in compensation	9.00% p.a.	8.00% p.a.
Employee turnover :		
Category 1 – For basic upto ₹ 1.2 lakhs		
Up to 4 years	44.20%	35.68%
5 years and above	1.25%	1.25%
Category 2 – For basic more than ₹ 1.2 lakhs		
Up to 4 years	49.40%	29.91%
5 years and above	1.25%	1%
Funding status	**Unfunded**	**Unfunded**
Projected obligation against compensated absences	**105**	**80**

37.1 The Code on Social Security 2020 ('Code') relating to employee benefits during employment and post-employment received Presidential assent in September 2020 and over the period majority of the state have notified draft guidelines. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules are yet to be issued, however, it is anticipated that the code would be enacted in the near future. Accordingly, the Company has carried out the impact assessment of the gratuity liability based on an actuarial valuation and on a prudent basis made a provision of ₹ 264 lakhs in the profit and loss account for the year ended 31 March, 2022 (₹NIL lakhs in previous year). This is over and above the provisions made in normal course based on extant rules and as reported in the above disclosure.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

38 Employee stock appreciation rights

The Company has an has cash settled share based payments scheme, under which grants were made as per details provided below:

Date of Grant	Grant 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 6A	Grant 10	Grant 11
	01-Apr-15	01-Apr-16	01-Apr-17	01-Apr-18	01-Apr-19	01-Apr-19	01-Apr-17	01-Apr-20	01-Apr-21
Value of the Grant	₹ 115 Lakhs	₹ 145 Lakhs	₹ 155 Lakhs	₹ 126 Lakhs	₹ 179 Lakhs	₹ 38Lakhs	₹ 251 Lakhs	₹ 159 Lakhs	₹ 108 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	Achievement of certain targets
Graded Vesting (subject to achievement of performance condition given above)	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 I: 33% vesting on 1st December 2024
	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 II: 33% vesting on 1st December 2025
	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	Tranche III: 34% vesting on 1st December 2026
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 6A where period is 3 years								
Method of Settlement	Cash Payout as per terms of the scheme								

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 5	Grant 6	Grant 7	Grant 8	Grant 9	Grant 9A	Grant 6A	Grant 10	Grant 11
As at 31 March 2022	18.33	14.29	12.87	11.30	9.24	9.24	12.87	7.90	10.42
As at 31 March 2021	17.97	14.03	12.65	11.10	8.75	8.75	12.65	7.52	NA
Exercise price vest 1	15.96	16.18	17.25	11.10	NA	NA	17.25	NA	NA
Exercise price vest 2	20.88	19.47	12.65	NA	NA	NA	12.65	NA	NA
Exercise price vest 3	25.32	14.03	NA	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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

The movement of the stock appreciation rights during the year is as under:

Particulars (No. of Options)	As at 31 March 2022	As at 31 March 2021
Options outstanding as at the beginning of the year	60,01,125	59,88,750
Options granted during the year	10,75,000	15,93,000
Options forfeited during the year	(41,63,000)	(15,43,500)
Options exercised during the year	(11,27,964)	(37,125)
Options lapsed during the year	(15,09,786)	-
Grants of employee transferred during the year from/(to) holding company	(75,375)	-
Options Outstanding as at the end of the year	2,00,000	54,13,875
Options vested and exercisable	-	5,87,250
Expense recognised (₹ Lakhs)	**347**	**(71)**

Note: The above information is as certified by the actuary and relied upon by the auditors.

39 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 2022 or 31 March 2021. The Company operates in single geography i.e. India and therefore geographical information is not required to be disclosed separately.

40 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 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Guarantees	25	25
Contingent liability for litigations pending against the Company	4	3

b) Capital and other commitments

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2022 is ₹ 28 Lakhs (31 March 2021 is ₹ 32 Lakhs).

(ii) Loans sanctioned not yet disbursed as at 31 March 2022 were ₹ 37,984 Lakhs (31 March 2021 were ₹ 21,835 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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

41 EMI Moratorium and resolution as per RBI Regulatory packages

In the previous year ended 31 March 2021, in accordance with the Reserve Bank of India ('RBI') guidelines relating to 'COVID-19 Regulatory Package' dated 27 March 2020 and subsequent guidelines on EM! moratorium dated 17 April 2020 and 23 May 2020, the Company had offered moratorium to its customers based on requests as well as on Suo-moto for EMIs falling due between 1 March 2020 to 31 August 2020. Further, the Company offered resolution plan to its customers pursuant to the RBI 's guideline 'Resolution framework for COVID-19 related stress' dated 6 August 2020. During the financial year ended 31 March 2022, the Company offered resolution plan to its customers pursuant to RBI's guideline 'Resolution Framework-2.0: Resolution of Covid-19 related stress of Individuals and Small Businesses' dated 5 May 2021. Disclosure as required by RBI for moratorium and resolution framework are given below in note below.

Type of Borrowers (₹ Lakhs)	Exposure to accounts classified as Standard consequent to implemention of resolution plan- Positions as at 1 April 2021	Of (A) aggregate debt that slipped into NPA during the half year ended 30 September 2021	Of (A) amount written off during the half- year ended 30 September 2021	Of (A) amount paid by the borrowers during the half year ended 30 September 2021	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at 30 September 2021*
Personal Loans	7,501	1,269	-	271	6,194
Others	3,508	574	-	186	3,031
Total	**11,009**	**1,843**	**-**	**457**	**9,225**

Type of Borrowers (₹ Lakhs)	Exposure to accounts classified as Standard consequent to implemention of resolution plan- Positions as at 30 September 2021**	Of (A) aggregate debt that slipped into NPA during the half year ended 31 March 2022	Of (A) amount written off during the half- year ended 31 March 2022	Of (A) amount paid by the borrowers during the half year ended 31 March 2022	Exposure to accounts classified as Standard consequent to implementation of resolution plan- Position as at 31 March 2022*
Personal Loans	6,306	1,564	-	877	5,279
Others	3,366	701	-	99	3,230
Total	**9,672**	**2,265**	**-**	**976**	**8,509**

* includes interest capitalised post implementation of one time resolution plan

** includes restructuring implemented pursuant to OTR 2.0 and balances for accounts for which OTR 2.0 was invoked prior to 30 September 2021 and implemented after 30 September 2021

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

42 Leases

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.

(i) Amounts recognised in Balance Sheet (₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
a) Right-of-use assets (net)	1,858	1,646
b) Lease liabilities		
Current	414	279
Non-current	1,665	1,552
Total Lease liabilities	2,079	1,831
c) Additions to the Right-of-use assets	756	408

Statement showing carrying value of right of use assets: (₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
As the beginning of year end	1,640	2,404
Additions	756	408
Deductions/Adjustments	154	434
Depreciation	384	737
As the year end	1,858	1,640

(ii) Amount Recognised in profit & loss (₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Depreciation charge for right-of-use assets	384	345
Interest expenses (included in finance cost)	166	119
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 (₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Less than one year	575	433
One to five years	1,937	1,565
More than five years	65	342
Total payments	**2,577**	**2,340**

(iv) Cash flows (₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
The total cash outflow of leases	514	433

(v) Future commitments (₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Future undiscounted lease payments to which leases is not yet commenced	-	-

(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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(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.

43 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 2022	As at 31 March 2021
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	87	37
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.	-	-

44 Corporate Social Responsibilities Expenses

Gross amount required to be spent by the company is ₹ Nil lakhs for the year ended 31 March 2022 and ₹ 14 lakhs for 31 March 2021.

The details of amounts spent towards CSR are as under :

Particulars	As at 31 March 2022	As at 31 March 2021
i) Construction / acquisition of any asset	-	-
ii) On purpose other than (i) above		14
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.

45 Events after reporting date

There have been no events after the reporting date that require adjustment or disclosure in these financial statements.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

46 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 holdinfg 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 ₹ 1,490 lakhs (31 March 2021; ₹ 1,055 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 pe arm's length price certified by the independent third party."

During the year the Company has charged to ₹ 157 lakhs (31 March 2021; ₹ 89 lakhs) on account of above mentioned arrangement.

47 IRDAI disclosure

Disclosure as per Schedule VI B for insurance commission income earned during the year ended:

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
ICICI Lombard General Insurance Company Ltd	-	5
HDFC Life Insurance Company Ltd	-	2
ICICI Prudential Life Insurance Company Ltd	-	3

48 There was no amount due and outstanding to be credited to Investor Education and Protection Fund as at 31 March, 2022 (31 March 2021: Nil).

49 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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

Risk	Exposure arising from	Management
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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

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 2022 was ₹ 1,462 lakhs (31 March 2021: ₹ 1,518 lakhs), before taking into account collateral or other credit enhancements or undisbursed commitments.

70 % of the Company's Loan outstanding is from Borrowers residing across 6 various states of India.

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.

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

Reconciliation of ECL balances in given below :

Particulars	As at 31 March 2022 (₹ lakhs)				As at 31 March 2021 (₹ lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance- opening balance	1,549	8,272	11,038	**20,859**	2,538	773	6,944	**10,255**
New assets originated or purchased	670	-	-	**670**	132	-	-	**132**
Assets derecognised or repaid	(438)	(957)	(1,319)	**(2,713)**	(349)	(19)	(1,953)	**(2,321)**
Net transfers to/from Stage 1	188	(87)	(102)	**-**	253	(90)	(163)	**-**
Net transfers to/from Stage 2	(3,236)	3,569	(333)	**-**	(224)	577	(353)	**-**
Net transfers to/from Stage 3	(3,009)	(4,184)	7,193	**-**	(104)	(421)	525	**-**
Remeasurement of ECL	6,329	1,858	(983)	**7,204**	(696)	7,460	9,776	**16,540**
Amounts written off	(0)	(34)	(1,769)	**(1,803)**	(1)	(8)	(3,738)	**(3,747)**
ECL allowance - closing balance	**2,053**	**8,438**	**13,725**	**24,216**	**1,549**	**8,272**	**11,038**	**20,859**

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.

Particulars	As at 31 March 2022 (₹ lakhs)				As at 31 March 2021 (₹ lakhs)			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance	**3,25,598**	**36,222**	**20,939**	**3,82,760**	**3,70,803**	**8,674**	**14,505**	**3,93,983**
New assets originated or purchased	1,11,361	-	-	**1,11,361**	55,794	-	-	**55,794**
Assets derecognised/repaid/ recovery	(69,740)	(4,795)	(2,378)	**(76,912)**	(54,267)	(67)	(5,454)	**(59,788)**
Net transfers to/from Stage 1	6,584	(4,756)	(1,828)	**-**	1,350	(1,010)	(341)	**-**
Net transfers to/from Stage 2	(22,068)	23,795	(1,727)	**-**	(32,749)	33,487	(737)	**-**
Net transfers to/from Stage 3	(6,472)	(7,464)	13,937	**-**	(15,199)	(4,729)	19,928	**-**
Amounts written off	(109)	(368)	(4,128)	**(4,605)**	(134)	(133)	(6,962)	**(7,229)**
Closing balance	**3,45,154**	**42,634**	**24,815**	**4,12,604**	**3,25,598**	**36,222**	**20,939**	**3,82,760**
Interest accrued and other amortised cost	1,987	1,497	1,181	**4,664**	4,700	1,002	1,072	**6,774**
	3,47,141	**44,131**	**25,996**	**4,17,268**	**3,27,110**	**37,224**	**22,012**	**3,86,346**

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

Exposure to credit risk and Collateral management

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. In normal course of business, the Company does not physically repossess properties or collaterals. Once contractual loan repayments are more than 90 days past due, repossession of property(ies) may be initiated under the provisions of the SARFAESI Act, 2002. Repossessed property(ies) is disposed of in the manner prescribed in the SARFAESI Act, 2002, to recover outstanding debt. For other collaterals the Company liquidates the assets and recovers the amount due against the loan. 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 2022 (₹ in lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)*	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents (Other than Cash in hand)	43,567	-	43,567	-
Loans (gross)	4,17,268	12,08,963	(7,91,695)	(24,217)
Trade receivables	51	-	51	-
Financial Assets at FVTPL (Other than Investment in Government Securities)	-	-	-	-
Other financial asset	2,825	-	2,825	-
Total Financial Asset	**4,63,711**	**12,08,963**	**(7,45,252)**	**(24,217)**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

As at 31 March 2021 (₹ in lakhs)	Maximum exposure to credit risk	Collaterals (Land & building)*	Net Exposure	Associated ECLs
Financial Assets				
Cash & cash equivalents (Other than Cash in hand)	66,335	-	66,335	-
Loans (gross)	3,86,345	11,04,756	(7,18,411)	(20,859)
Trade receivables	68	-	68	-
Financial Assets at FVTPL (Other than Investment in Government Securities)	15,932	-	15,932	-
Other financial asset	4,101	-	4,101	-
Total Financial Asset	**4,72,781**	**11,04,756**	**(6,31,975)**	**(20,859)**

*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

Loans (gross)	Maximum exposure to credit risk	Collaterals (Land & building)	Net Exposure	Associated ECLs
As at 31 March 2022 (₹ in lakhs)	**25,996**	**66,561**	**(40,565)**	**13,801**
As at 31 March 2021 (₹ in lakhs)	22,012	34,815	(12,803)	10,852

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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.

(₹ lakhs)

As at 31 March 2022	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	353	353	-	-	353
Borrowings other than debt securities	2,57,890	1,02,494	1,85,107	2,019	2,89,619
Debt Securities (including Subordinated liabilities)	1,08,061	21,653	92,402	12,703	1,26,759
Lease liabilities	2,079	575	1,937	65	2,577
Other financial liabilities (excluding lease liabilities)	14,708	14,708	-	-	14,708

(₹ lakhs)

As at 31 March 2021	Carrying value	Within 1 year	1 to 5 years	After 5 years	Total
Financial liabilities					
Trade payables	296	296	-	-	296
Borrowings other than debt securities	2,86,263	86,967	2,41,427	1,313	3,29,706
Debt Securities	1,07,403	28,954	88,972	10,231	1,28,157
Lease liabilities	1,831	433	1,565	342	2,340
Other financial liabilities (excluding lease liabilities)	12,574	12,574	-	-	12,574

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 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Expiring within one year	66,000	40,000
Expiring beyond one year (term loan)	-	-

The bank term loan facilities may be drawn at any time in ₹ and have an average maturity of 2.9 years (2021 : 1 year),Subject to maintenance of satisfactory credit ratings. In addition to above , the company also have undrawn bank overdraft facilities ₹ 12,500 lakhs (31 March 2021: ₹12,500 lakhs) which may be drawn at any time and may be terminated by the bank without notice.

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.

Competitions Risk

Company offers a range of mortgage products such as home loan, loans against property and construction of real estate. These are provided to a broad segment of customers including salaried and self-employed personnel and corporates. We face competition primarily from other HFCs. The major competitive factors among the peer group are an extensive branch network, greater funding capabilities, wider range of products and services, and advanced technology offerings.

Foreign Currency Risk

The Company has no foreign currency denominated assets and liabilities. Accordingly, there is no exposure to currency risk.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Exposure to price risk	2,499	30,750

Sensitivity analysis

The table below sets out the effect on profit or loss due to reasonable possible weakening / strengthening in prices of 5% :

Effect on profit or loss (₹ lakhs)	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Impact on profit before tax for 5% increase in prices	(16)	(384)
Impact on profit before tax for 5% decrease in prices	16	384

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 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Fixed rate borrowings		
Debt Securities*	72,400	87,400
Commercial paper	-	7,500
Variable rate borrowings	2,90,406	2,91,850
Total borrowings	**3,62,806**	**3,86,750**

* Includes Subordinated liabilities

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

(₹ lakhs)

Effect on profit or loss	As at 31 March 2022	As at 31 March 2021
Impact on profit before tax of 100 bps increase in interest rate	(2,904)	(2,919)
Impact on profit before tax of 100 bps decrease in interest rate	2,904	2,919

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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 :

Particulars	As at 31 March 2022 (₹ lakhs)		As at 31 March 2021 (₹ lakhs)	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial assets:				
Cash and cash equivalent	-	3,680	-	6,818
Bank balances other than cash and cash equivalent	-	39,955	-	59,566
Trade Receivables	-	51	-	68
Loans and advances to customers	-	3,93,051	-	3,65,486
Investments	2,499	-	30,750	-
Other financial assets	-	2,825	-	4,101
Total financial assets	**2,499**	**4,39,562**	**30,750**	**4,36,039**
Financial liabilities:				
Trade payables	-	353	-	296
Debt securities	-	98,285	-	1,00,186
Subordinated liabilities	-	9,776	-	7,218
Borrowing other than debt securities	-	2,57,890	-	2,86,263
Other financial liabilities	-	16,787	-	14,405
Total financial liabilities	**-**	**3,83,091**	**-**	**4,08,368**

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.

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

Particulars	Level 1		Level 2	
	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Investment	2,499	14,818	-	15,932
Total	**2,499**	**14,818**	**-**	**15,932**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

b) Financial assets and liabilities measured at amortized cost at each reporting date

Particulars	Carrying Value	As at 31 March 2022 (₹ lakhs) Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	4,17,268	-	4,17,268
Other financial assets	2,825	-	2,832
Total	**4,20,093**	**-**	**4,20,100**
Financial liabilities measured at amortised cost			
Debt securities	98,285	-	98,557
Subordinated liabilities	9,776	-	9,478
Borrowing other than debt securities	2,57,890	-	2,57,890
Lease liabilities	2,079	-	2,192
Total	**3,68,030**	**-**	**3,68,117**

Particulars	Carrying Value	As at 31 March 2021 (₹ lakhs) Fair Value	
		level 2	level 3
Financial assets measured at amortised cost			
Loans and advances to customers *	3,86,345	-	3,86,345
Other financial assets	4,101	-	4,111
Total	**3,90,446**	**-**	**3,90,456**
Financial liabilities measured at amortised cost			
Debt securities	1,00,186	-	1,00,005
Subordinated liabilities	7,218	-	7,385
Borrowing other than debt securities	2,86,263	-	2,86,263
Lease liabilities	1,831	-	1,913
Total	**3,95,498**	**-**	**3,95,566**

***Gross value of 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	Incremental 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.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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.
Certificate of Deposits	The fair value for such securities is determined by applying benchmark yield available in the public domain.

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.

50 Maturity Analysis of Assets and Liabilities

Particulars	As at 31 March 2022 (₹ lakhs)			As at 31 March 2021 (₹ lakhs)		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial Assets						
Cash and cash equivalents	3,680	-	3,680	6,818	-	6,818
Bank balances other than cash and cash equivalents	39,955	-	39,955	59,566	-	59,566
Investments	2,499	-	2,499	30,750	-	30,750
Trade receivables	51	-	51	68	-	68
Loans and advances *	57,430	3,35,621	3,93,051	39,448	3,26,037	3,65,486
Other financial assets	598	2,228	2,825	3,981	120	4,101
Non Financial assets						
Current tax assets (net)	-	1,350	1,350	-	621	621
Deferred tax asset (net)	-	6,560	6,560	-	5,638	5,638
Other non financial assets	326	336	662	423	152	575
Property, plant and equipment	-	278	278	-	456	456
Right of use assets	-	1,858	1,858	-	1,646	1,646
Other Intangible assets	-	170	170	-	197	197
Intangible assets under development	-	11	11	-	0	0
Total Assets	**1,04,538**	**3,48,411**	**4,52,950**	**1,41,053**	**3,34,869**	**4,75,923**
Financial liabilities						
Trade payables	353	-	353	296	-	296
Debt Securities	17,412	80,873	98,285	32,371	67,815	1,00,186
Subordinated liabilities	404	9,372	9,776	282	6,936	7,218
Borrowings	86,777	1,71,113	2,57,890	60,946	2,25,317	2,86,263
Other financial liabilities	14,528	2,259	16,787	12,243	2,162	14,405
Non-Financial liabilities						
Provisions	817	69	886	370	175	545
Other non financial liabilities	1,718	-	1,718	1,008	467	1,475
Equity		-			-	
Equity share capital	-	30,803	30,803	-	30,803	30,803
Other equity	-	36,452	36,452	-	34,731	34,731
Total liabilities & equity	**1,22,009**	**3,30,941**	**4,52,950**	**1,07,517**	**3,68,406**	**4,75,922**

* Loans and advance are classified basis management estimation of future inflows and outflows which have been relied by auditors.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

51 Estimation uncertainty due to COVID 19

The outbreak of COVID-19 pandemic and the resultant lockdowns have caused disruption to businesses and slowdown in economic activities. The impact of the COVID-19 pandemic on the Company's results, including credit quality and provisions, remain uncertain. 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). 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. The Company will continue to closely monitor material changes in markets and future economic conditions with regard to COVID-19 implications.

52 Additional Regulatory Information under MCA Notification dated March 24, 2021

a. **Details of Benami Property held:** There are no proceedings which have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

b. **Additional information where borrowings are from banks or financial institutions:**

(i) The revised quarterly returns and statements of current assets filed by the Company with banks or financial institutions for the quarter ended June 21, Sept 21 and Dec 21 are in agreement with the books of accounts. Further for quarter ended Mar 22 the company has filed the provisional return and statement which will be revised subsequently based on audited numbers;

(ii) The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken as at the balance sheet date"

c. **Wilful Defaulter:** The Company has not been declared as Wilful Defaulter by any Bank or Financial Institution or other Lender.

d. **Relationship with Struck off Companies :** During the year, the Company does not have any transactions with the companies struck off under section 248 of Companies Act, 2013 or section 560 of Companies Act, 1956.

e. **Registration of charges or satisfaction with Registrar of Companies (ROC):** In case of borrowings, there are no charges or satisfaction pending for registration with ROC beyond the statutory period.

f. **Compliance with number of layers of companies:** The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

g. Ratios:

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Capital to risk-weighted assets ratio (CRAR) (%)	24.30%	24.32%
Tier I CRAR (%)	20.25%	21.26%
Tier II CRAR (%)	4.05%	3.06%
Liquidity Coverage Ratio (%)	NA*	NA

* As per Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies issued by RBI, liqudity coverage ratio is not applicable for non-deposit taking NBFC with asset size less than ₹ 5,000 crore as at 31 March 2022

h. Compliance with approved Scheme(s) of Arrangements: The Company has no entered in any such arrangments during the year

i. Utilisation of Borrowed funds and share premium:

During the financial year ended March 31, 2022, other than the transactions undertaken in the normal course of business and in accordance with extant regulatory guidelines as applicable.

(i). No funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(ii). No funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

j. **Undisclosed Income:** The Company does not have any transactions not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961). Also, there are nil previously unrecorded income and related assets.

k. **Details of Crypto Currency or Virtual Currency:** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

53 Details of Transferred financial assets that are derecognised in their entirety

During the year, the Company has sold some loans and advances measured at amortised cost as per assignment deals, as a source of finance. As per the terms of deal, since the derecognition criteria as per IND AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets have been derecognised. The management has evaluated the impact of the assignment transactions done during the year for its business model. Based on the future business plans, the Company's business model remains to hold the assets for collecting contractual cash flows.

The table below summarises the carrying amount of the derecognised financial assets measured at amortised cost and the gain/(loss) on derecognition:

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Carrying amount of derecognised financial assets	3,998	5,276
Gain from derecognition for the year	319	498

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Carrying amount of continuing involvement in derecognised financial assets	5,161	4,494

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

53 As required by the RBI circular no. DNBS.CO.PD.No. 367/03.10.01/2013-14 dated 23 January 2014, the details of accounts restructured during the year ended 31 March 2022 are given below:

(₹ lakhs)

Sr. No.	Type of restructuring	Restructuring Account as on 31 March 2021			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 2022		
	Asset Classification	No of borrowers	Amount outstanding	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2022	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2022	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2022	Provision thereon	No of borrowers	Amount outstanding as at 31 March 2022	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	1	1	0	-	-	-	-	0	(0)	(7)	(95)	(55)	-	-	-	1	1	0
	Doubtful	-	-	-	-	-	-	-	-	-	1	1	(6)	7	95	55	-	-	-	6	94	61
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**7**	**93**	**55**	**1**	**1**	**0**	**-**	**-**	**-**	**1**	**1**	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**95**	**62**
3	**Grand Total**																					
	Standard	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Substandard	7	93	55	1	1	0	-	-	-	-	0	(0)	(7)	(95)	(55)	-	-	-	1	(2)	0
	Doubtful	-	-	-	-	-	-	-	-	-	1	1	(6)	7	95	55	-	-	-	6	94	61
	Loss	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total	**7**	**93**	**55**	**1**	**1**	**0**	**-**	**-**	**-**	**1**	**1**	**(6)**	**-**	**-**	**-**	**-**	**-**	**-**	**7**	**95**	**62**

Notes to Financial Statements

Note:

1. The outstanding amount and number of borrowers as at 31 March 2022 is after considering recoveries and sale of assets during the year.
2. The provision in the above table includes general loan loss provision and other provisions held on the restructured advances.
3. 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.
4. MSME details

(₹ lakhs)

No. of MSME accounts	Amount outstanding as on 31 March 2022	Amount outstanding as on 31 March 2021
1	3	3

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

54 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 2022	As at 31 March 2021
CRAR (%)	24.30%	24.32%
CRAR- Tier I Capital (%)	20.25%	21.26%
CRAR- Tier II Capital (%)	4.05%	3.06%
Amount of subordinated debt raised as Tier-II capital (₹ lakhs)	9,500	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 2022 (₹ lakhs)	As at 31 March 2021 (₹ 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	509
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	337	-
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	847	509

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

iii) Investments

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
Value of Investments		
Gross Value of Investments (at fair value)		
In India	2,499	30,750
Outside India	-	-
Provisions for depreciation		
In India	-	-
Outside India	-	-
Net Value of Investments		
In India	2,499	30,750
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

a. Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
(i) The notional principal of swap agreements	Nil	Nil
(ii) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	Nil	Nil
(iii) Collateral required by the HFC upon entering into swaps	Nil	Nil
(iv) Concentration of credit risk arising from the swaps	Nil	Nil
(v) The fair value of the swap book	Nil	Nil

b. Exchange Traded Interest Rate (IR) Derivative

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
(i) Notional principal amount of exchange traded IR derivatives undertaken during the year ended	Nil	Nil
(ii) Notional principal amount of exchange traded IR derivatives outstanding as on year ended	Nil	Nil
(iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(i) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective"	Nil	Nil
(v) The fair value of the swap book	Nil	Nil

c. Exchange Traded Interest Rate (IR) Derivatives

The Company is not carrying out any activity of providing derivative cover to third parties.

d. Qualitative Disclosure

(i) All hedging activities are carried out by Centralised treasury department possessing the appropriate skills, experience and supervision. The Company's policy is to hedge the exposure by taking derivative instruments and not to trade in derivatives for speculative purposes. By using derivative financial instruments to hedge exposures to changes in interest rates and foreign exchange risk. The company minimises counterparty credit risk in derivative instruments by entering into transactions with high-quality counterparties.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

(ii) The Company has a risk management policy to enter into derivatives to manage the risk associated with external commercial borrowings. The following table highlights the key aspects of the policy:

a) Treasury and Risk function is authorised to elect appropriate derivative instrument:,

b) The Company shall fully hedge the risk on account of foreign currency fluctuation and change interest rate towards external commercial borrowing;

c) Market/Price risk arising from the fluctuations of interest rates and foreign exchange rates or from other factors shall be closely monitored and controlled and reported in ALCO.

d) The Company has a hedging policy in place which mandates to have a hedge relation established before a derivative transaction is entered into. The Company ensures that the hedging effectiveness is monitored continuously during the life of the derivative contract;

e) The Company has put in place accounting policy covering recording hedge and non-hedge transactions, recognition of income, premiums and discounts; valuation of outstanding contracts; provisioning and credit risk mitigation.

e. Quantitative Disclosure

Particulars	As at 31 March 2022 (₹ lakhs)		As at 31 March 2021 (₹ lakhs)	
	Currency derivative	Interest rate Derivatives	Currency derivative	Interest rate Derivatives
Derivatives (Notional Principal Amount) for hedging	Nil	Nil	Nil	Nil
Marked to Market Positions				
a) Asset	Nil	Nil	Nil	Nil
b) Liability	Nil	Nil	Nil	Nil
Credit Exposure	Nil	Nil	Nil	Nil
Unhedged Exposures	Nil	Nil	Nil	Nil

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 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Number of loans assigned	62	325
Amount of loans assigned	3,998	5,276
Weighted average maturity (in months)	150	161
Weighted average holding period (in months)	36	25
Retention of beneficial economic interest	5%	10%
Coverage of tangible security*	100%	100%
Rating-wise distribution of rated loans	Not applicable	Not applicable

*for secured loans

The Company did not transfer or acquire stressed loans during the years ended March 31, 2022 and March 31, 2021.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ 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 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
No. of accounts sold during the year	-	77
Aggregate outstanding	-	2,904
Aggregate consideration received	-	1,191

*includes sale of written off portfolio

vi) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities:

Particulars	As at 31 March 2022 (₹ lakhs) #				As at 31 March 2021 (₹ lakhs) #			
	Advances*	Investments	Bank Borrowings	Market Borrowings	Advances	Investments	Bank Borrowings	Market Borrowings
1-7 days	4,612	2,499	-	-	3,862	-	36	-
8-14 days	898	-	-	-	675	-	-	-
Up to 30/31 days	1,951	-	3,346	-	957	-	3,375	12,949
Over 1 month upto 2 Months	4,357	-	3,393	1,413	1,731	-	2,560	1,408
Over 2 months upto 3months	4,635	-	14,328	207	2,026	1,459	6,155	207
Over 3 months & up to 6 months	14,856	-	20,590	1,656	8,327	19,687	18,322	10,420
Over 6 Months & up to 1 year	26,121	-	45,120	14,540	21,871	9,604	30,499	7,670
Over 1 year & up to 3 years	72,226	-	1,38,307	78,800	68,318	-	1,62,439	60,800
Over 3 years & up to 5 years	48,531	-	31,163	2,078	43,025	-	54,901	14,600
Over 5 years & up to 7 years	2,14,864	-	1,643	9,367	2,14,695	-	813	6,515
Total	**3,93,051**	**2,499**	**2,57,890**	**1,08,061**	**3,65,486**	**30,750**	**2,79,099**	**1,14,568**

*Advance as at year end are disclosed as per behavioral pattern.

Amounts are at carrying value

Note:

1) The Company does not have any deposits , foreign currency assets and liabilites as on 31 March 2022 and 31 March 2021

2) Based on Management estimation of future inflows and outflows which have been relied by auditors.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

vi) Exposures

a) Exposure to real estate sector

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ 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	4,01,064	3,60,517
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	47,308	41,744
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	**4,48,372**	**4,02,261**

Exposure amount includes principal outstanding, Interest accrued thereon, undrawn amount 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.

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
a) Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
b) Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
c) Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
d) Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/ convertible bonds/convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
e) Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
f) Loans sanctioned to corporates against the security of shares/bonds/ debentures or other securities or on the clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
g) bridge loans to companies against expected equity flows/issues;	Nil	Nil
h) All exposures to Venture Capital Funds (both registered and unregistered)	**Nil**	**Nil**
Total Exposure to Capital Market	**-**	**-**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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**

The Company does not have any unsecured advances in the form of rights, licenses, authorisations, etc. that are charged as collateral for the purposes of financing. The Company does not have any unsecured advances. For details refer note 6 Loans and Advances

vii) **Exposure to group companies engaged in real estate business (refer to Paragraph 21 of these directions)**

Particulars	Amount (₹ in Lakhs)	% of owned fund
(i) Exposure to any single entity in a group engaged in real estate business	Nil	Nil
(ii) Exposure to all entities in a group engaged in real estate business	Nil	Nil

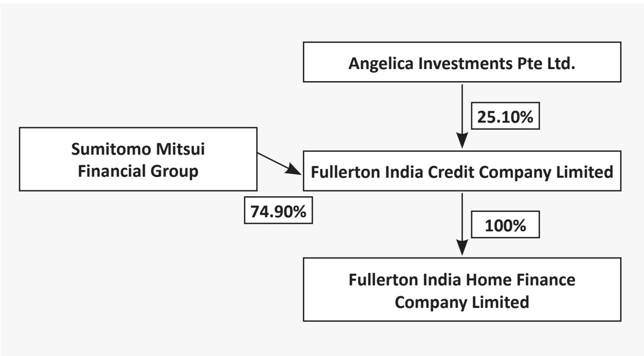
viii) **Registration with other financial sector**

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 ₹ Nil (31March 2021 :₹ 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.

Diagrammatic representation of group structure



Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

xi) Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	For the year ended 31 March 2022		For the year ended 31 March 2021	
	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+

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.

xiii) Remuneration of Non-Executive Directors

Refer note 36 for related party transactions for remuneration paid to non- executive directors during the current and previous year.

xiv) Management : Refer the Management Discussion and Analysis section

xv) Revenue recognition.

There has been no instance of revenue recognition being postponed pending resolution of significant uncertainties.

xvi) 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 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Expected credit loss provision towards NPA portfolio loans	2,874	3,908
Provision made towards income tax (incl. adj. for tax of earlier period)	1,497	843
Provisions for depreciation on Investment	-	-
Other Provision and Contingencies	341	214
Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)		
-Housing	(566)	3,542
-Non Housing (incl. CRE)	1,048	3,155

The total provision carried by the Company in terms of paragraph 15 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, as follows:-

Break up of Loan & Advances and Provisions thereon	As at 31 March 2022 (₹ lakhs)		As at 31 March 2021 (₹ lakhs)	
	Housing	Non Housing	Housing	Non Housing
Standard Assets				
a) Total Outstanding Amount	2,29,801	1,61,471	2,08,868	1,55,831
b) Provisions made	5,353	5,138	5,919	4,089
Sub-Standard Assets				
a) Total Outstanding Amount	6,774	8,299	6,798	10,176
b) Provisions made	3,602	3,906	3,530	5,022
Doubtful Assets – Category-I				
a) Total Outstanding Amount	3,744	5,376	3,068	1,575
b) Provisions made	1,864	2,894	1,537	747
Doubtful Assets – Category-II				
a) Total Outstanding Amount	1,456	347	29	-
b) Provisions made	1,258	201	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	**2,41,775**	**1,75,493**	**2,18,763**	**1,67,582**
b) Provisions made	**12,077**	**12,139**	**11,001**	**9,859**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

xvii) Draw down from reserves

The Company has not withdrawn any amount from any of the reserves during the year ended 31 March 2022 (31 March 2021: Nil)

xviii) 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 Loans and Advances

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Total advances to twenty largest borrowers	12,287	12,809
Percentage of advances to twenty largest borrowers to total advances of the Company	2.9%	3.3%

(c) Concentration of all Exposures (including off-balance sheet exposure)

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Total exposure to twenty largest borrowers / customers (Amount includes carrying value of loans and undrawn loan commitment)	17,557	14,257
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers	3.9%	3.5%

(d) Concentration of Non Performing Accounts

Particulars	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Total Exposure to top ten NPA accounts	3,431	3,213

(e) Sector-wise Non performing accounts

Percentage of NPAs to Total Advances in that sector	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Housing Loans		
Individuals	5.04%	4.57%
Buider/Project loans	0.00%	0.00%
Corporates	0.00%	0.00%
Others	0.00%	0.00%
Non Housing Loans		
Individuals	8.22%	7.11%
Buider/Project loans	0.00%	0.00%
Corporates	3.65%	0.00%
Others	0.00%	0.00%

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

xix) Movement of NPAs

Percentage of NPAs to Total Advances in that sector	Year ended 31 March 2022 (₹ lakhs)	Year ended 31 March 2021 (₹ lakhs)
Net NPA to Net Advances (%)	**3.04%**	**2.85%**
Movement of Gross NPAs		
(a) Opening Balance	**21,647**	**15,334**
(b) Additions during the year	64,161	25,055
(c) Reductions during the year	59,812	18,742
(d) Closing Balance	**25,996**	**21,647**
Movement in provisions for NPAs		
(a) Opening Balance	**10,852**	**6,944**
(b) Provisions made during the year	24,229	9,785
(c) Write off / Write back of excess provisions	21,355	5,877
(d) Closing Balance	**13,725**	**10,852**
Movement in Net NPAs		
(a) Opening Balance	**10,795**	**8,390**
(b) Additions during the year	39,272	15,270
(c) Reductions during the year	37,796	12,865
(d) Closing Balance	**12,271**	**10,795**

Note:

On 12 November 2021, the Reserve Bank of India (RBI) had issued circular no. RBI/2021-2022/125 DOR.STR. REC.68/21.04.048/2021-22, requiring changes to and clarifying certain aspects of Income Recognition, Asset Classification and Provisioning norms (IRACP norms) pertaining to Advances. On 15 February 2022, the RBI had issued another circular no. RBI/2021-2022/158 DOR.STR.REC.85/21.04.048/2021-22 pertaining to upgrade non performing assets, allowing the company to put in place the necessary system to implement the provisions till 30 September 2022. Accordingly, the company have considered RBI circular dated 15th Feb'22 for its NPA classification and upgradation.

xx) 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. 54 (ii))

xxi) Overseas Assets

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
N.A	N.A	N.A

xxii) Off-balance Sheet SPVs sponsored which are required to be consolidated as per accounting Norms

Particulars	As at 31 March 2022 (₹ lakhs)	As at 31 March 2021 (₹ lakhs)
N.A	N.A	N.A

xxiii) 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

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

xxiv) Asset classification based on circular no. RBI/2019-20/170 dated 13 March 2020

As at 31 March 2022 (₹ 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						
Standard	Stage 1	3,47,141	1,853	3,45,290	1,317	535
	Stage 2	44,131	8,417	35,713	567	7,850
	Stage 3	-	-	-	-	-
Subtotal		**3,91,272**	**10,271**	**3,81,003**	**1,884**	**8,385**
Non-Performing Assets (NPA)						
Substandard	Stage 3	15,002	7,509	7,493	2,258	5,251
Doubtful						
up to 1 year	Stage 3	9,177	4,758	4,419	2,523	2,235
1 to 3 years	Stage 3	1,817	1,459	359	766	693
More than 3 years	Stage 3					
Subtotal for doubtful		10,995	6,217	4,778	3,289	2,928
Loss	Stage 3					
Subtotal of NPA		**25,996**	**13,725**	**12,271**	**5,547**	**8,179**
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	37,876	200	37,676	-	200
	Stage 2	108	21	87	-	21
	Stage 3	-	-	-	-	-
Subtotal		**37,984**	**221**	**37,764**	**-**	**221**
Total	**Stage 1**	**3,85,017**	**2,053**	**3,82,966**	**1,317**	**735**
	Stage 2	**44,239**	**8,438**	**35,801**	**567**	**7,871**
	Stage 3	**25,996**	**13,725**	**12,271**	**5,547**	**8,179**
	Total	**4,55,252**	**24,217**	**4,31,038**	**7,431**	**16,784**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

As at 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						
Standard	Stage 1	3,27,110	1,529	3,25,581	1,211	318
	Stage 2	37,224	8,266	28,958	1,050	7,215
	Stage 3	365	140	224	1	139
Subtotal		**3,64,699**	**9,935**	**3,54,763**	**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	14	11	4
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**	**3,48,220**	**1,549**	**3,46,670**	**1,211**	**338**
	Stage 2	**37,661**	**8,272**	**29,389**	**1,050**	**7,222**
	Stage 3	**22,300**	**11,038**	**11,262**	**3,853**	**7,184**
	Total	**4,08,181**	**20,859**	**3,87,321**	**6,115**	**14,744**

1. Total Gross carrying amount represents loans at amortised cost as per Note 6. 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 IRAP norms, while interest on Stage 3 assets is accounted as net of ECL provision and forms part of carrying value of portfolio loans.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

xxv) Details of Principal Business Criteria as per Paragraph 4.1.7:

(₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Housing Finance Assets of its total assets netted off by intangible assets	51.52%	43.84%
Individual Housing Finance assets of its total assets netted off by intangible assets	50.32%	43.34%

xxvi) Disclosure on complaints

(₹ lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
No. of complaints pending at the beginning of the year	7	4
No. of complaints received during the year	167	145
No. of complaints redressed during the year	170	142
No. of complaints pending at the end of the year	4	7

xxvii) The details of frauds noticed / reported are as below:

(₹ lakhs)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Amount Involved	45	120
Amount Recovered	-	-
Amount written off/provided	45	119
Balance	-	-

xxviii) The Company does not have any outstanding loan against gold jewelleries as at 31 March 2022 (31 March 2021: ₹ Nil).

xxix) Details of stressed loans transferred or acquired based on RBI Circular No. RBI/DOR/2021-22/86 dated 21 Sepetember 2021

(₹ lakhs)

Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA) (all amounts in ₹ Crore)	Year ended 31 March 2022		
	To permitted transferee	To ARCs	To other transferees
No. of accounts	Nil	Nil	Nil
Aggregate principal outstanding of loans transferred	Nil	Nil	Nil
Weighted average residual tenor of the loans transferred	Nil	Nil	Nil
Net book value of loans transferred (at the time of transfer)	Nil	Nil	Nil
Aggregate consideration	Nil	Nil	Nil
Aggregate consideration Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil	Nil

(₹ lakhs)

Details of loans acquired during the year	Year ended 31 March 2021	
	From lenders listed in Clause 3	From ARCs
Aggregate principal outstanding of loans acquired	Nil	Nil
Aggregate consideration paid	Nil	Nil
Weighted average residual tenor of loans acquire	Nil	Nil

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

55 Disclosures under Liquidity Risk Management Framework

i) Funding Concentration based on significant counterparty (both deposit and borrowings)

Sr. No.	No. of Significant Counterparties	Amount (₹ lakhs)	% of total Deposits	% of Total Liabilities*
1	17	3,41,831	-	88.6%

* Total liability excludes equity

ii) Top 20 large deposits: Not applicable

iii) Top 10 Borrowings

Amount (₹ lakhs)	% of Total Borrowings
2,89,549	79.8%

iv) Funding concentration based on significant instrument / product:

Sr No	Name of the instrument #	Year ended 31 March 2022 (₹ lakhs)	% of Total Liabilities*
1	Term Loan	2,58,006	66.9%
2	Non-Convertible Debentures (NCD)	95,300	24.7%
3	Commercial Paper	0	0.0%
4	Sub-ordinate Debt	9,500	2.5%

Principal Outstanding as on 31st March 2022 * Total liability excludes equity

v) Stock Ratios:

Sr No	Name of the instrument	Percentage
1	Commercial Paper / Total Assets	0.0%
2	Commercial Paper / Total External Liabilities*	0.0%
3	Short Term NCD (original maturity upto 1year)/Total Assets	0.0%
4	Short Term NCD (original maturity upto 1year)/Total External Liabilities*	0.0%
5	Long Term Assets/Total Assets	76.9%
6	Other Short Term Liabilities / Total External Liabilities*	26.1%
7	Other Short Term Liabilities/Total Assets	22.2%

* Total external liability excludes equity.

vi) Institutional Setup of Risk Management

Fullerton India Home Finance Company Limited has an Institutional Governance setup for Liquidity Risk Management as below:

1) Board of Directors

2) Risk Oversight Committee(ROC)

3) Asset Liability Management Committee (ALCO)

Fullerton India Home Finance Company Limited (FIHFC) has a Risk Oversight Committee (ROC), a Board level Sub-committee to oversee liquidity risk management. 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 adherence to the liquidity and asset liability management limits and to oversee implementation of the strategic direction set by the Board. 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 various assumptions.

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

The Board and ALCO have approved the Liquidity risk management policy. The overall Liquidity risk management of FIHFC is under the guidance of the ALCO and within the overall framework of the Board approved policies. FIHFC maintain adequate liquid assets that can be converted into cash promptly and used immediately to meet committed obligations.

As a strategy, FIHFC has investments in fixed deposits, government securities and balance in current account with banks which are highly liquid. FIHFC is funded through Term loans from banks, Non convertible bonds and Commercial Papers. The Company assesses the impact on short term liquidity gaps and maintain sufficient liquidity buffers.

The Company has a well-diversified funding mix with adequate proportion of long term borrowings.

56 The Company has reclassified/regrouped previous year figures to conform to current year's classification, where applicable.

For M P Chitale & Co
Chartered Accountants

Sd/-
Murtuza Vajihi
Partner

Place: Mumbai
Date: 11 May 2022

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

Sd/-
Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Sd/-
Ajay Pareek
Non-Executive Director
DIN : 08134389

Sd/-
Ashish Chaudhary
Chief Financial Officer

Sd/-
Jitendra Maheshwari
Company Secretary
ICSI Reg. No. : 19621

Place: Mumbai
Date: 11 May 2022

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

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	As at 31 March 2022 (₹ lakhs)	
Liabilities side:			
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	98,285	-
	Unsecured	9,776	-
	(b) Deferred Credits	-	-
	(c) Term Loans	2,57,890	-
	(d) Inter-corporate loans and borrowing	-	-
	(e) Commercial Paper	-	-
	(f) Public Deposits	-	-
	(g) Other Loans	-	-
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:			
3	**Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :**		Amount Outstanding
	(a) Gross Secured		4,17,268
	(b) Gross Unsecured		-
4	**Break up of Leased Assets and stock on hire and other assets counting towards AFC activities**		Amount Outstanding
	(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		-
5	**Break-up of Investments :**		Amount Outstanding
	Current Investments		
	1. Quoted:		
	(i) Shares:		
	(a) Equity		-
	(b) Preference		-

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

S. No	Particulars		As at 31 March 2022 (₹ lakhs)
	(ii) Debentures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		2,499
	(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		-
	- 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 :**		

Category	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	3,93,051	-	3,93,051
Total	**3,93,051**	**-**	**3,93,051**

Notes to Financial Statements

for the year ended 31 March, 2022 *Contd...*

S. No	Particulars	As at 31 March 2022 (₹ lakhs)	
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	2,499	2,499
	Total	**2,499**	**2,499**
8	**Other Information**		Amount Outstanding
	(i) Gross Non-Performing Assets		
	(a) Related parties		-
	(b) Other than related parties		25,996
	(ii) Net Non-Performing Assets		
	(a) Related parties		-
	(b) Other than related parties		12,270
	(iii) Assets acquired in satisfaction of debt		-

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

Sd/-
Shantanu Mitra
Chairman, Non-Executive Director
DIN : 03019468

Sd/-
Ajay Pareek
Non-Executive Director
DIN : 08134389

Sd/-
Ashish Chaudhary
Chief Financial Officer

Sd/-
Jitendra Maheshwari
Company Secretary
ICSI Reg. No. : 19621

Place: Mumbai
Date: 11 May 2022

Fullerton Grihashakti

Iraada hai toh Raasta hai

FULLERTON INDIA HOME FINANCE COMPANY LIMITED

REGISTERED OFFICE ADDRESS:

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

CORPORATE OFFICE ADDRESS:

10th Floor, Office No.101, 102 & 103,
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Bandra Kurla Complex, Bandra (East),
Mumbai- 400 051.

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Hiranandani, Powai,
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