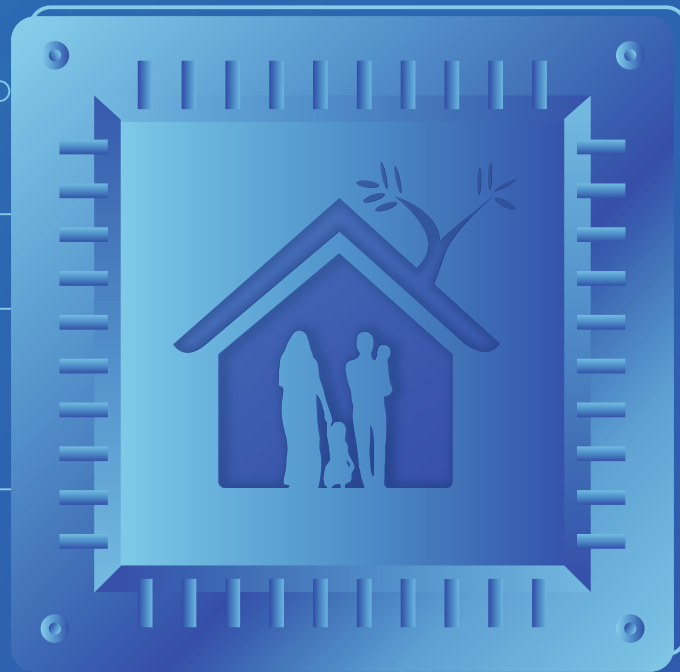




Annual Report 2020-21



Tech in Mind Service at Heart

Smart Loans for Affordable Homes!

MINIMUM CLICKS, MAXIMUM SERVICE!

Adupala Jalander Reddy is an employee with the Government of Telangana in Hyderabad.

He earns ₹ 30,000 per month as salary and lives in a rented accommodation with his two children and wife Vanaja. She runs a small tailoring business from home and contributes roughly ₹ 4,000 per month to the family income. Tired of paying monthly ₹ 5,000 for house rent, he wanted to raise the standard of living for his family by buying his own flat; the builder from whom he was purchasing the flat, recommended HomeFirst to Jalander.

Jalander contacted HomeFirst for his home loan and it was approved within a few days. Soon it was time to start paying his EMIs. Diligent at paying his dues of ₹ 17,547 every month, he wanted to keep track of the outstanding loan amount and often needed to reach out to the branch team with repeated requests for the same. One day when he called the branch team to ask for his Interest Certificate and Provisional Certificate, the Customer Service Manager informed him that now he can access these documents through the HomeFirst Customer App. Since then (Mar'19) he started using the app and finds it quite easy to operate!



“The App has saved a lot of time and effort for me. I feel i’m in control now and can keep a track of the loan from my phone...”

DIGITAL ALL THE WAY

Avinash Gopinath an entrepreneur from Hyderabad owns a small tech company with his wife.

They earn around ₹1.6 lakhs per month and have 700+ credit scores. Both of them are well educated, have an IT background and they wanted to purchase the house, where they have been living for the last 8 years.

Once they had decided, they started looking for a home loan online. After some research, Avinash found our website from the social media. Filled up the form and before he could finish a cup of coffee, got a call from someone at HomeFirst. One of our VRMs (the Virtual Relationship Manager) gave Avinash all the necessary details of the potential home loan, informed him about the credit bureau checks that will run on their profiles, followed by digital validations of their KYCs. Their previous and current work, family background, monthly income, savings etc. were discussed and verified before arriving at the loan eligibility amount. The husband and wife were recommended to be the co-owners of the property and co-borrowers in the loan. They had the down-payment ready, and we were able to fulfil the loan within a week, end to end digitally.



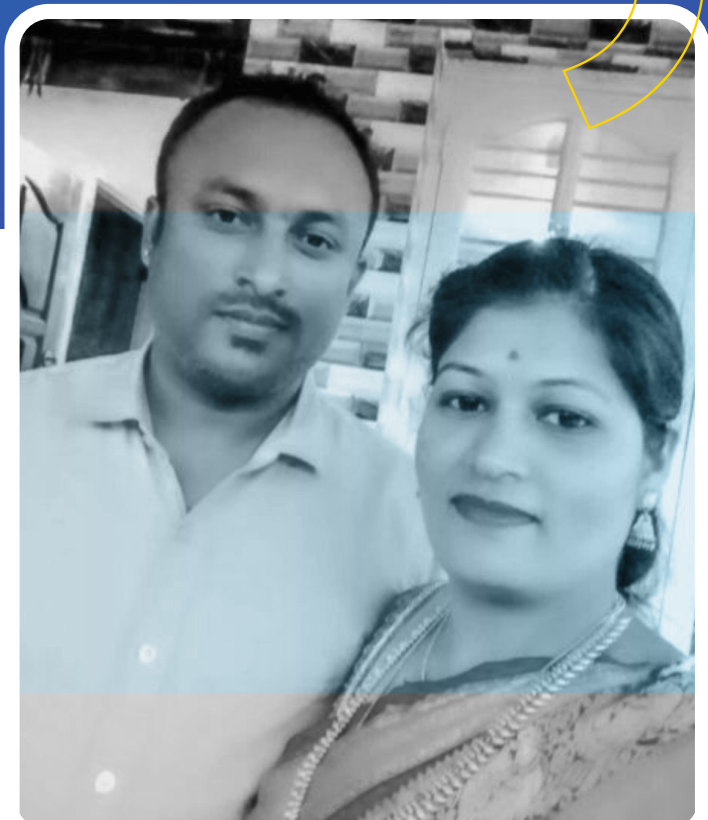
“I was searching online for a home loan, and was confused where to start from... and yes, I switched tabs to quickly check my FB and there it was... An Ad from HomeFirst, like any smart digital marketer would do! And I gave into the click bait, and landed up on their website. It was nice and clean! I filled up the form and got a call. After a few rounds of question and answer over the phone and video conference over the next few days, my loan was sanctioned”

HOME DELIVERY OF HOME LOAN!

Our customer **Yathisha** works as a Project Consultant for Supreme Freight Services in Bangalore, and earns ₹ 37,000 as a monthly salary.

He has been living in a rental accommodation for 17 odd years now, since the time he has migrated to Bangalore. Now, he is expecting a child with his wife Ambika and decided to start a new life in their own home. HomeFirst was recommended by their friends and they came to us for their home loan of ₹ 13 lakhs in Feb'21.

The home loan was approved after due discussions and verifications. The next step was to complete the loan agreement and other related documentation. Since they were expecting a child, they found it difficult to visit the branch amidst the covid precautions. HomeFirst facilitated their entire loan signing process electronically. Through a link sent to their smartphone, they could go through all loan related documents and with the help of Aadhaar authentication they were able to remotely sign them as well. The HomeFirst customer service manager explained all the details patiently and properly to them over multiple video calls, and they never felt the need to visit the branch for anything. From the comfort and safety of their home, Yathisha and Ambika now had everything they needed to welcome the baby to their new home. Also, with the ongoing covid pandemic, they could maintain the family safety by completing their home loan documentation electronically.



“Due to the pandemic, I have shifted to working from home and we were not very comfortable going out. The digital agreement signing seemed like a perfect solution to complete the home loan formalities. It was quite easy and we were happy to get things done from the safety of our home...”

Theme of the Annual Report

“It is not the strongest of the species that survives, nor the most intelligent that survives. It is the one that is most adaptable to change”

~ Charles Darwin

India is changing rapidly. India has become the largest consumer of smart phones in the world with 700 Mn smart phones users and more than 500 Mn on mobile internet. Share of digital payments has gone up to 30% in India. This digital leap-frogging is all set to shake up the housing loan business also in the not so distant future...

HomeFirst aims to be at the forefront of this revolution by adopting the latest technologies to acquire customers, process loans, evaluate applications and find new ways to provide exceptional service to our customers.

With tech in mind and service at heart, we are poised to become the new age affordable home loan provider for digital India.

Performance Highlights

₹ 4,141 Crs

AUM

₹ 10 lakhs

Average Ticket Size of Housing Loan

1.8%

Gross Stage 3 / POS%

2.5%

ROA

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Corporate Overview

Directors

Mr. Deepak Satwalekar (Chairman)
 Mr. Sakti Prasad Ghosh
 Ms. Sujatha Venkatramanan
 Mr. Divya Sehgal
 Mr. Maninder Singh Juneja
 Mr. Rajagopalan Santhanam
 Mr. Narendra Ostawal
 Mr. Vishal Gupta
 Mr. Manoj Viswanathan (MD & CEO)

Chief Financial Officer

Ms. Nutan Gaba Patwari

Company Secretary

Mr. Shreyans Bachhawat

Investor Relations

Mr. Manish Kayal
 investor.relations@homefirstindia.com

Committees of the Board

Audit Committee

Ms. Sujatha Venkatramanan
 Mr. Sakti Prasad Ghosh
 Mr. Rajagopalan Santhanam

Nomination and Remuneration Committee

Mr. Sakti Prasad Ghosh
 Ms. Sujatha Venkatramanan
 Mr. Narendra Ostawal

Stakeholder Relationship Committee

Mr. Sakti Prasad Ghosh
 Mr. Maninder Singh Juneja
 Mr. Manoj Viswanathan

Corporate Social Responsibility Committee

Mr. Sakti Prasad Ghosh
 Mr. Rajagopalan Santhanam
 Mr. Manoj Viswanathan

Statutory Auditors

Walker Chandiok & Co. LLP
 16th Floor, Tower II,
 Indiabulls Finance Centre, S
 B Marg, Prabhadevi (W) ,
 Mumbai 400 013
 Tel No: 022 6626 2600

Secretarial Auditors

Bhatt & Associates Company Secretaries LLP
 Lata Annexe, Above Axis Bank,
 W.E Highway Borivali (E),
 Mumbai 400 066
 Tel: 022 2846 1715

Internal Auditors

Ernst & Young LLP
 14th Floor, Ruby Mills
 Senapati Bapat Marg,
 Dadar (West)
 Mumbai 400 028
 Tel: 022 6192 0000

Internal Auditors (Branch)

P Chandrashekhar LLP
 S-512-514, Manipal
 Centre, #47, Dikenson
 Road,
 Bangalore – 560 042
 Tel: 080 2558 5443

Debenture Trustee

Axis Trustee Services Limited
 Corporate Office:
 The Ruby, 2nd Floor, SW 29 Senapati
 Bapat Marg,
 Dadar (West), Mumbai 400 028
 Tel No: 022-6230 0451

Registrar and Share Transfer Agent

KFin Technologies Private Limited
 Selenium, Tower- B, Plot No 31-32,
 Financial district, Nanakramguda,
 Serilingampally Mandal
 Hyderabad 500 032, Telangana
 Tel No: 18003094001

Bankers & Financial Institutions

National Housing Bank
 Central Bank of India
 Bank of India
 IDBI Bank Limited
 DCB Bank Limited
 State Bank of India
 Federal Bank Limited
 HDFC Bank Limited
 Union Bank of India
 Axis Bank Limited
 ICICI Bank Limited
 The Karur Vysya Bank Limited
 CSB Bank Limited
 Bajaj Finance Limited
 Kotak Mahindra Bank Limited

Registered and Corporate Office

511, Acme Plaza, Andheri - Kurla Road,
 Andheri East, Mumbai - 400 059
 Phone: 022 66940386
 Website: www.homefirstindia.com

In 2008-09, a future entrepreneur was given the responsibility of selling apartments in an affordable housing project in Bengaluru. In the process of selling these apartments, he discovered that it was not easy to arrange housing finance for potential customers. Most existing housing finance providers were skeptical about approving loans for “informal” customers who did not have “salary slips”.

Gradually it became clear that most of the customers had the capacity to repay the loan, however only a small portion of them managed to fulfil the stringent documentation requirements of large banks and lenders. Many credit worthy customers gave up the effort mid way because they were too overwhelmed by the elaborate procedures of most lenders.

This was how the idea for HomeFirst was born. Home First Finance Company was set up in 2010. A housing finance company that could assess the creditworthiness of ordinary Indian home buyers in a simple and customer friendly manner. To deliver an affordable home loan bundled with extraordinary customer service!

In ten years, HomeFirst has grown into a leading affordable housing finance company in the country.

Vision

Shape the Future of Financing Homes, and Empower People to Live Better

Mission

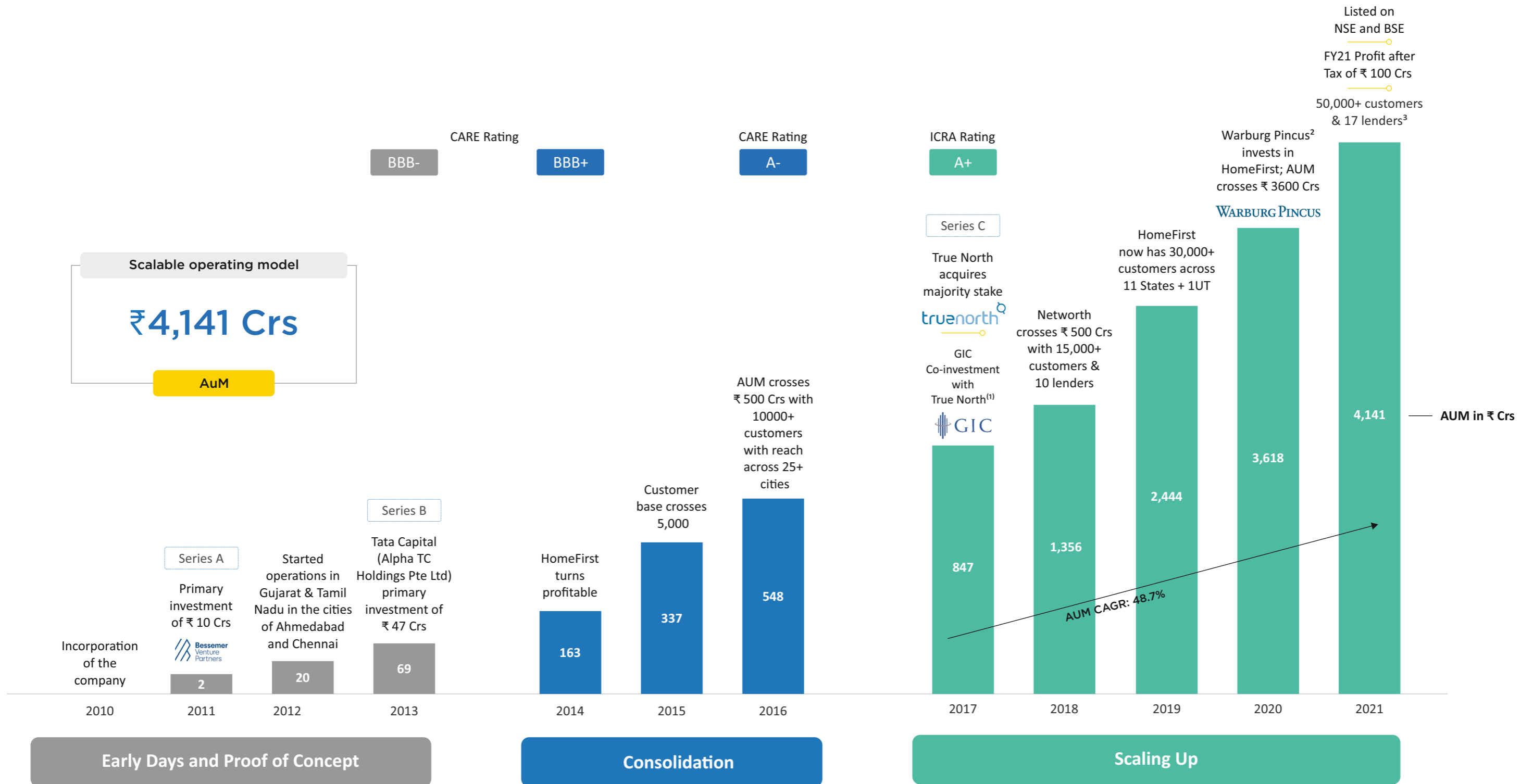
Be the Fastest Provider of Home Finance for the Aspiring Middle Class Delivered with Ease and Transparency

Values

Swift | Transparent | Unconventional

Doing the **unconventional** in a **swift** and **transparent** manner!

Our Journey



⁽¹⁾ Waverly owns 100% of Aether Class B Shares. Waverly is a wholly-owned indirect subsidiary of GIC (Ventures) Pte. Ltd

⁽²⁾ Through Orange Clove Investments B.V – an affiliate of Warburg Pincus

⁽³⁾ Includes two banks to whom NCDs were issued



We got Listed

HomeFirst listed on NSE and BSE on February 3, 2021 which coincides with the Company's date of Incorporation

₹ 1,154 Crs

Total issue size

₹ 265 Crs

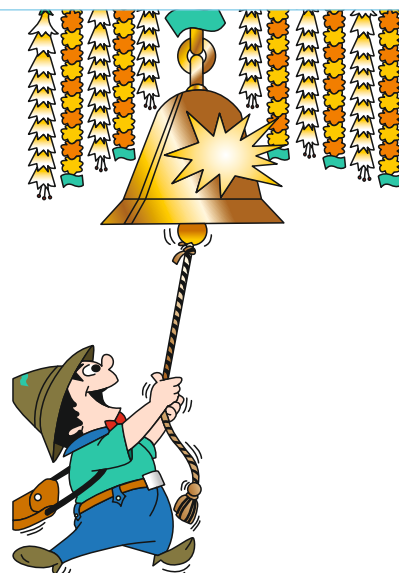
Primary issue size

26.21x

Oversubscription

Our Initial Public Offer

Home First Finance Company made an initial public offer (IPO) of its equity shares for 2,22,72,556 equity shares of a face value of ₹ 2 each for cash at a price of ₹ 518 per equity share (including a share premium of ₹ 516 per equity share). The offer comprised a fresh issue of 51,15,830 equity shares and Offer for sale of 1,71,56,726 equity shares by selling shareholders. The proceeds have helped augment the capital base and boosted the capital adequacy ratio.



10 Year Highlights

Particulars (₹ in Crs)	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IGAAP	IndAS	IndAS	IndAS
	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Total Income	-	2	7	20	39	62	95	146	271	419	490
Interest Expense on borrowings and debt securities	-	-	3	10	22	36	53	64	125	191	217
Net Total Income	-	2	4	10	17	26	42	82	146	228	273
Interest Income on loans	-	1	5	16	33	55	84	126	229	342	403
Interest Expense on borrowings and debt securities	-	-	3	10	22	36	53	64	125	191	217
Net Interest Income	-	1	2	6	11	19	31	62	104	151	186
Net Gain on DA	-	-	-	-	-	-	-	-	21	37	44
Other Non-interest income	-	1	2	4	6	7	11	20	21	40	43
Net Total Income	-	2	4	10	17	26	42	82	146	228	273
Opex	1	3	5	8	12	16	26	42	74	104	106
Credit Cost	-	-	-	-	1	1	2	2	7	17	32
Total Expense	1	3	8	18	35	53	81	108	206	312	355
Tax	-	-	-	-	1	3	5	13	19	27	35
PAT	(1)	(1)	(1)	2	3	6	9	25	46	80	100
Funds (₹ in Crs)											
Debt	-	5	44	96	216	365	554	870	1,926	2,494	3,054
Equity	15	28	50	99	102	154	308	333	523	933	1,381
Total Assets	16	34	102	216	359	597	990	1,372	2,482	3,480	4,510
Key Metrics (₹ in Crs)											
AUM	2	20	69	163	337	548	847	1,356	2,444	3,618	4,141
Disbursement	2	12	35	90	211	277	424	746	1,573	1,618	1,097
Key Ratios											
Earnings per share (₹)											
[FY11 to FY18 - FV ₹ 10 per share FY19 onwards - FV ₹ 2 per share]											
	-2	-5	-4	9	11	18	23	24	8	11	12
RoA	-7.4%	-5.5%	-1.6%	1.6%	1.2%	1.3%	1.1%	2.1%	2.4%	2.7%	2.5%
RoE	-7.5%	-6.2%	-2.7%	3.4%	3.4%	4.7%	3.8%	7.9%	10.8%	10.9%	8.7%
CRAR	167.0%	84.0%	60.2%	73.7%	44.1%	48.4%	66.7%	43.8%	38.5%	49.0%	56.2%
CRAR - tier 1	167.0%	84.0%	60.2%	73.7%	43.5%	47.8%	66.0%	42.9%	37.7%	47.7%	55.2%
No of shares	28,85,457	34,70,914	44,53,643	61,25,468	61,25,468	77,61,721	1,03,20,531	1,03,23,331	6,33,39,490*	7,82,97,715	8,73,99,727
Face value per share (₹)	10	10	10	10	10	10	10	10	2	2	2
BVPS	53	80	113	161	166	198	298	323	83	119	158
Opex to Assets	12.4%	13.1%	7.5%	5.0%	4.2%	3.4%	3.3%	3.6%	3.8%	3.5%	2.7%

Notes

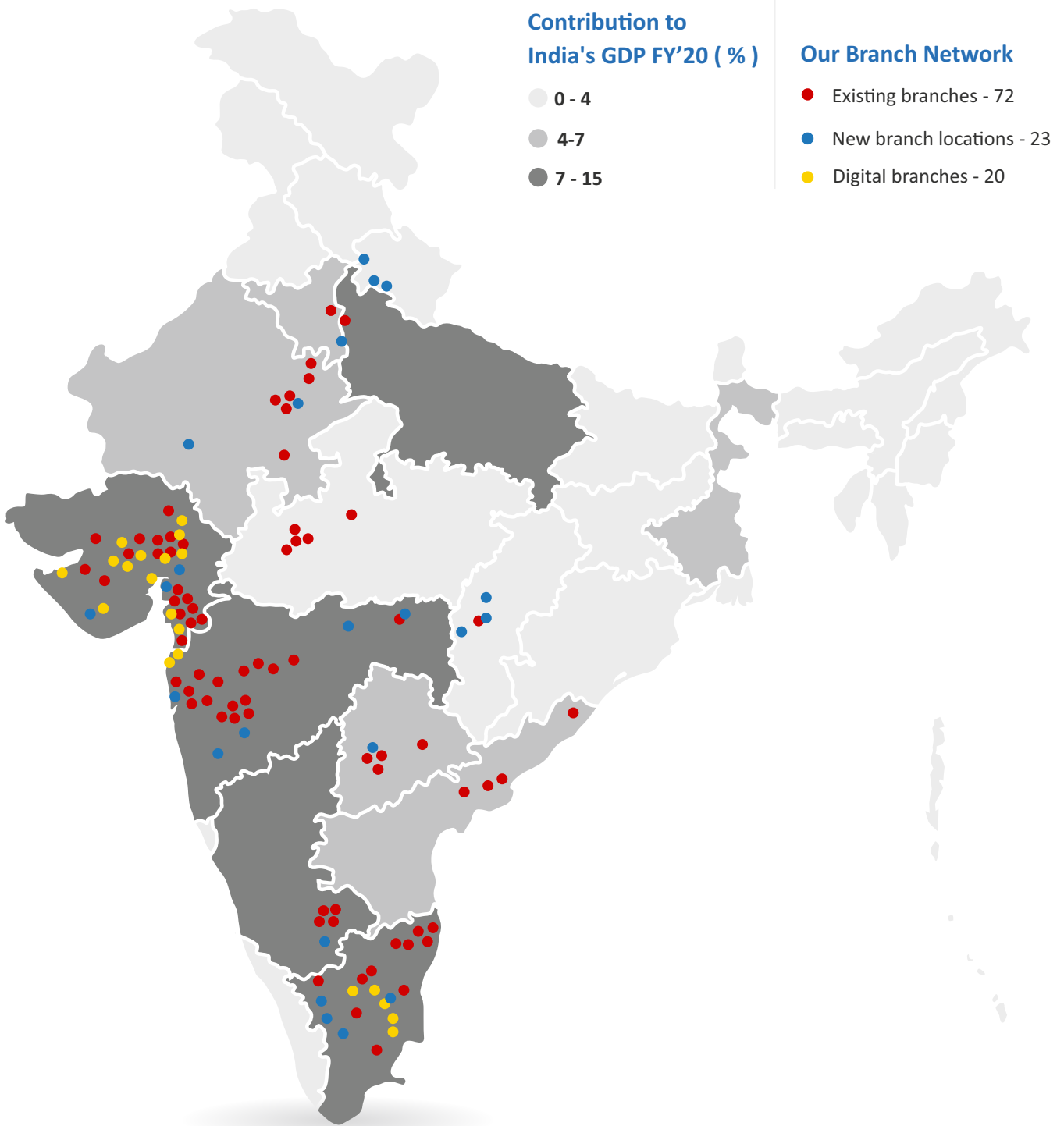
Effective 1 April 2019, the Company has adopted Ind AS and the adoption was carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards, with 1 April 2018 as the transition date. Accordingly, FY19 financials have also been restated as per IndAS for comparison.

The shareholders, vide a special resolution, have approved subdivision of equity shares of the Company in the ratio of five equity shares of ₹ 2 each against one equity share of ₹ 10 each respectively. Accordingly, 1,56,59,543 shares of ₹ 10 each, were subdivided to 7,82,97,715 shares of ₹ 2 each as at 30 October 2019.

Operating Expenses is the sum of Employee Benefits Expenses, Depreciation and Amortization, Interest on lease liability, Bank charges and other expenses for the relevant year or period as per the financial statements.

Amount in ₹ Crs is rounded off to nearest Cr

*Adjusted for subdivision



72
Branches

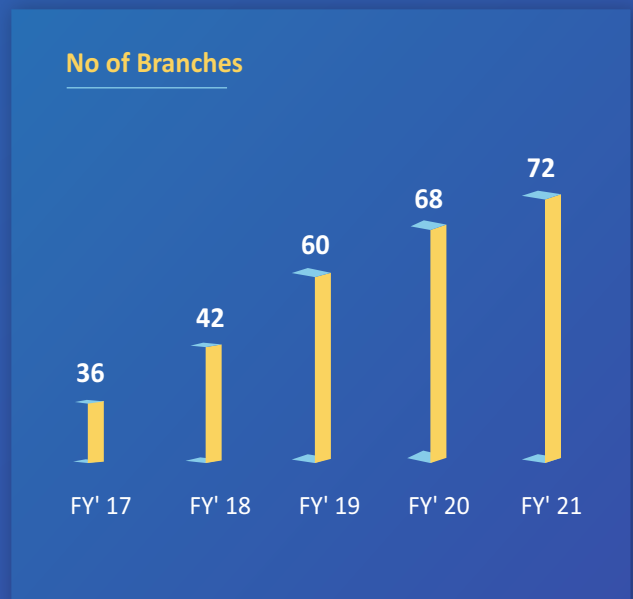
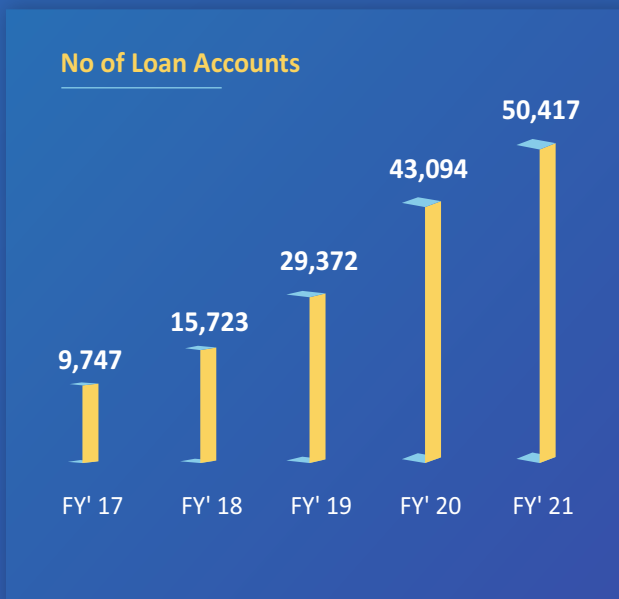
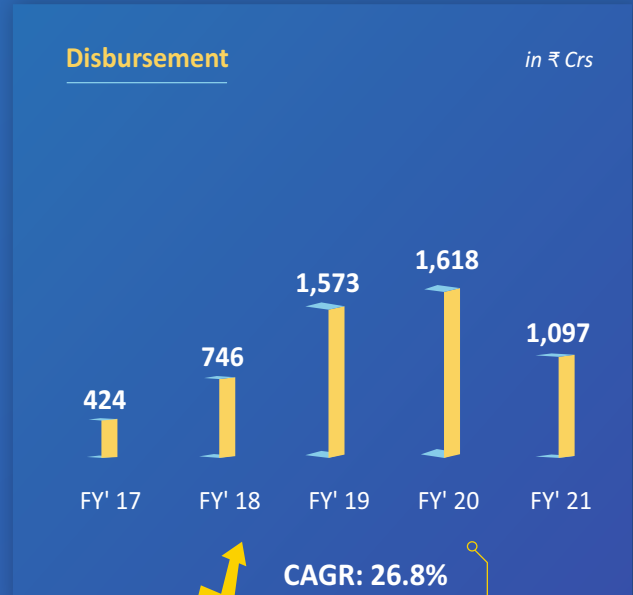
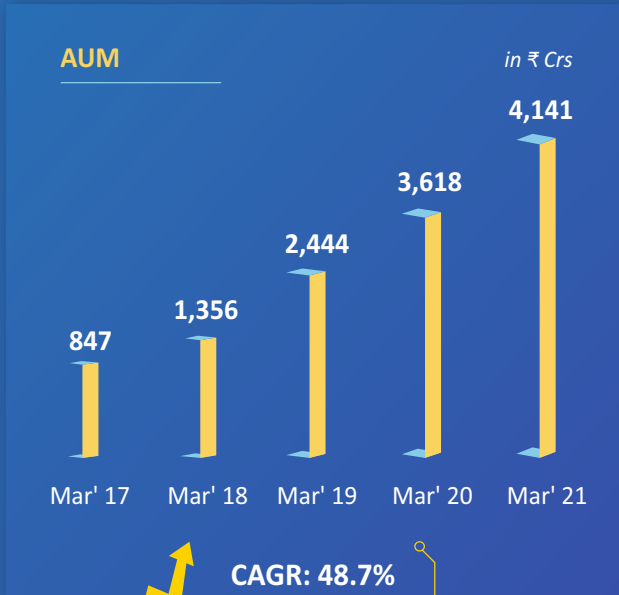
60
Districts

12
States / UT

Note: Source for Contribution of states to India's GDP: NSO, MOSPI

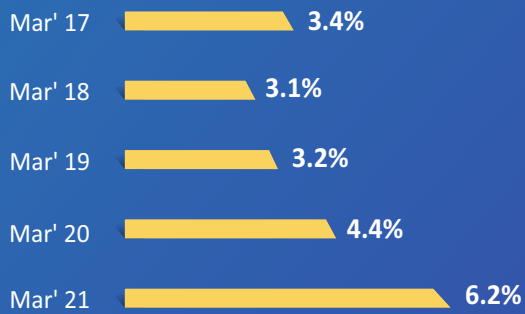
Disclaimer : Map not to scale. All data, information and maps are provided "as is" without warranty or any representation of accuracy, timeliness or completeness

Business Metrics

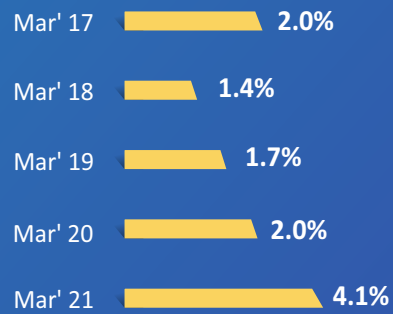


Asset Quality Metrics

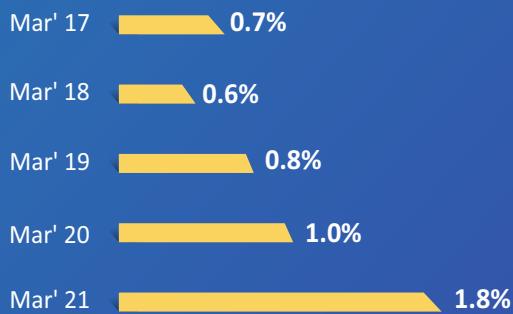
1 + DPD / POS %



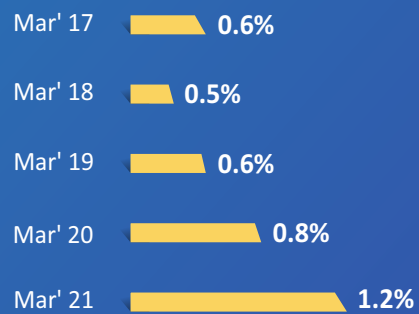
30+ DPD / POS %



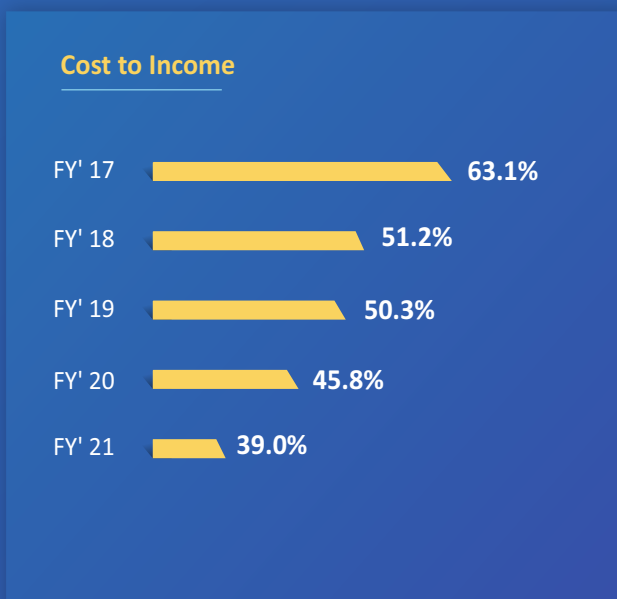
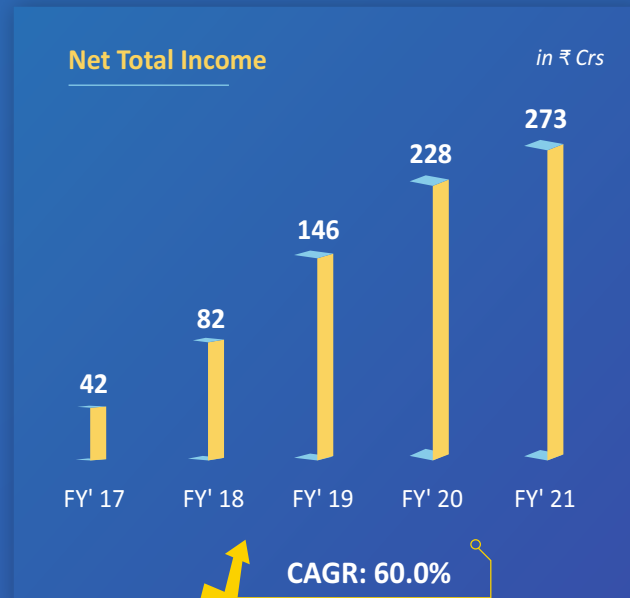
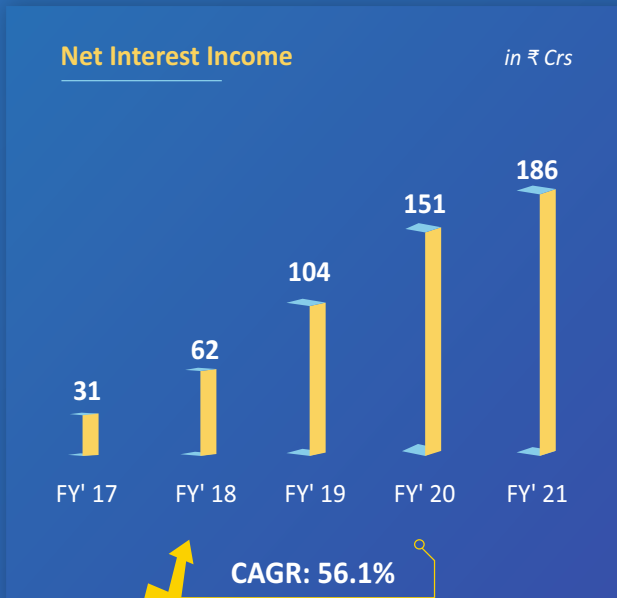
Gross Stage 3 / POS %



Net Stage 3 / Net POS %



Operational Metrics

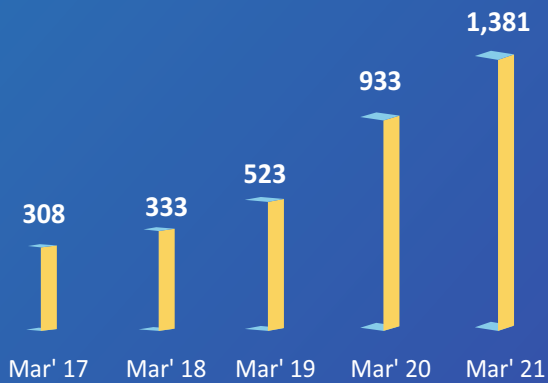


Data for FY17 and FY18 is as per IGAAP and for the years FY19, FY20 and FY21 is as per IndAS

Financial Metrics

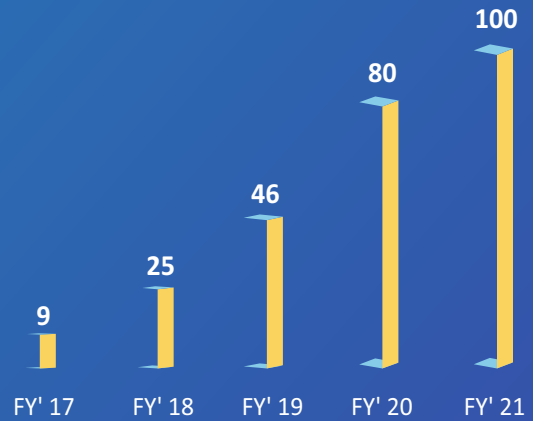
Networth

in ₹ Crs



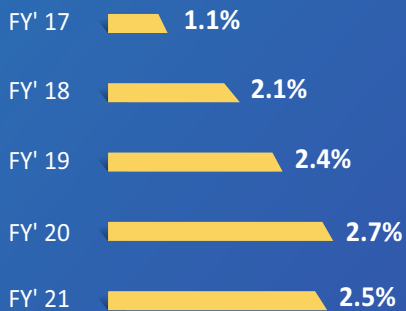
PAT

in ₹ Crs

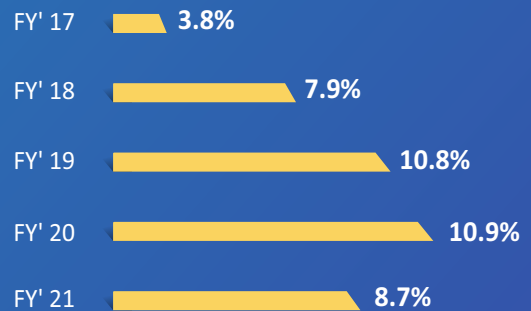


CAGR: 83.8%

RoA

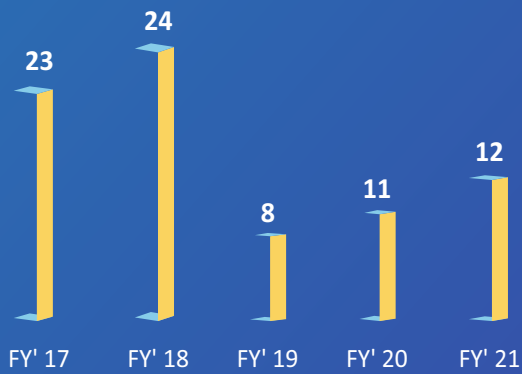


RoE

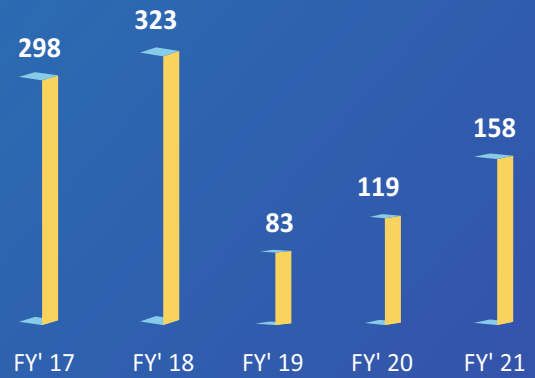


Key Financial Ratios

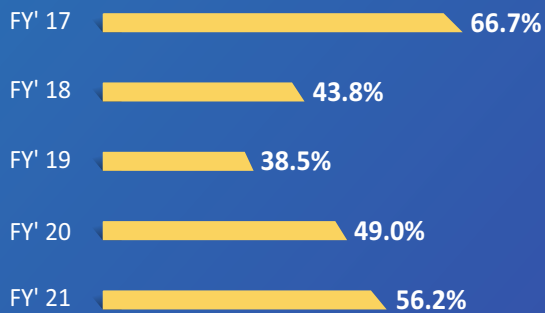
EPS*



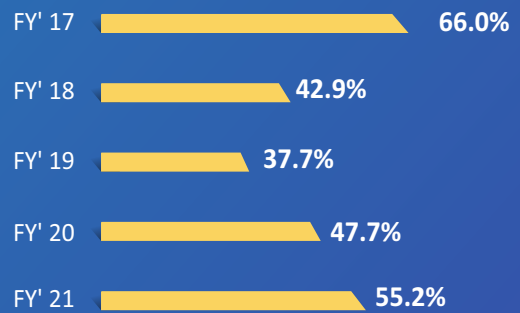
BVPS*



CRAR



CRAR Tier - 1



Note

*EPS & BVPS for FY17 and FY18 is computed using Face Value per share of ₹ 10

*EPS & BVPS for FY19, FY20 and FY21 is computed using Face Value per share of ₹ 2 post considering sub-division of shares

Q1 - FY 21

Home First Finance Company for the first time raised ₹ 240 Crs through private placement of Secured, Rated, Listed, Redeemable, Taxable Non-Convertible Debentures¹. These are listed on the wholesale debt segment on BSE.

HomeFirst completed a decade since it commenced its operations in Aug'10.

We sanctioned more than 55,000 loans as of Sep' 20.

Q2 - FY 21

Q3 - FY 21

Warburg Pincus² invested approx ₹ 845 Crs in the company in two tranches in a combination of primary infusion and secondary purchase – thereby becoming 30.62% shareholders of the company on the final date of the transaction.

Our Company was certified as a “Great Place to Work” by Great Place to Work Institute, India

HomeFirst got listed on the National Stock Exchange and BSE Ltd on 3rd Feb'21 - which also coincides with our Incorporation date.

We reported a Profit after Tax of ₹ 100 Crs for FY21; for the first time ever.

Q4 - FY 21

¹ ₹190 Crs raised in Jun'20 and ₹50 Crs in Jul'20
² Through its affiliate Orange Clove Investments B.V.



HomeFirst is ready to deal with challenges to be the next big new age affordable housing finance company for digital India.



This has been a challenging year. We began the year under a lockdown and ended the year with most of the states enforcing lockdowns. This has taken a toll on economic activities, but more importantly it has had a longer term impact on the lives and livelihoods of a significant number of our fellow citizens.

In these times, your company has navigated its way well, and it is reflected in the trust that your company enjoys amongst the various stakeholders. We had a successful Initial Public Offer (IPO) and I thank you for reposing your faith in us. We have also added another marquee institutional investor (Warburg Pincus) to our already powerful institutional investor base (True North, Aether (GIC Singapore) and Bessemer Venture Partners. Large domestic mutual funds and FIs have also come on board in the IPO.

India has a lower percentage of home ownership than even many developing countries. This, together with the rapid economic gains we have had in the past few decades, increasing urbanization, rising incomes, even in rural areas, have all led to an increasing demand for housing. The Government's incentives for Affordable Housing, lower interest rates and availability of credit have all contributed to the rising demand for home ownership. Owning a home is a basic instinct of humans, as it provides families with a sense of financial and emotional stability. The Company, with its focus on Affordable Housing Finance is well positioned to benefit from this growing demand.

The pandemic may have hastened the move into the digital world for many companies, but at HomeFirst we have always been a technology enabled company designed to deliver a superior customer experience through the use of technology in the origination, underwriting, and servicing stages of the loan cycle. This focus on technology enabled business processes helped us during this period while following all safety protocols when interacting with our customers to ensure the safety of our customers as also our employees.

Our core values of transparency, speed and innovation helped us in responding with 'out of the box' solutions to the changing demands of our customers during this period. Being transparent in our communication and staying accountable for our actions, has helped to build HomeFirst as a trusted brand. We counselled our customers when offering them the RBI mandated moratorium on repayment, and this helped them get back onto their regular repayment cycle very quickly after the first wave.

Customer engagement and maintaining a strong balance sheet remained the core of the Company's efforts through the year. As of Mar'21, AUM expanded by 14.4% to close the year at

₹ 4,141 Crs with NPAs at 1.8% (with no restructuring). In a difficult year, not only was the Company able to have a successful IPO, but was also able to broaden and deepen its relationships with lenders. This has helped the company maintain a healthy liquidity position. The Company's focus on improved digital processes to deliver exceptional service to the customer, a tight control on costs, increased collaborations and partnerships, all contributed to its PAT increasing to ₹ 100 Crs for FY21.

Maybe, the country had won a battle by last October, but by no means was the war against Covid over. The virulent nature of the second wave is presenting us with a fresh set of challenges as we consider expanding our footprint. We have shouldered our responsibility to our employees as well as the communities we operate in. Identified families in a few cities were provided food and personal hygiene kits. Migrant labour which had fled cities for the safety of their rural homes were assisted in getting back to work so that their livelihood was restored. We also contributed to helping hospitals improve patient care and treatment immediately and also helped in improving the medical infrastructure to provide for the future. We shall earn our right to be in the communities we serve and be a strong resilient partner.

We shall continue to focus on providing housing finance for the middle class, the aspirants. We are confident of building a valuable business, supported by a calibrated expansion strategy, focused on quality of the book and a diversified financing base. Covid has led to a changed work style with Work From Anywhere (WFA) becoming the dominant practice. Even as we recover from the pandemic, I believe that WFA will continue for a not insignificant portion of the workforce. This change, together with the significant improvements in technology, medical and educational facilities in Tier 2 and 3 towns, our target market, will lead to considerable increase in demand for homes here as there should be a migration of the workforce, tired of the congestion and commuting issues of the metros. HomeFirst has grown from strength to strength, leveraged technology across various facets, been ready to deal with challenges to be the next big new age affordable housing finance company for digital India.

I thank all stakeholders, the Reserve Bank of India (RBI), the National Housing Bank (NHB), Lenders, Rating Agencies and our Customers. This journey would not have been possible without the guidance and support of my colleagues on the Board. Last, but not least, I must acknowledge the unwavering efforts of our employees. They have been a source of inspiration during these uncertain times and deserve huge appreciation.

I hope that you stay well, safe and healthy in these uncertain times.



Tech is foremost in our mind.
Service is closest to our heart.



Many great businesses have started with entrepreneurs looking to find solutions to common problems. Facebook started as a method for students to communicate between colleges. Many other businesses became big when someone took an existing solution and made it better. We have the famous iPod and iPhone.

HomeFirst was set up to provide home loans to aspiring middle class customers who were finding it difficult to obtain a home loan from large lenders due to various factors. Making a loan available to these underserved customers was the primary goal for the company. However, we wanted to go one step ahead. We wanted to make it a pleasant experience for these first-time borrowers. It was not the customer's foremost requirement in a home loan but we felt it was a latent need.

We started by listing down all the irritants that all of us had encountered while taking any kind of loan. The first of these was dealing with multiple people in the journey, starting from application stage to finally receiving the funds. Some of these people were also split personalities, because they would be very nice while selling the loan to you, but would suddenly change into the "invisible man" after you submitted your "file". The "file" was the next big mystery. No loan could ever start its journey without a "file" and the file was never satisfied with the documents that it contained - always needing something more to feel complete.

When we designed the process, we decided to get rid of both the "invisible man" and the insatiable file. At HomeFirst, home loan applications start with a discussion with the customer, not documents. A single person, the HomeFirst Relationship Manager is responsible for engaging with the customer from application stage to disbursement of the loan. The RM starts the process with a telephonic discussion with the customer followed by a home or workplace visit to discuss more details. Documents that are available with the customer are scanned on smartphones and are stored directly on our secure on-cloud system; which flow seamlessly into the underwriter's workflow for detailed customer and property underwriting.

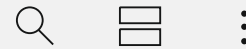
Over the years, we continued looking for other dormant needs of the customer. We discovered that one such need was to reduce the loan burden as soon as possible. Customers wanted to own a

home, not a home loan. We introduced the concept of "Auto Prepay" where customers systematically reduce their loan balance by repaying a fixed amount every month via auto-debit. We also offered "zero" prepayment charges to customers; much before it was mandated by the regulator. In the last 10 years, 18,254 customers have made 75,994 prepayments resulting in total reduction in loan burden of ₹ 597 Crs. This is an example of sustainability in a financial services business and a positive contribution from an environmental, social and governance standpoint.

From the current mortgage to GDP ratio of 11%, India has a long way to go in terms of home ownership. As education and income levels rise and urbanization increases, the demand for home ownership will also grow significantly in the coming decades. Income parameters put India in the "developing" category; but on the digital spectrum, India is amongst the most advanced nations. On the one hand we have a customer who runs a small business and struggles to prove his credibility for a loan, while on the other hand he has an Aadhar linked bank account, is savvy with net banking, uses Dunzo to deliver his products and files his GST online. Businesses have to consider and incorporate this paradox in their plans, to be truly successful in the new India. We need to respect the customer's digital prowess while still empathizing with his financial needs.

We have built an organization that reflects this culture and value system. For us, it is all about using the right technology to empower the first-time borrower. Our employees are constantly looking to "find a better way" for the customer. We are trying to find more effective ways to reach our customers and we are trying to find less intrusive ways to establish the credentials of customers - from their digital footprints instead of cumbersome documentation; faster and cost-effective ways to fulfil documentation - via Aadhar stack; efficient ways to make and receive payments via UPI etc. It is not a finite list. As technology develops, new possibilities emerge. We stand at this inflection point; where the future holds immense potential to tap the mortgage market with digital breakthroughs.

"Tech is foremost in our mind. Service is closest to our heart."



Leverage Technology to Grow Business and Drive Operational Efficiency

We have adopted the latest technology to acquire customers, process loans, evaluate applications and find new ways to provide exceptional service to our customers. We intend to further strengthen and invest in technology to accelerate our growth, improve customer experience and continue to achieve industry-leading turnaround times in our operations. We intend to further enhance our mobility solutions to improve customer experience and sales productivity. We believe these technology platforms and initiatives will help in increasing the scale and effectiveness of our operations without proportionate increase in our operating expenses.

Grow the Productivity of Our Existing Branches

We will focus on increasing the productivity of our existing branches to drive our growth. We are working on processes and technology that will enable our branches to reduce the time spent on manual activities that can be automated and in turn spend more time on business generation and collections. This will assist us in scaling up our operations with lower incremental costs to driving up efficiency and profitability.

Expand Our Branch Network in Large Affordable Housing Markets

We intend to expand our business in a contiguous manner into regions with increasing urbanization, growing commercial activity and rising household incomes. We believe that this high-density model would allow us to grow our business with lower costs and increase our profitability.

Diversify Sources of Borrowings to Optimize Borrowing Costs

As we continue to increase the scale of our operations, we intend to diversify the sources of capital further. We are focused on continuing to exhibit a cumulative positive ALM position. We believe that this will help us improve our credit ratings further and reduce the cost of our borrowings.

Strengthen the Risk Management Framework

Our growth priorities and aspirations are underpinned by a sound risk mitigation strategy, held together by a 360 degree risk management framework. As we increase the scale of our operations and expand our reach, we will continue to invest in enhancing our risk management practices and build robust compliance and monitoring systems.





Mr. Deepak Satwalekar

Deepak Satwalekar, erstwhile Managing Director of Housing Development Finance Corporation Limited and erstwhile Managing Director & CEO of HDFC Life Insurance Company Limited, is the Chairman and Independent Director of our Company. He holds a bachelor's degree in mechanical engineering from Indian Institute of Technology, Bombay and a master's degree in business administration from The American University, Washington DC. Apart from being with HDFC group, he was also part of the Board of some prominent companies like Infosys Limited, National Stock Exchange of India Limited, The Tata Power Company Limited, Indian Mortgage Guarantee Corporation Private Limited etc. Currently he is associated with Piramal Enterprise Limited, Asian Paints Limited and Wipro Limited as an Independent Director. He has also worked as a Consultant to World Bank, Asian Development Bank, the United States Agency for International Development (USAID) and the United Nations Human Settlements Programme (HABITAT). He has chaired and been a member of several expert groups related to industry, government and the Reserve Bank of India. He has extensive experience in the fields of housing finance, leadership & strategic planning, finance, business operations and risk management.



Mr. Sakti Prasad Ghosh

Sakti Prasad Ghosh is an Independent Director of our Company. He holds a master's degree in commerce from University of Calcutta, a certificate in financial management from University of Mumbai (earlier known as University of Bombay) and a certificate in industrial finance from the Indian Institute of Bankers. He has over 40 years of experience in banking and financial services institutions. Previously, he was associated with Reserve Bank of India and Unit Trust of India, He was then deputed to National Housing Bank as an executive director, Mr. Ghosh has also served as Managing Director at Hometrust Housing Finance Company and was associated with Asian Development Bank as consultant. Mr. Ghosh has been with the Company since 2011 and owing to his vast experience in housing finance industry, he has acted as a mentor to the management and has shaped the Company to its current position. Mr. Ghosh is also currently the Chairman of the Nomination & Remuneration Committee of the Company.



Ms. Sujatha Venkatramanan

Sujatha Venkatramanan is an Independent Director of our Company. She holds a Bachelor's degree in Economics (Honours) from University of Delhi and a Master's degree in Business Administration from Faculty of Management Studies, University of Delhi. She carries over 24 years of experience in retail banking functions particularly credit risk policy, analytics and operations, mergers and acquisitions due diligence, portfolio management, risk advisory, project monitoring, product development, business development and marketing. Previously, she was associated with Citibank as Group Credit Policy Head for Central and Eastern Europe, Middle East, Africa and India, with AurionPro Solutions as a consultant and Experian Singapore Pte Limited as Consulting Director in Decision Analytics for Asia Pacific. Presently, she is associated with HSBC Group as Global Head of Credit Bureau Management and credit control since 2019. Sujatha chairs the Audit Committee of the Company.



Mr. Divya Sehgal

Divya Sehgal is a Nominee Director representing True North. He is a Partner at True North and leads their investments in the financial services industry. He holds a bachelor of technology degree in electrical engineering from Indian Institute of Technology, Delhi and a post graduate diploma in management from Indian Institute of Management, Bengaluru. In his professional journey, he started with McKinsey & Company and worked briefly at ANZ Grindlays Bank. As an entrepreneur, he and his co-founders started E Medlife.com which was merged into Apollo Health Street, a leading healthcare outsourcing firm. Owing to his 25 years of professional experience, he adds value to the Board in the areas of leadership, strategic thinking and treasury and finance.



Mr. Maninder Singh Juneja

Maninder Singh Juneja has been nominated on the Board by True North. He holds a bachelor's degree in civil engineering from University of Baroda and a post graduate diploma in management from Indian Institute of Management, Lucknow. He carries along with him over 26 years of experience across various industries and was associated with Godrej GE Appliances Limited, SRF Finance Limited, DGP Windsor India Limited and Whirlpool of India Limited Prior to joining True North, Maninder was the group head for ICICI Bank retail banking group, covering Strategy, products, small business loans, branch banking and distribution channels. He was also leading the bank's various efforts in the area of payments and service innovations, many of which are industry firsts. He held the position of vice-chairman of ICICI Home Finance Company Limited. He has also served the Board of eminent companies including NPCI and CIBIL. IARC, IFBI, and ICICI Merchant Services. He is an expert in strategy including digital, marketing (consumer behavior & insights) & sales / channel evolution and has vast experience in the housing finance industry.



Mr. Rajagopalan Santhanam

Rajagopalan Santhanam represents Aether (Mauritius) Limited on the Board of the Company. He holds a bachelor's degree in commerce from University of Delhi. He is a chartered accountant and has over 28 years of experience in finance, accounting, treasury management, risk management and legal & compliance. Previously, he was associated with ITC Limited and later with Monsanto (India) Limited as chief financial officer. Mr. Santhanam's expertise lies in functioning of finance and treasury functions across portfolio companies. He also guides the funds in structuring investments and exits which are compliant with applicable regulations.



Mr. Narendra Ostawal

Narendra Ostawal has been nominated on the Board by Orange Clove Investments B.V. (an affiliate of Warburg Pincus). He is a Chartered Accountant and a degree in Post-Graduation diploma in Management from Indian Institute of Management, Bangalore. He is associated with Warburg Pincus India Private Limited since 2007 where he is currently designated as Managing Director for health care and financial services. He has also worked with 3i India Private Limited and McKinsey & Company. Besides Warburg Pincus India Private Limited, he is on the boards of Avanse Financial Services Limited, Carmel Point Investments India Private Limited, Computer Age Management Services Limited, Fusion Micro Finance Private Limited and IndiaFirst Life Insurance Company Limited. He is an expert in finance, accountancy, audit, economics, corporate governance, legal & regulatory compliance, risk management and strategic thinking.



Mr. Vishal Gupta

Vishal Vijay Gupta is a Nominee Director representing Bessemer India. He holds bachelor's degree in commerce from Nagpur University, is a Chartered Accountant and a post graduate diploma in management from Indian Institute of Management, Calcutta. Vishal brings 15 years of wide experience in investments in consumer internet, financial technology and healthcare technology companies. Erstwhile he has served as an executive assistant to the CEO for a joint venture of HCL Tech and Deutsche Bank in India and also as a senior manager in the treasury at Reliance Group. He joined Bessemer Venture Partners in the year 2006 and currently spearheads the India operations. He has vast experience in information technology sector and has played critical role in the areas like digital platforms and data analytics over the years. Vishal is also on the Boards of Big Basket, Urban Clap, Livspace, Hungama Digital, Perfios etc.



Mr. Manoj Viswanathan

Manoj Viswanathan is the Managing Director and the Chief Executive Officer of our Company. He holds a bachelor's degree in electrical and electronics engineering from the Birla Institute of Technology and Science, Pilani and a post graduate diploma in business management from XLRI, Jamshedpur. He started his career with Asian Paints India Limited and has worked with Citibank and CitiFinancial Consumer Finance India Limited prior to setting up Home First. At Citi, he was heading the branch-based consumer lending business spanning 450 branches with a customer base of more than 1 Mn customers. Manoj has been associated with the Company since inception and has been instrumental in chartering the growth trajectory of the Company. His expertise lies in the area of finance, consumer behavior, sales & marketing, business operations, risk management, digital platforms and strategic thinking.

Management Team



Ajay Khetan
Chief Business Officer

Ajay Khetan is the Chief Business Officer of our Company. He is a Mechanical Engineer and has done his post graduate diploma in management from Xavier Institute of Management, Bhubaneswar. He has over 21 years of experience in Consumer finance, Operations and Risk Management. Prior to joining our Company, he was associated with Macquarie Finance (India) Private Limited, Hewlett Packard Financial Services (India) Private Limited, CitiFinancial Consumer Finance India Private Limited, MIRC Electronics Limited and The Tata Engineering and Locomotive Company Limited. Ajay has been part of the Company since March 2012.



Gaurav Mohta
Chief Marketing Officer

Gaurav Mohta Mohta is the Chief Marketing Officer of our Company. He is a mechanical engineer and has done his post graduate diploma in business administration from ICFAI Business School, Hyderabad. He has over 17 years of experience in consumer finance, marketing and product management. At HomeFirst, he has been instrumental in setting up sales distribution and evolving the brand identity of the company. In his earlier career he has worked with Kotak Mahindra Bank Limited, CitiFinancial Consumer Finance India Private Limited and Foodworld Supermarkets Private Limited. Gaurav has been part of the Company since March 2011.



Vilasini Subramaniam
Head – Strategic Alliances

Vilasini Subramaniam is the Head - Strategic Alliances of our Company. She is a commerce graduate and a Chartered accountant. She has over 18 years of experience in consumer finance and credit. Prior to joining our Company, she was associated with Citibank India, Janalakshmi Financial Services and Micro Housing Finance Corporation Limited where she handled Credit Underwriting, Product Development, Analytics & Business Strategy. Vilasini has been part of the Company since August 2014.



Ramakrishna Vyamajala
Chief Human Resource Officer

Ramakrishna Vyamajala is the Chief Human Resource Officer of our Company. He has done post graduate diploma in management from T.A. Pai Management Institute. He joined our Company with effect from November 29, 2018. He has over 15 years of experience in human resources, rewards and recognition, compensation and benefits. Prior to joining our Company, he was associated with Sterlite Technologies Limited and IDFC Bank Limited. Ramakrishna has been part of the Company since November 2018.



Nutan Gaba Patwari
Chief Financial Officer

Nutan Gaba Patwari is the Chief Financial Officer of our Company. She is a qualified Chartered Accountant. She has over 14 years of experience in finance. In her last stint, she was with True North as a Vice President – Finance; responsible for the implementation of strategy of the Financial services portfolio companies. In her professional journey, she has worked with Hindustan Unilever Limited, ITC Limited and Philip Morris Asia Limited across Business finance, Supply Chain and Distribution finance and Corporate finance. She leads the Accounts, Tax, Finance and Treasury, Secretarial, Investor relations and FP&A functions of the Company. Nutan has been part of the Company since January 2019.



Arunchandra Jupalli
Business Head - South

Arunchandra Jupalli is the Business Head - South of our Company. He is a commerce graduate and holds a master's degree in business studies from Bharati Vidyapeeth. He has over 19 years of experience in consumer lending business handling various products like Consumer Durable Finance, PL, Insurance, GL and LAP. Prior to joining our Company, he was associated with Atlantic Duncans International (P) Limited, India Office Solutions Private Limited, CitiFinancial Consumer Finance India Limited, Net Ambit Value First Services Limited, Karvy Financial Services Limited and Small Business FinCredit India Private Limited in various capacities. He was the Business Head - South in his last assignment with Karvy/SBFC. Arunchandra has been part of the Company since February 2018.



Abhijeet Jamkhindikar
Business Head - Maharashtra

Abhijeet Jamkhindikar is the Business Head - Maharashtra of our Company. He holds a bachelor's degree in civil engineering from Nagpur University. He was a member of Institution of Valuers and has completed the foundation course in property valuation of the Royal Institute of Chartered Surveyors India [RICS] Property Valuation. He has 18 years of experience in construction finance (for developers), finance, valuations, technical appraisals and business development. Prior to joining our Company, he was associated with C-Net Solutions India Private Limited as a network specialist and Housing Development Finance Corporation Limited as a senior officer. Abhijeet has been part of the Company since November 2017.



Shreyans Bachhawat
Company Secretary

Shreyans Bachhawat is the Company Secretary of our Company. He has over 10 years of experience in corporate secretarial compliances. Prior to joining our Company, he was associated with SREI Capital Markets Limited, India Power Corporation (Haldia) Limited, Gretex Corporate Services Private Limited and Tata Value Homes Limited. Shreyans has been part of the Company since August 2017.

CSR activities

At HomeFirst, we believe that our society and neighborhoods play the most important role in making a happy home. The responsibility lies with each of us to support our society and help it prosper and thrive. Create shared value, grow together!

Our CSR initiatives in the current FY revolved around 3 distinct areas:

Disaster Management

Healthcare & Hygiene

Socio-economic Development

Livelihood support to the migrant construction workers

Food and personal hygiene kits for Covid affected families



Covid and resulting lockdown has affected the employment and financial situation of the weakest portions of the society. Construction workers form a large part of the economy and were the hardest hit in the initial days of the lockdown.

We identified 134 families in Surat and 184 families in Ahmedabad and supported them with food kits and personal hygiene kits that were customized to suit men, women and children.

The Power Loom Express

Assistance to 1296 workers to travel back to their factories



As the unlock phase after First Wave of COVID-19 started, workers of the world-famous Power Loom industry of Surat wanted to return to work but were stranded in their home towns due to lack of adequate resources. HomeFirst partnered with Ajeevika Beuro, an Ahmedabad based NGO and Pravasi Shramik Suraksha Manch (PSSM), a Surat-based association of Orissa labourers to bring back 1296 such migrant workers from Orissa to Gujarat. A special train called Powerloom Workers Express was arranged from Ganjam district in Orissa, to Surat on 25th November, 1296 workers set out from Brahmapur Station to Surat all set to join their factories and resume work.

Relief & Welfare

Contribution to Prime Minister's National Relief Fund



Across various parts of India, natural disasters caused havoc Super Cyclone Amphan & Cyclones like Nisarga, Nivar, Burevi and floods in Bengal, Tamil Nadu, Assam and Hyderabad the locust attack across the states of Gujarat, Rajasthan, Maharashtra, Madhya Pradesh, Punjab and Haryana also caused damage to life, crops and property. In order to provide assistance to government initiatives, HomeFirst donated funds to the Prime Minister's National Relief Fund (PMNRF).

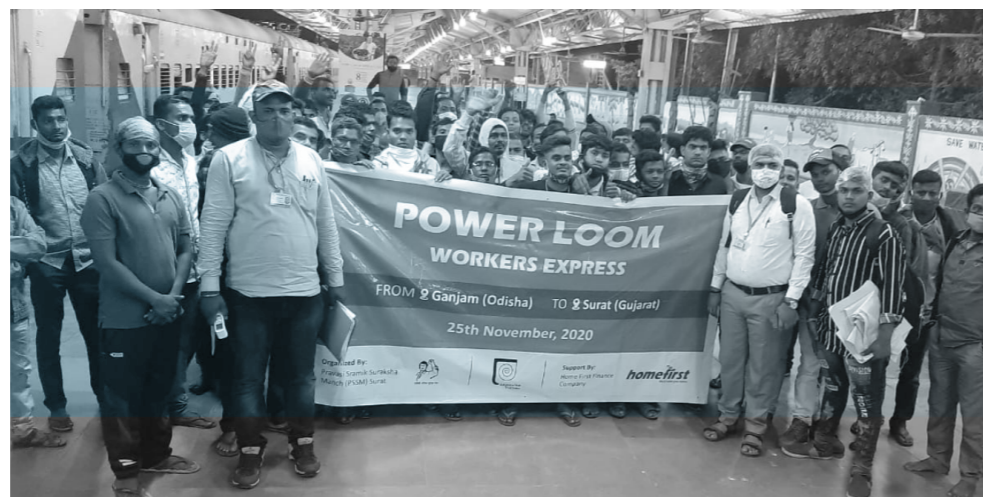
Financial Support to Hospitals

Patient care, medical infrastructure and cancer research



To further aid the health care systems that were under stress in a Covid year, CSR funds were contributed to 4 hospitals: Seva Hospital in Surat, Satya Sai Hospital in Ahmedabad, Rajkot Cancer Society in Rajkot and Tata Memorial Hospital in Mumbai to be utilized in improving patient care and treatment, building medical infrastructure and for the purposes of research in the field of cancer medicine for a safer, healthier India of tomorrow.

With a mixture of direct interventions at the grassroots level along with contributions to the Government initiatives, our aim is to reach out to people in need and help the community at large.



Source: www.indiatoday.in

Source: Tata Memorial Hospital



Statutory Reports

Management Discussion and Analysis

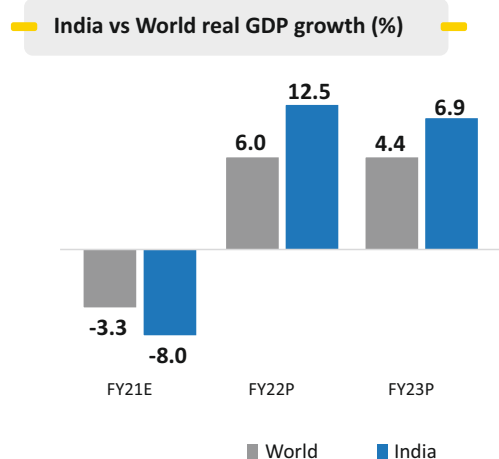
Macroeconomic Overview

Globally, optimism is back with inoculation of populations with vaccines. China, where Covid started, has seen strong revival leading to rise in prices of various industrial commodities. Recent news of Israel going mask free is a very positive news for other countries looking forward to a normal life. As on 25th Jun'21, 66% of USA and 80% of UK adult population have received one dose and it is said that it has helped reduce the spread of the virus. India too has reached 19% and the momentum has picked up in Jun'21. As per experts, once ~45% of the population is vaccinated with a single dose, the spread should see a decline. India has experienced a sharp surge in Wave 2, however, with focused efforts from governments, non-government organizations, corporates pitching in with help, situation improved by end of May'21. Overall, environment is becoming positive and expected to return to full normalcy in FY22.

According to IMF's World Economic Outlook (Apr'21), the world economy is projected to grow by 6.0% in FY22 from a decline of 3.3% in FY21 and normalize to 4.4% growth in FY23. The projections for FY22 and FY23 are promising and are aided by additional fiscal support in the few large economies and anticipated vaccine-powered recovery.

Indian economy is the third largest economy on PPP basis as per World Bank and is projected to fare better than peers with estimated growth of an impressive 12.5%; This global growth is projected to normalize in FY23 with growth expectation of 6.9%. As per various leading research institutions, Indian economy has the potential to deliver the highest GDP growth amongst peers in the medium term.

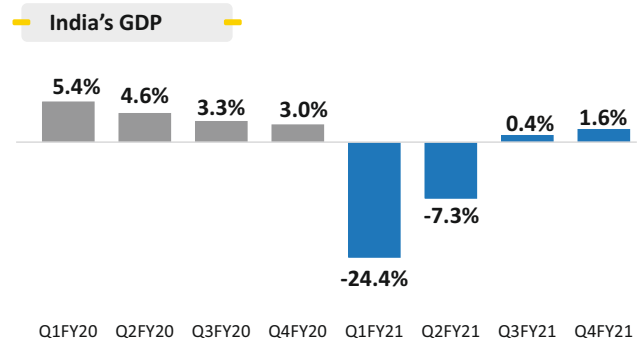
Latest World Economic Outlook Growth Projections vis-à-vis India



Source: IMF, World Economic Outlook, Apr'21

The structural positives of Indian economy i.e. transition to higher urbanization, higher discretionary spending, government push on transparency through digitization (for eg: Faceless Tax Assessment, FASTag, digitalization of land records, etc) and government push for reforms in various sectors are expected to continue to drive GDP growth in medium to long term. India's medium-term growth is supported by demand-side stimulus provided by the current fiscal budget promoting an uptick in public investment with main focus on Infrastructure investments via opening more funding avenues and a clear monetization strategy. Government's Production Linked Incentives (PLI) is a widely appreciated policy for increasing manufacturing pie in Indian economy and is targeted mainly at import items which can be substituted / manufactured locally. PLI investments to the tune of ₹2.04 trillion are proposed, generating around 1.12 million jobs and is expected to make significant contribution to GDP growth over the next 4-5 years due to its time-bound incentive structure.

During FY21, Government of India introduced several measures such as announcement of stimulus packages, various measures to provide liquidity including moratorium on debt repayments, reduction in repo rates with an intention to get back the economy on growth track under its "survive and revive" strategy. After a sharp decline in Jun'20 quarter, the economy picked up pace from Sept'20.



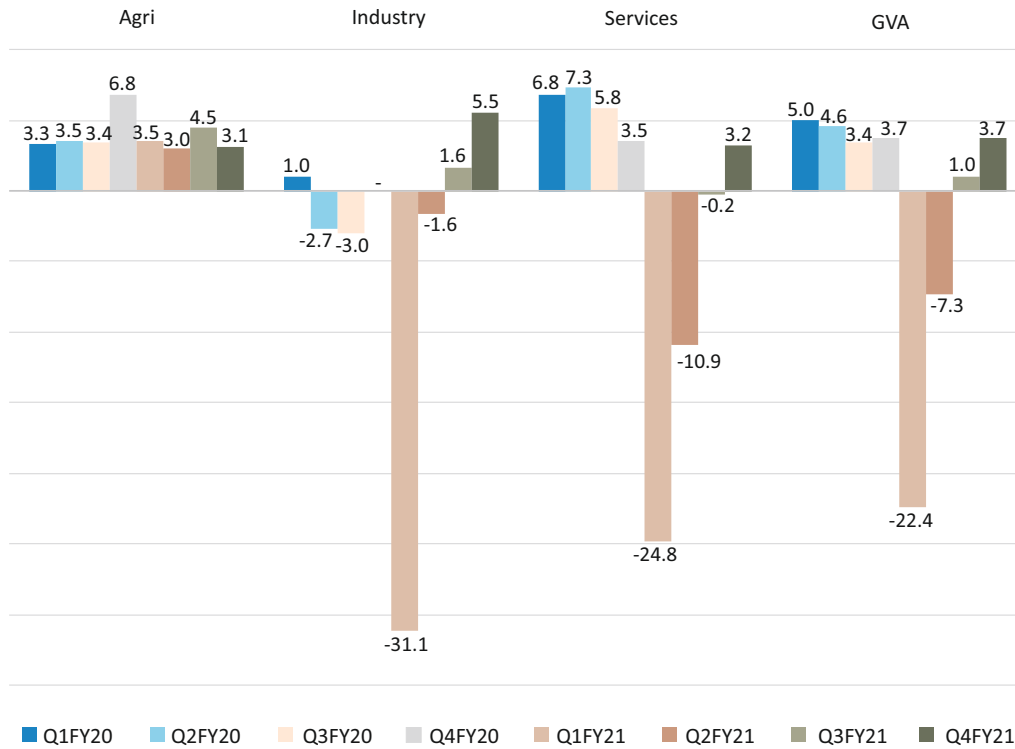
Source: National Statistical Office (NSO), MOSPI

Industrial activity picked-up which can be seen from GST collections which were at an all-time high in the month of Apr'21 and unemployment level has fallen to pre-Covid levels ~7% as of Mar'21 compared to peak of ~24% during the lockdown period in 2020¹. Agriculture GVA growth has been positive all through the year (as shown in chart below).

¹Source: CMIE

Positive growth in Agri sector contribution gives strength to India's economy during Covid period.

Quarterly GVA Growth Trajectory (%)



Source: RBI

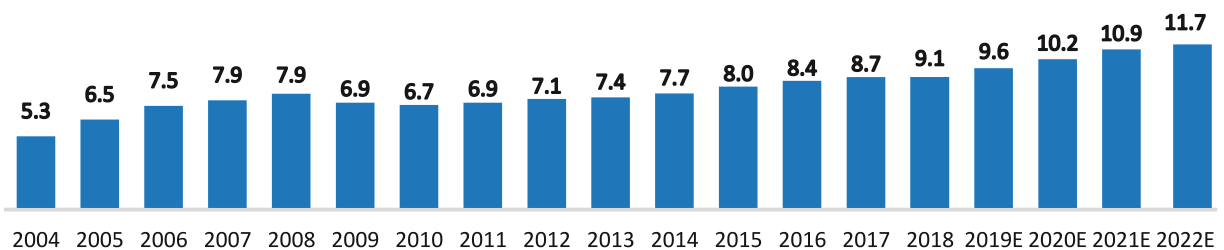
Note: Break-up of economy constituents is available in Gross Value Added (GVA) format. GVA is measured as GDP + Subsidies on products – Taxes on products.

Improving Mortgage Penetration in India

Mortgage to GDP Ratio is rising every year though India is still behind many countries in mortgage penetration ratio.

Mortgage to GDP Ratio - India

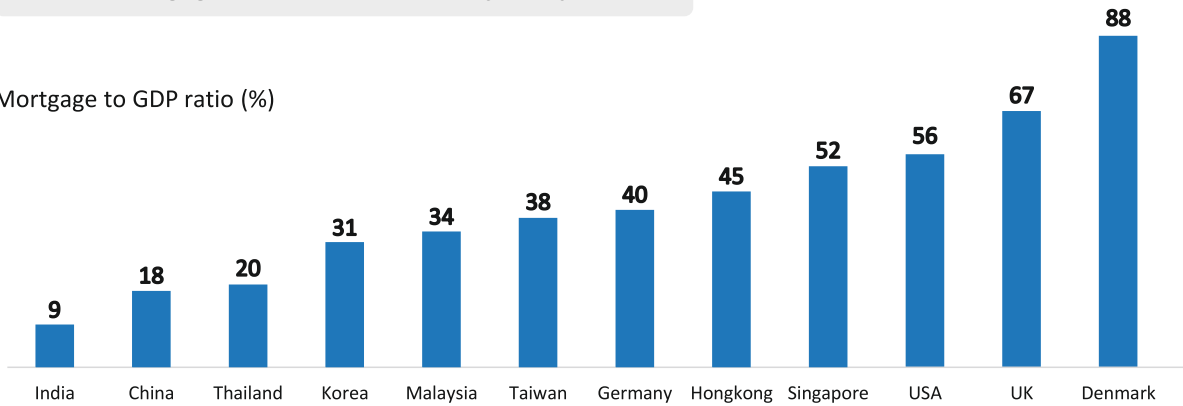
Mortgage to GDP ratio (%),
2004 - 2022E



Source: CSO, RBI

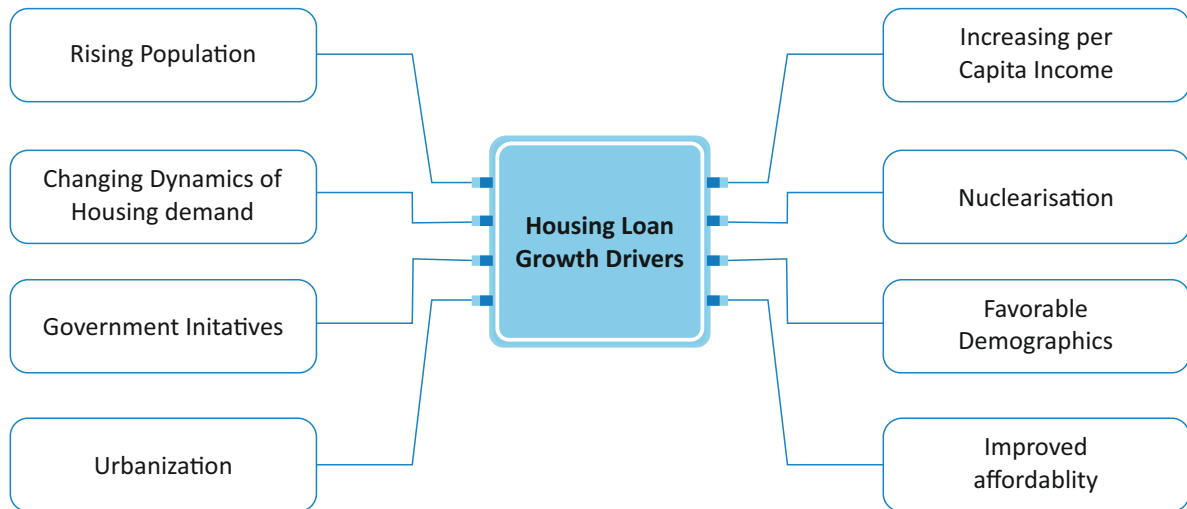
2018 Mortgage to GDP ratio - Country Comparison

Mortgage to GDP ratio (%)



Source: European Mortgage Federation, Hofinet, RBI

The major growth drivers supporting higher mortgage penetration are:



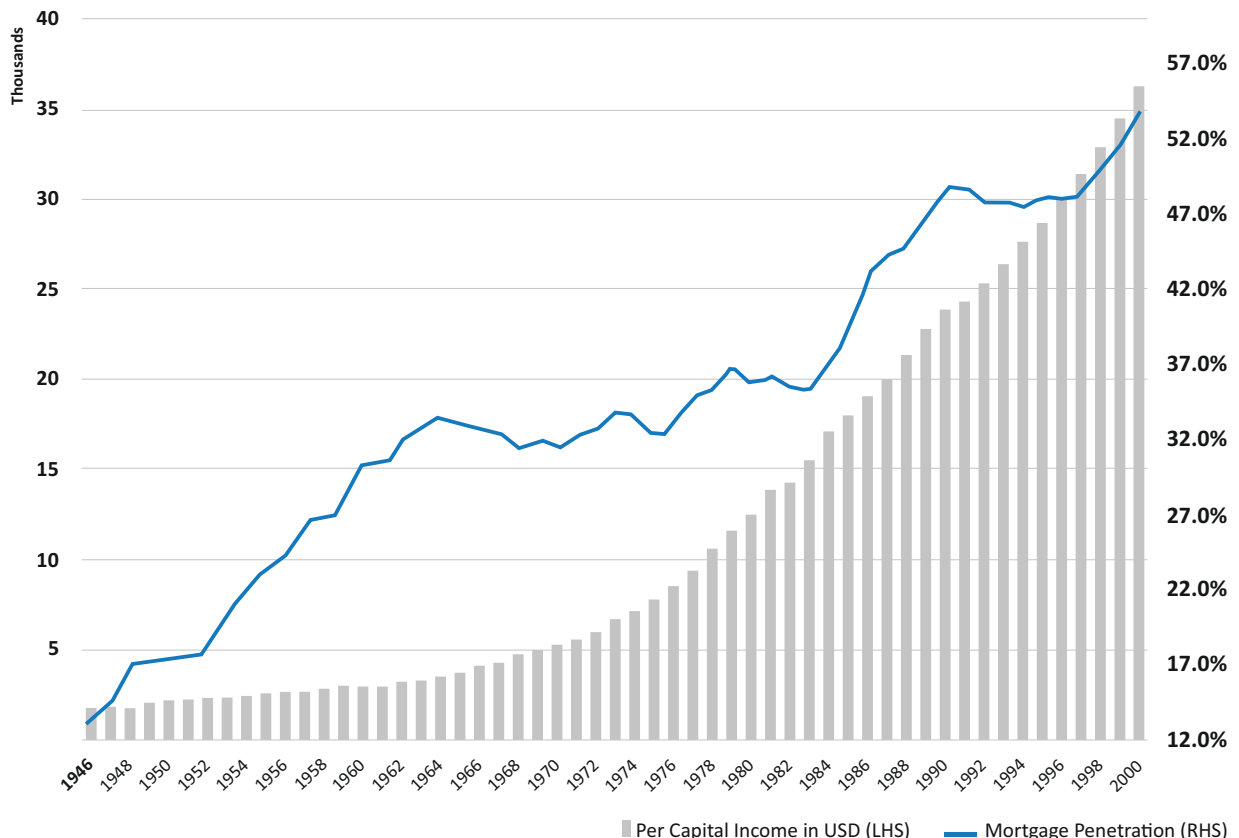
1. Rising population: India is the second most populated country in the world after China. India's population stands at 136 Crs which is expected to rise to 155 Crs by 2035 and 164 Crs by 2050. The pace of rising population will propel India to the most populated country by 2050. This is one of the key driver to rising housing demand potential in the country.

2. Changing dynamics of housing demand due to Covid: As per experts, the demand dynamics of the Indian real estate have undergone a change during pandemic. Buyers are demanding homes which offer more liveable space. The residential property now doubles up as an office corner, virtual workouts as well as a place for online schooling. Also, as per various surveys, reverse migration has further supported an increase in housing demand in tier II/III cities.

3. **Government Initiatives:** Various government initiatives such as PMAY-CLSS scheme, Income tax deductions, reduction in stamp duty rates along with various regulatory measures to boost liquidity and demand for housing (covered under Regulatory Measures later) have been instrumental in boosting the housing demand.
4. **Urbanisation:** According to Census 2011, Urbanisation in India rose from 28% in 2001 to around 31% by 2011. Currently it is around 34% as per World Bank. Urban population is expected to cross rural population in the year 2045 and to reach 52.8% by 2050 as per United Nations report on World Urbanization Prospects 2018 Revision. Higher urbanisation is expected to boost demand for housing in urban areas. It is estimated that around 70-75% of India's GDP will be contributed by Urban centres by 2030.
5. **Increasing per capita income:** As per IMF estimates, India's per capita income (at

constant prices) is expected to grow at 7.8% CAGR from FY20 to FY25 rising from USD 1877 in 2020 to USD 2729 by FY25. The per capita income is expected to grow along with improvement in GDP growth. As per Asian Development Bank (ADB), higher per capital income leads to higher discretionary income which will lead to higher spending including buying of larger housing space. This can be corroborated with the trend of mortgage to GDP seen in the USA from 1946 to 2000. In 1946, per capital income in the USA was at similar levels where India is at now (USD 2000 non-PPP adjusted). As incomes rose from USD 2000 to USD 5000 (between 1946 to 1973), mortgage penetration has increased from 12% to 30%. If adjusted for PPP, India is at similar levels to where USA was in 1973. Incomes in the USA have increased from USD 6000 to USD 35,000 over 1973 to 2000 and mortgage to GDP ratio has moved from 35% to 52% in the same period.

USA - Per Capital Income vs Mortgage Penetration as % of GDP

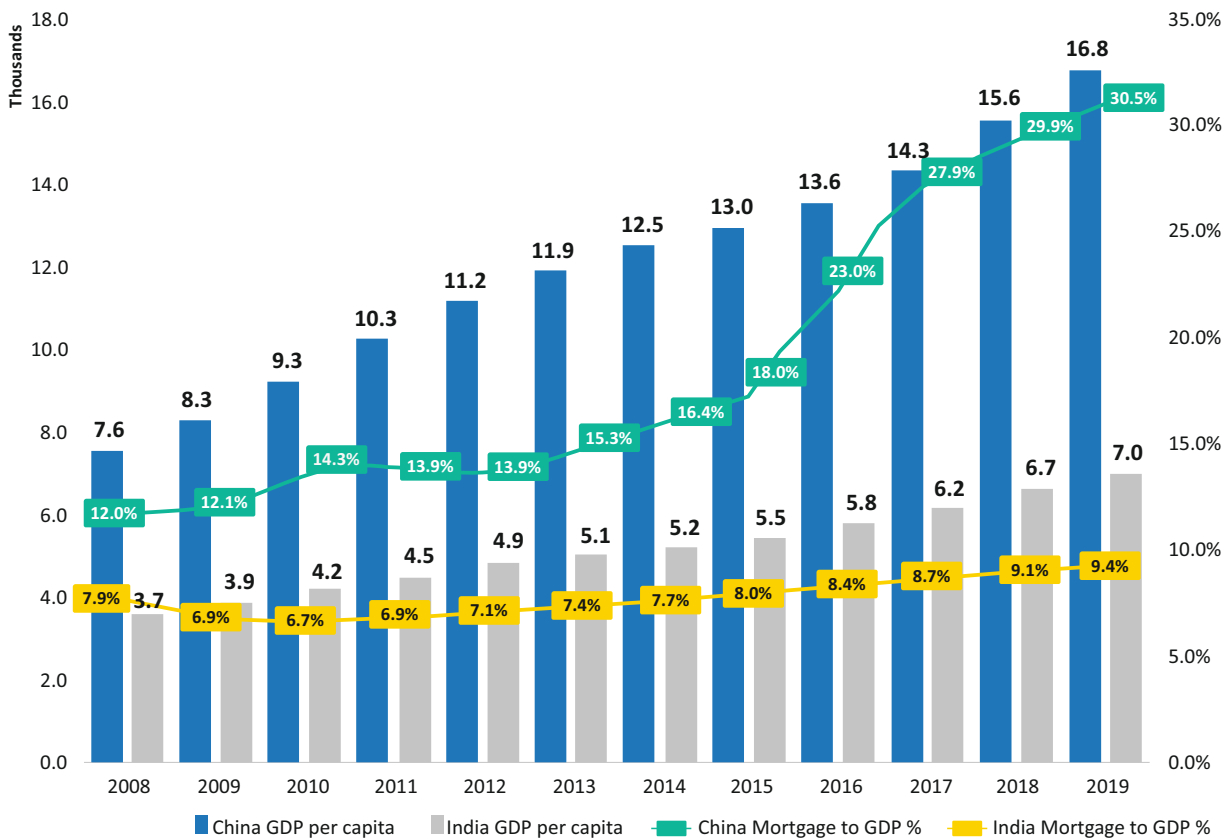


Source: World Bank & US Federal Bank

China shows a similar co-relation. The mortgage to GDP ratio of China has grown from 8% in 2008 to 31% in 2019. The per capita income of the country has increased from USD 7,600 to USD 16,800 on PPP adjusted basis during the same period. India has started a similar journey with mortgage

penetration in the country increasing from 7.9% in 2008 to 9.4% in 2019 that is correlated to the increase in per capita income of the country from USD 3,700 in 2008 to USD 7,000 in 2019 and set to enter a period of sharp growth.

India vs China: Mortgage to GDP & Per Capita income Trend (In USD PPP Adjusted)



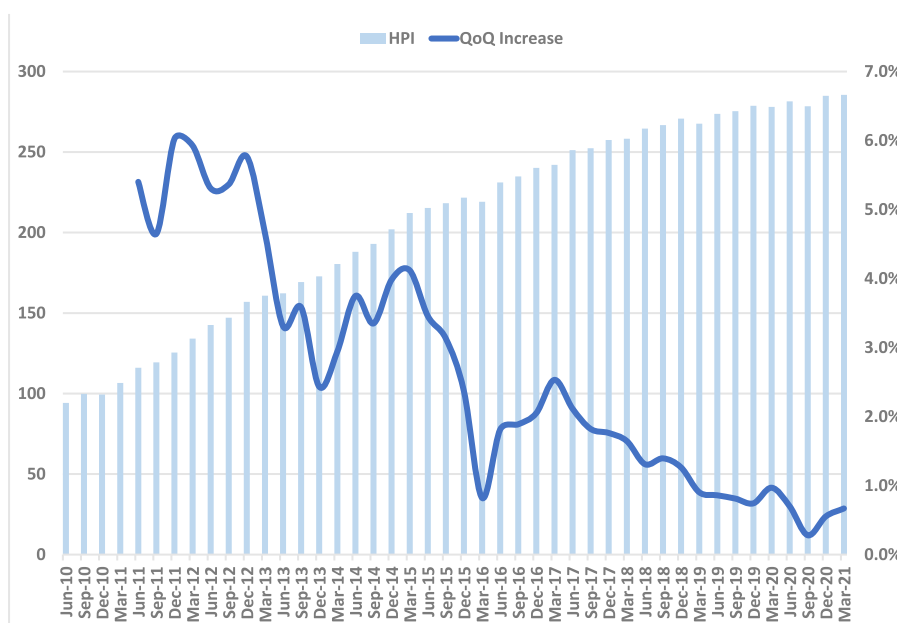
Sources: World Bank & Other Sources

6. **Nuclearization:** Reducing average household size driven by changing lifestyle of people, changing social culture, and increased mobility of labour is expected to continue in future. The average household size has reduced from 5.5 persons in 1991 to 4.8 persons in 2011 as per Census 2011. Continuing nuclearization trend is expected to drive housing demand.
7. **Favourable Demographics:** As per Economic Survey FY19, working age population will grow by 9.7 million per year during FY21-31 and 4.2 million per year during FY31-41. Favourable

demographics coupled with declining age of home loan borrowers, growth in salaries/incomes and increasing preference to accumulate assets is also expected to boost mortgage penetration in India.

8. **Improved affordability:** As per RBI statistics, the affordability of housing has improved and as shown in the chart below, the housing price rise has slowed down since mid of 2017. With lower price levels of houses and lower interest rates, the housing demand is expected to be strong.

RBI House Price Index



Source: RBI

Indian Housing Demand Scenario & Housing Finance Opportunity

As per the report by RBI appointed Committee on the Development of Housing Finance Securitisation Market (Sept'19), the projected housing requirements by FY22 is set to touch 100 million units. With growing urbanisation, nuclearization, increasing working population coupled with increasing per capita income, demand for housing will see a rise.

The project housing requirements by 2022 as estimate by the Government of India is as follows:

Category	Shortage (mn)	Value of units (₹ tn)	Aggregate Loan demand (₹ tn)
EWS	45	34	5
LIG	50	75	30
MIG and above	5	40	22
Total	100	149	58

Source: RBI - Report of the committee on the development of Housing Finance Securitisation Market - September 2019.

As per the above table, 95% of the housing shortage is from people belong to the EWS and LIG income group with aggregate loan demand of ₹ 35 trillion out of total loan demand is ₹ 58 trillion. This is compared to overall housing market outstanding of ~₹ 22 trillion for FY21 implying immense potential for the housing finance market.

The Indian housing finance market grew at ~16% CAGR over FY15-20 owing to rise in disposable income, healthy demand, government impetus on housing and more market players catering to different segments. It is estimated to grow in the range of 8-10% CAGR to touch ~₹ 26 trillion by FY23. HFCs accounted for 36% share of the total home

loan outstanding amount as of FY20. The growth of HFCs is faster on account of deeper reach, focused approach, and expertise in this segment.

The overall affordable housing outstanding credit growth grew at a CAGR of ~12% during FY15-20. The major growth drivers being increase in penetration of financiers in rural and semi-urban areas, favourable demographics, government push to promote Housing for All by 2022, and improved affordability of borrowers. The affordable housing market outstanding is ~₹ 9 trillion currently and as per various research reports, it is projected to grow by at least 10% CAGR in the medium term. In volume terms, affordable housing loans comprises majority of overall housing loan volumes.

Digitisation in India: Catalyst for the Next Growth Cycle

Prior to FY10, digital transactions saw single-digit growth. From FY10-FY16, this figure rose to 28% owing to the launch of faster payment modes in the country and jumped to 56% in FY17 following demonetisation. COVID-19 has further accelerated the shift to digital payment modes. Banks and non-banking financial companies are now more focused on providing integrated solutions. Digital payments have evolved from being viewed as a cost centre for banks to a revenue centre and a key lever for customer acquisition.

India's journey of creating a digital financial infrastructure has been characterized by collaboration between the government, the regulator, banks, and fintech. This has helped to advance the country's goal of enabling financial inclusion and also provide rapid payment digitization for citizens. The pandemic has further accelerated the adoption of digital payments with many first-time users adopting digital payments and significant off take by merchants. Over the last four years, the digital

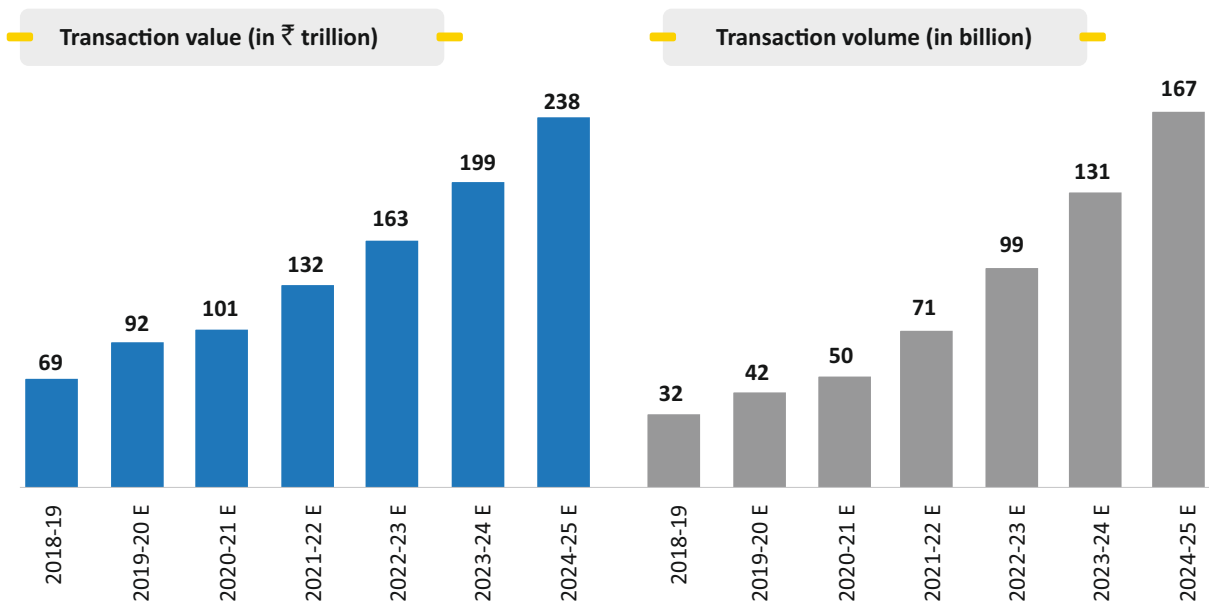
payment market in the country has grown at a CAGR of 23% in volume and 21% in value.

The launch of new and innovative payment products like Unified Payments Interface (UPI), National Electronic Toll Collection (NETC) and Bharat Bill Pay Service (BBPS) have firmly placed the digital payment industry on an upward growth trajectory. Businesses have now realised the importance to integrate both online and offline payment channels in order to provide an omnichannel experience to their customers.

Growth of digital payments specifically will come about on the back of increased merchant digitisation in cities beyond tier II. Reserve Bank's efforts have been geared towards developing efficient and secure payment & settlement systems with focus on their greater penetration through availability of user-friendly platforms at affordable cost.

As per a PwC report titled "The Indian payments handbook – 2020–2025" published in Dec'20; the volume and value of digital transactions in India will reach 167 billion and ₹ 238 Tn respectively by FY25.

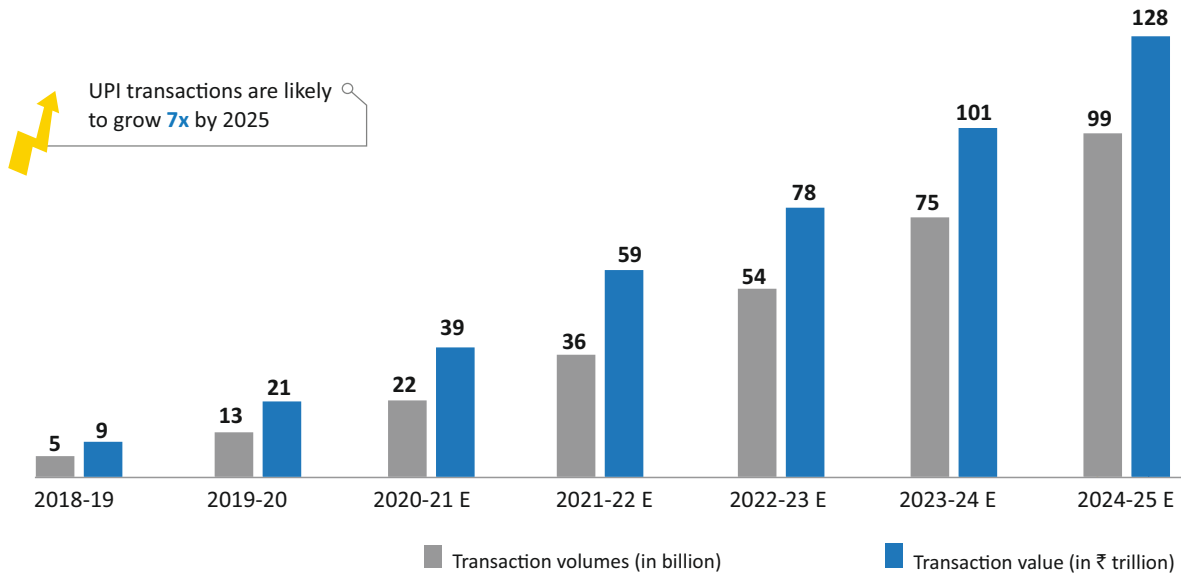
Value and volume of digital transactions in India



Source: PwC analysis of RBI data

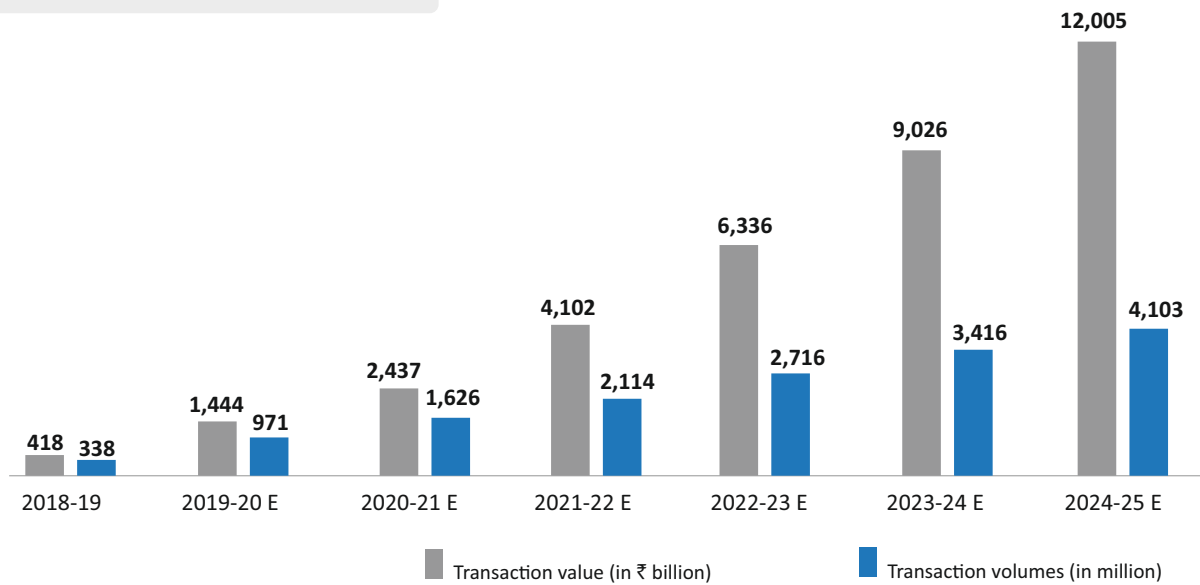
PwC in its report highlighted growth potential from UPI, Bharat Bill Pay System (BBPS) and other initiatives

Projected growth of UPI transactions



Source: PwC analysis of RBI and NPCI data

Growth in BBPS Transactions



Source: PwC analysis of NPCI and MeitY data

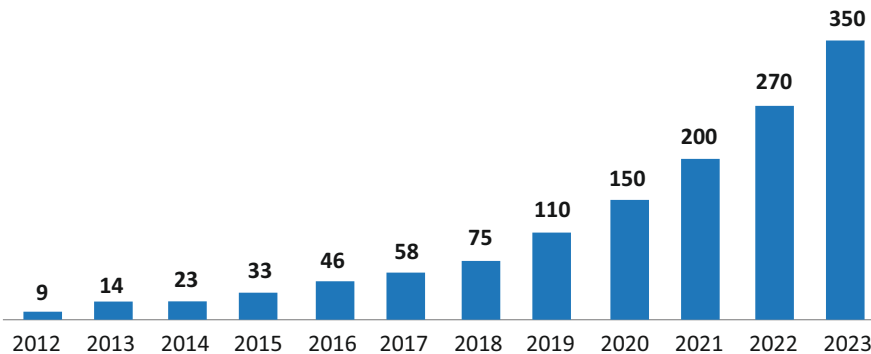
Digital lending - Indian consumers are ready to make digital lending the new normal (witnessed 43% CAGR between FY12-FY19 and expected to grow by 34% between FY19-FY23)

Digital lending models are addressing the unmet demand for credit in India. Retail digital lending has delivered ~43% CAGR over the past seven years and reached more than USD 110 Bn in size by FY19. This has been led by the emergence and growth of many specialized digital lenders using alternative data sources for underwriting and reaching out to customers who were hitherto outside formal credit ambit due to lack of bureau records. They have

garnered more than 40% market share in new personal loans and 20%+ in unsecured retail loans.

India's market for digital lending is poised to grow from USD 110 billion in FY19 to USD 350 billion in FY23 as shown below. This will increase the share of digital lending in India's overall lending market from 23% in FY18 to 48% by FY23, making digital lending a sector with the highest penetration by digital channels in the country. To ensure that the digital lending model remains sustainable in future, it would be essential for FinTech lenders and incumbent Financial Institutions to develop sustainable, secure and scalable technology platforms.

Growth of digital lending in India (in USD billion)



Banks observed a dramatic shift in their transaction profiles. The number of transactions through digital channels more than doubled from 6.2 billion in FY16 to 13 billion in 2 years until FY18

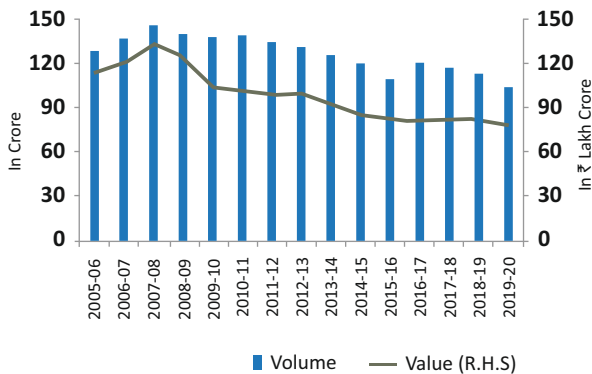
Source: CIBIL, BCG Google 2018 Digital lending survey through PWC & FICCI report titled "A wider circle - Digital lending and the changing landscape of financial inclusion"

Also, as per a recent RBI article, Review of Payment Surveys Conducted in a few Advanced Economies suggests that a broader adoption of digital payments **significantly helps financial inclusion of the disadvantaged sections**. Almost all countries mentioned in the article revealed continued decline in use of cash and increased preference for electronic payment modes by consumers.

The article also highlights trends in Indian retail payment landscape. The use of paper based instruments such as cheques and demand drafts

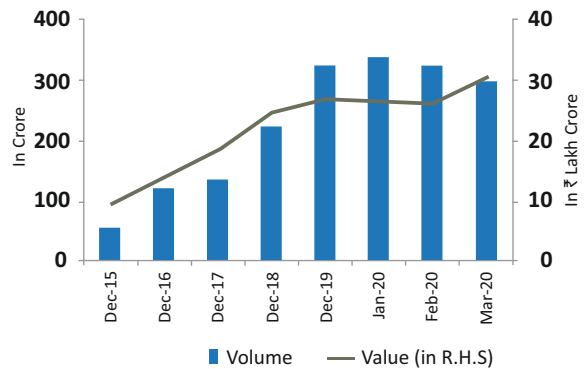
has declined significantly in volume as well as in terms of value, while retail digital payments increased significantly. In terms of value, **share of retail digital payments accounted for around 80% or more in total retail payments and around one-fifth in total payments as well as in total digital payments in the same period. As per survey results highlighted in the same article, one of the key reasons cited for the increasing use of Digital Payments is "convenience"**.

Trends in Paper-based Instruments



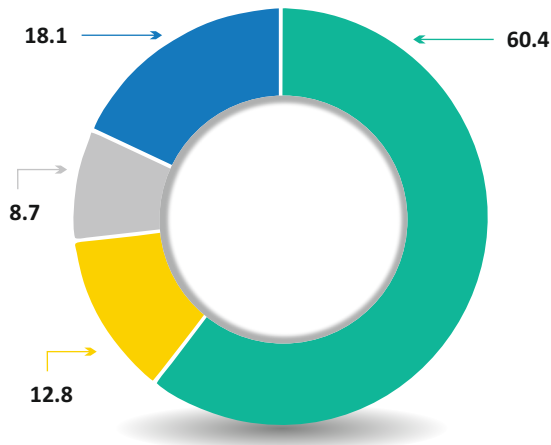
Source: RBI

Trends in Retail Digital Payments



Source: RBI

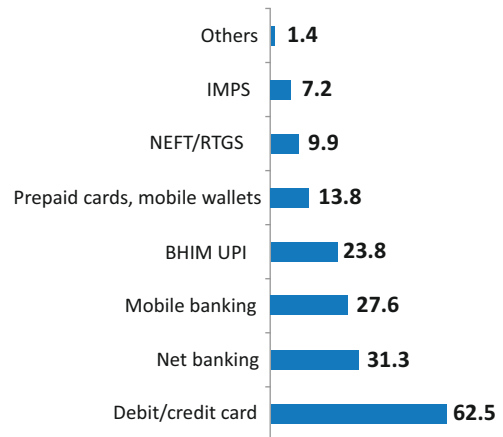
Reasons for Using Digital Payments in %



Convenience Offers & Discounts Trust No Comments

Source: RBI

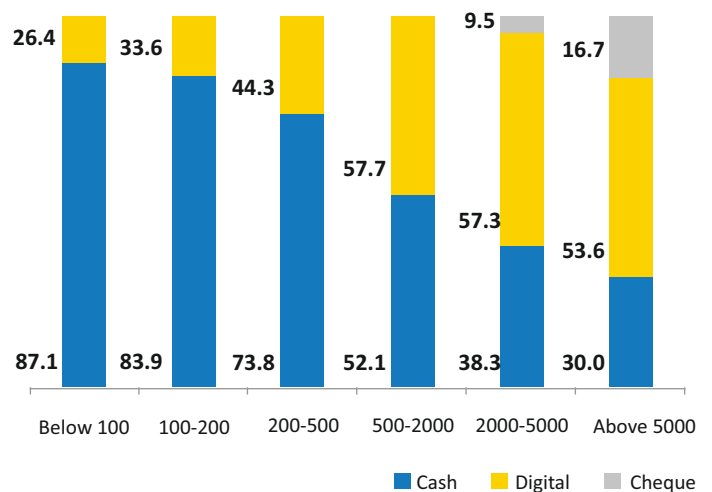
Preferred mode for Digital Payments in %



Note: Data will not add to 100 as participants could select multiple options.

Source: RBI

Preferred Mode for Small Value Transaction (amount of transaction in ₹) (in %)



Note: Data will not add to 100 as participants could select multiple options.

Source: RBI

The survey also highlights digital mode is preferred as the transaction amount increases. 74% of respondents preferred cash for transaction amount between ₹ 200-500 whereas 54% preferred digital for above ₹ 5000 transaction. The article also highlights that as the education qualification of the respondents increases, the use of digital payments is higher. However, it is significant that even amongst respondents who are educated at 10th class levels or lesser, the awareness of digital modes is as high as 85%+

“DIGIZEN” BALAJI ENJOYS PAYING VIA MOBILE APP

Our customer **Balaji** is a 44 year old self-employed individual who lives in Tiruvallur with his wife and two children.

He runs an engineering and fabrication unit from a shed extended beside his house while his wife runs a tailoring business of her own to add to the family income. Together the couple is able to earn upto ₹ 26,000 per month. Balaji approached HomeFirst for a loan of ₹ 4,00,000 to repair and extend his house and to renovate the shed which is currently his workshop.

Balaji started paying off his loan with an EMI amount of ₹ 6,429 by NEFT, but often felt the process to be tedious and slow and he often used to fear missing his EMI payment on bank holidays. Now with the availability of HomeFirst Customer Portal App, Balaji finds it easy to make his EMI payments. He has registered himself on the app from Jan'21 and has ensured regular EMI payments and has even made some payments ahead of time to ensure that he does not miss the due date. Just like his business that he operates from home, now he is able to pay his EMIs too from the convenience of his home. Customers like Balaji are a great inspiration to the HomeFirst team that is always on the lookout for innovations to make home ownership an enjoyable experience. We are honored to play a hand in Balaji's success story as he seeks to raise the standard of living for his family.



“The HomeFirst app is quite easy to get used to. I can make EMI payments, pull out my statement of account or make a pre-payment at my own convenience...”

A VERY IMPORTANT CONNECTION!

Balu R is a Civil Engineering graduate hailing from Kundrathur in Chennai.

After a couple of years with a construction company, in Nov'16 he decided to start his own construction business and started taking up contracts. Requiring additional funds for his business, Balu approached HomeFirst and got a loan against his property. The hassle free process and efficient documentation at HomeFirst gave a positive impression of the company and its customer service! During the course of his business, Balu met a client who wanted to construct his own home but was unable to produce the formal income proofs required by the traditional banks. Having experienced the services of HomeFirst first-hand, Balu referred him to us. The customer's loan was disbursed after due checks and verifications and Balu was able to proceed with the construction. Soon, Balu was actively recommending HomeFirst to his clients!



It has been a long time from the day Balu walked into our Tambaram branch for a loan. He has since become a successful construction contractor in Chennai, working on multiple projects. Now, he refers people to us on the HomeFirst Connect App. He securely logs in to the app, enters the name and phone number of the customer who needs a home loan and the rest is taken care of by the HomeFirst Relationship Manager. The App dashboard, gives him all the information that he needs in one place. Total leads shared, loans sanctioned out of those leads, the status and progress of each lead, and his payout details. In the last financial year, he has shared 5 leads with us and 2 were approved. He is using the Connector App since Aug'19 and now prefers it over visiting the branch. We are glad to be a part of his growth story, as he has been for us!

“HomeFirst treated me exceptionally well, made me understand all the details of my loan and with easy digital access to my loan, the whole transaction was very transparent. I can confidently recommend HomeFirst to my clients. The app makes it easy for me to pass on a lead and track the progress of each lead. I don't have to prepare a file to login an application with HomeFirst. Enter the name and number and you are done. This has really made my life simple!”

Strengths

- Scalable operating model built on holistic technology usage
- Pan India Distribution driven by strategic market selection & contiguous expansion
- Omni channel lead generation driving sourcing
- Differentiated people strategy
- Data science backed underwriting

Weakness

- Relatively smaller asset base and lesser known brand in the market

SWOT

Threats

- Longer than expected slowdown in the economy due to COVID
- Competition from fintechs
- Uncertain economic and political environment

Opportunity

- Low mortgage penetration in India— huge potential
- Demographic factors such as urbanisation, nuclearization and population growth
- Government initiatives to boost affordable housing
- Low market share of the company creating a tremendous opportunity for expansion

Our Performance Overview

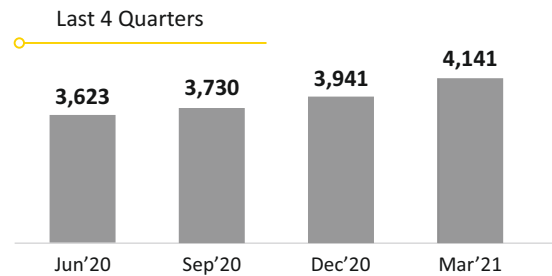
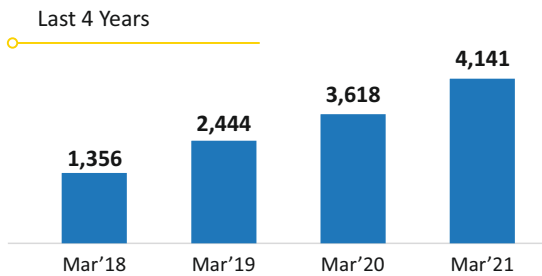
The company entered the FY21 with the backdrop of economic and health uncertainty posed by the COVID-19 pandemic. With primary focus on liquidity, collections, cost optimization and continued use of technology in various facets of the business, the company remained confident and emerged stronger with 14.4% y-o-y growth in gross loan assets and 25.9% y-o-y increase in profit after tax for FY21. We exhibited resilient collection efficiency throughout the year with efficiency improving from 78.4% in Jun'20 to 97.6% in Dec'20 and now, 98.5% in Mar'21. The resilience was supported with growth in our business with disbursements consistently increasing month on

month. Q4FY21 has also witnessed record disbursements of ₹ 452 Crs. The balanced approach between profitability and asset quality has resulted in moderate delinquency of 1.8% for FY21.

Assets Under Management

Our company's Assets Under Management (AUM) grew by 14.4% YoY from ₹ 3,618 Crs as at Mar'20 to ₹ 4,141 Crs as at Mar'21. We have a sustainably growing healthy loan book. Our 3-year AUM CAGR has clocked ~45%. We ensure that we have a responsible and sustainable growth while maintaining a healthy asset quality and adequate liquidity.

Assets Under Management (in ₹ Crs)



The growth is contributed on the back of our expansion into our markets of Andhra Pradesh and Telangana, Tamil Nadu, Madhya Pradesh and Rajasthan.

States / Territories	Number of Branches	Number of Districts	Percentage of Gross Loan Assets as on		
			FY21	FY20	FY19
Gujarat	20	11	38.2%	39.7%	40.8%
Maharashtra	15	13	19.2%	21.7%	28.4%
Tamil Nadu	11	8	11.1%	9.9%	8.5%
Karnataka	4	1	9.1%	9.0%	8.2%
Rajasthan	6	3	5.5%	5.0%	3.8%
Telangana	4	2	5.5%	4.9%	3.2%
Madhya Pradesh	5	3	4.4%	3.9%	2.6%
Uttar Pradesh	1	3	2.9%	2.6%	2.0%
Haryana & NCR	1	10	1.0%	1.1%	1.3%
Chhattisgarh	1	3	1.2%	0.9%	0.8%
Andhra Pradesh	4	3	1.9%	1.3%	0.4%
Total	72	60	100.0%	100.0%	100.0%

Geographic Presence

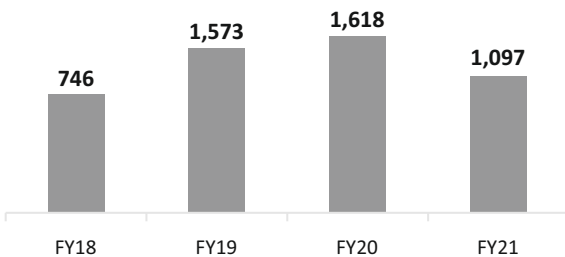
Our geographic presence is spread across 12 states/union territory of the country with a network of 72 branches across 60 districts.

Disbursements

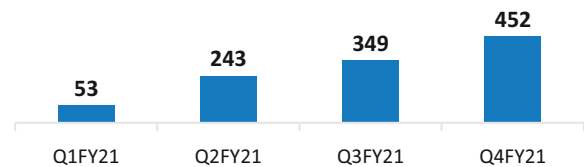
Disbursements during the FY21 were ₹ 1,097 Crs.¹ Disbursals for the year FY21 declined by 32.2% compared to the previous year. However, Q4FY21 witnessed record disbursals with 30.4% growth over Q4FY20 and 29.5% growth over Q3FY21.

Disbursements (in ₹ Crs)

Last 4 Years



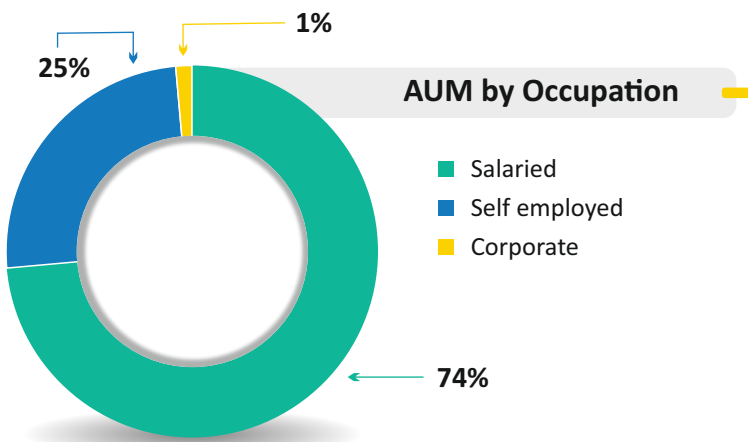
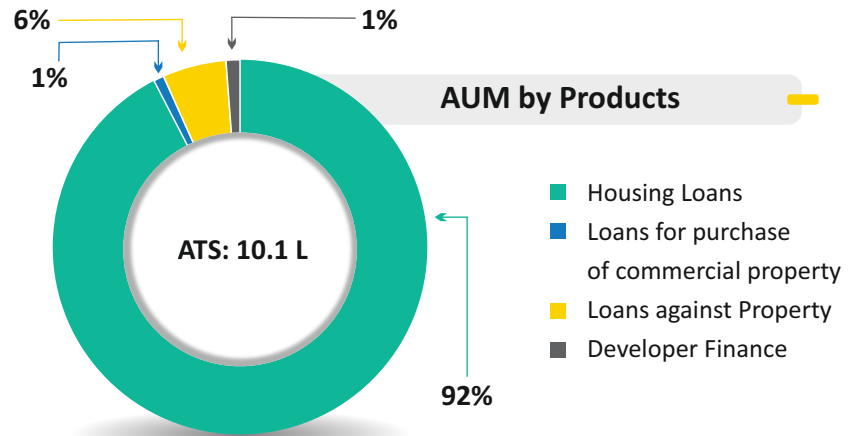
Last 4 Quarters



¹Disbursements excluding disbursements towards moratorium loans

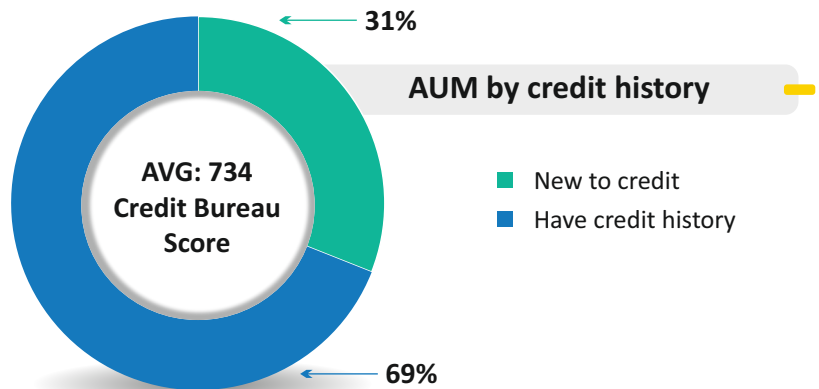
Product Metrics

The company has sharp focus on housing loans. The company follows a conservative approach when it comes to underwriting loans. Higher concentration of home loans augurs well with our understanding of risk. The average ticket size of our home loan is ₹ 10.1 lakhs.

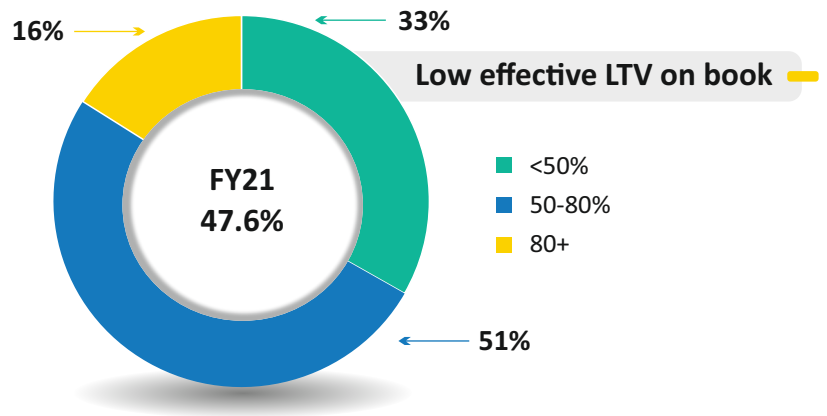
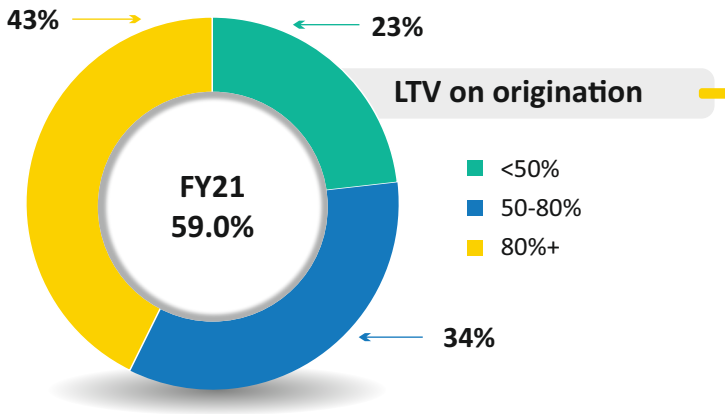
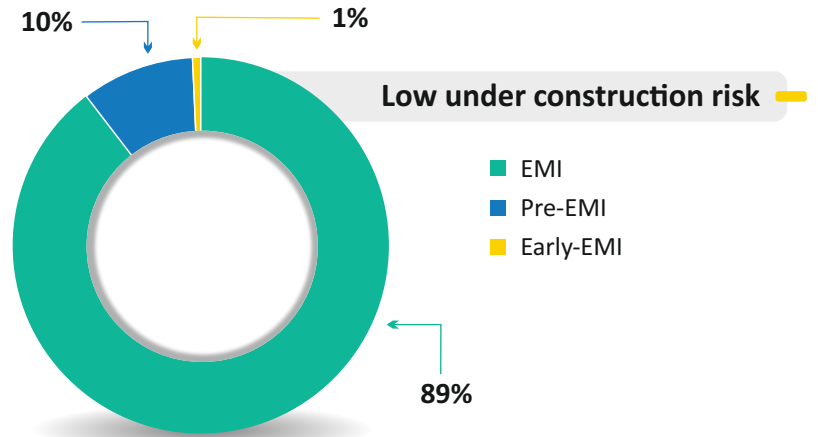


At HomeFirst, we have higher concentration of salaried customers. Our emphasis has been on the salaried segment customers because we believe that salaried customers are more resilient from a credit quality perspective and this will help to build a robust loan portfolio. Majority of our customers are first time home buyers.

From credit quality perspective, our book has higher proportion of customers having credit history. However, since majority of our customers are first time home buyers, we have ~31% of our AUM comes from customers who are new to credit.



Further, we have a low risk on account of low exposure to under-construction properties at 10% of total portfolio and low LTV of 59.0% at the time of loan sanction.



Credit Underwriting process

We have a robust underwriting process. Our credit underwriting process incorporates advancements in technology, data aggregation and analytics to make the outcome consistent, accurate and cost effective. Our underwriting spans across three levels: evaluation at the branch level, validation against digital databases, centralised underwriting at the head office level at the time of loan approval and centralised validation of all the previous processes at the time of disbursement of the loan. A single loan passes through at least 5 different pairs of eyes internally and 2 different pairs of eyes externally before the disbursement is initiated.

Level 1: Evaluation at the Branch level:

Every customer application directly starts its journey in our loan origination system. Our Relationship Managers (RMs) engage with prospective customers (leads) and carry out KYC, credit bureau and various other verifications against digital databases with the help of the RM Pro App. Once the application passes through the initial screens, our relationship manager conducts home and workplace visits for verification of customer lifestyle, living conditions, employment and assessment of income. The entire process is paperless. Documents are captured in original in the form of scanned images directly on the app. Other details of the visit such as photographs, audio clippings of discussions, videos of workplace etc are also captured on the system.

The RM also visits the property to assess and capture habitation and development of the area in which the property is located, geo location, a 360-degree video of vicinity, and quality of property to understand the resaleability in that area. The relationship manager submits the property and the customer details to underwriters; on the Salesforce CRM; post sign-off from the regional manager; for approval along with all the collaterals that have been captured in digital format.

Level 2: Centralised underwriting at the head office level at the time of loan approval:

The completed digital loan application submitted by our RMs is cross checked by our customer and property underwriting teams for a host of parameters including completeness of application form, KYC, eligibility, fraud check, Credit Bureau, income assessment, Loan to value, Value of Collateral, bank statement, debt burden, third party databases for Income, asset ownership etc.

Property Underwriting

The property underwriting team carries out an assessment of the property that the customer proposes to purchase. We assess the value of the collateral at the time of approving the loan and conduct an additional set of checks before the final approval of the property and disbursing the loan. Our teams initiate a legal and technical assessment through third party vendors to verify the authenticity of the technical documents, legal title to the collateral property and its market value. We use an application for geo tagging of properties and a proprietary machine learning backed property price predictor to determine the first cut value of the collateral property which helps us to reduce our turnaround time for approving loans, as well as achieve a higher accuracy in determining the loan to value ratio.

Customer Credit underwriting

Our centralized credit underwriting team is supported by data science backed underwriting models to evaluate the customer's ability and intention to repay the loan. The integration of customer relationship management and loan management system on a single platform enables our underwriters to conduct the credit appraisal process in a quick and efficient manner. Further, our digital tie-ups with third party data aggregators provides us with authentic data such as, banking, vehicle ownership of customers and taxation related data. The application also passes through a fraud check software to eliminate fraudulent transactions. Further, we utilize proprietary machine learning credit scoring models to assist us with our credit assessment process. The model bifurcates customers into different categories of

risk. Data pertaining to the customer and property, coming from different sources i.e., field verification, digital database checks, legal and technical service providers and the probability of default from the machine learning model are provided to the underwriter to take the final decision on the loan. This digitally assisted centralized underwriting model enables us to take effective decisions with industry leading turn around times.

Level 3: Centralised validation of all previous processes at the head office level at the time of disbursal:

After the loan is approved, every customer is invited for a mandatory counselling session at the branch. During the counselling session activities such as verification of original KYC documents, collection of original property papers and completion of Memorandum of Equitable mortgage and NACH process is done. All the loan terms are explained to the customer. Legal and technical reports submitted by empanelled lawyers and valuers are vetted by the central property underwriting team wherein estimates and maps from the relevant approving authorities are cross checked.

Before disbursement our teams obtain original documents, legal and technical reports and further information pertaining to disbursal from the property developer or the customer. We further verify the stage of construction, legal and technical reports and other documents including demand letter, no objection certificate and possession letter from the developer. Thereafter, we seek consent from the customer to disburse the loan amount to the builder.

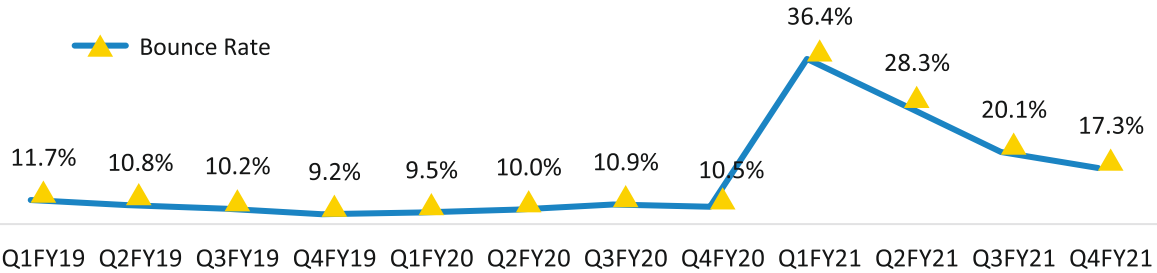
Loan Collection and Monitoring

We have set up a robust collections management system. All our borrowers are required to register for an automated debit facility. We have collections module on our platform through which we can track the status of instalments collected on a real time basis. We remind our customers of their payments and schedules by way of automated calls and text messages. Further, we use AI and ML to predict the probability of default. This provides us early warning signals and we can take appropriate action to mitigate the risks. Our collection process is completely managed by our branch teams and a significant portion of our employee incentives are dependent on collections.

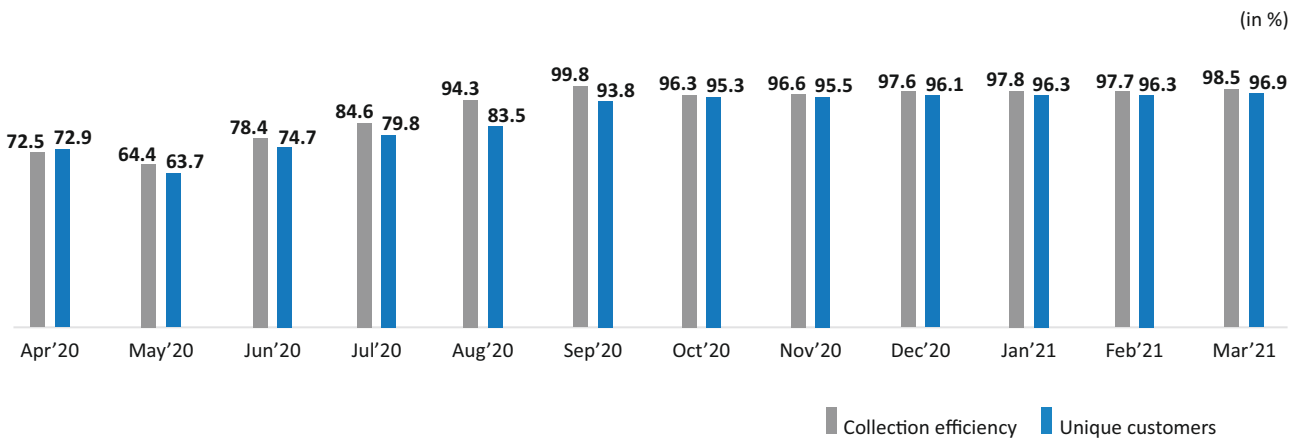
The branch teams are supported by a HO Collections coordination team; which uses analytics to strategize collections on a cohort basis. This combination of HO Collections team guiding the branch teams form an effective way of collecting loans.

We initiate recovery action immediately after the customer defaults in their monthly payment and the severity of our action increases as the number of days past due increase. At one day past due, our front-end field teams call customers and initiate visits to understand reasons for default and recovery of the dues. At 30 days past due, while our employees continue to engage with the customer, we send them a default notice. At 60 days past due, we send a loan recall letter and our employees reiterate the repercussions of the loan default to the customer. Thereafter, we seek to resolve cases by initiating legal action through SARFAESI at 90 days past due.

Healthy Leading Indicators



Our bounce rates are continuously improving from Q2FY21 onwards. This is supported by resilient collection efficiency. From 96.3% collection efficiency in Oct'20, it has clocked 98.5% in Mar'21.

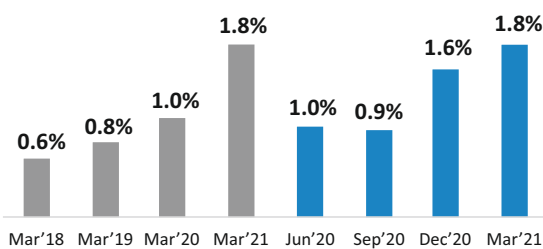


Asset Quality

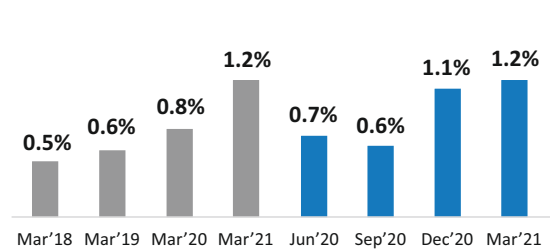
On account of our stringent and prudent underwriting process, we are able to maintain a healthy asset quality. As at Mar'21, our stage 3 loans amounted to ₹ 62.17 Crs which was 1.8% as a percentage to loans – principal outstanding. The stage 3 loan assets (net) stood at 1.2% of Loans – Principal Outstanding. As at Mar'21, the total

impairment loss allowance stood at ₹ 45.30 Crs. The ECL provision as on Mar'21 is ₹ 46.25 Crs resulting in total provision to loans outstanding ratio at 1.4%; and the Stage 3 provision coverage ratio is at 74.4%. This is compared to ECL provision of ₹ 27.66 Crs in Mar'20 with total provision to loans outstanding ratio of 0.9% and stage 3 provision coverage ratio at 87.7%.

Gross Stage 3 / POS%



Net Stage 3 / Net POS%



In view of the Supreme Court interim order in Sep'20 in writ petition by Gajendra Sharma vs. Union of India & ANR, accounts which were not declared as NPA till Aug'20 and were not to be declared as NPA till further orders. However, the Company had classified such accounts as stage 3 and provisioned accordingly in the

Statement of Profit and Loss. Now, since the restriction on classification of assets as non-performing assets has been removed and the stay on SARFAESI has been lifted in late Mar'21, we are confident of resolving our stage 3 loan accounts in the coming months.

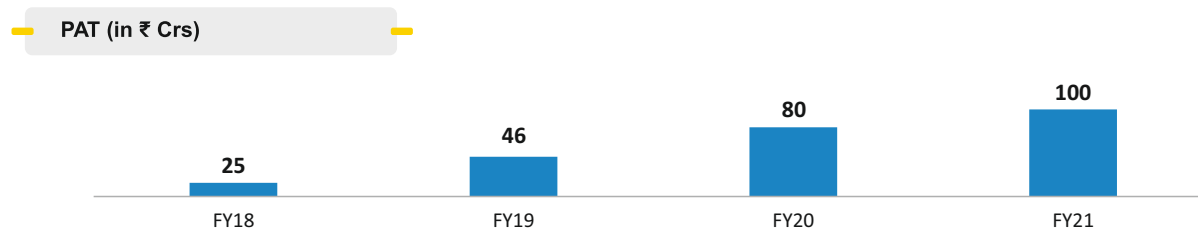
Our Financial Performance

Particulars (in ₹ Crs)	FY21	FY20	YoY%
Interest Income on term loans	402.60	342.50	17.5%
Net gain on DA	43.94	37.12	18.4%
Non-interest income	42.63	40.06	6.4%
Total Income	489.17	419.68	16.6%
Interest on borrowings and commercial papers and interest on debt securities	216.58	191.22	13.3%
Net Interest Income	186.02	151.28	23.0%
Net Total Income	272.59	228.45	19.3%
Operating Expenses	106.40	104.62	1.7%
Credit Cost	32.15	16.50	94.8%
Profit before tax	134.04	107.33	24.9%
Tax expense	33.90	27.78	22.0%
Profit after tax	100.14	79.55	25.9%
Basic EPS	12.37	10.81	
Diluted EPS	12.18	10.57	

Key Financial Ratios

Particulars (in ₹ Crs)	FY21	FY20	Variance
Profit after tax on average total assets (ROA)	2.5%	2.7%	-20 bps
Leverage (Average total assets/average Equity or average Net-worth)	3.5	4.1	
Profit after tax on average equity or average Net-worth (ROE)	8.7%	10.9%	-220 bps
Cost to Income Ratio (Operating Expenses / Net Total Income)	39.0%	45.8%	-680 bps
Operating Expenses / Average total assets	2.7%	3.5%	-80 bps
Debt to equity ratio	2.2	2.7	

PAT crossed ₹ 100 Crs mark; which is highest in the history of the Company and a growth of 25.9% on a y-o-y basis.



Data for FY18 as per IGAAP. Data for FY19, FY20 and FY21 as per IndAS

We recorded strong profit growth despite maintaining high liquidity and conservative covid provisioning. The growth is supported by strong net worth and low average total assets to average equity. FY21 Pre-money ROE is estimated at 9.9%.

RoA and RoE

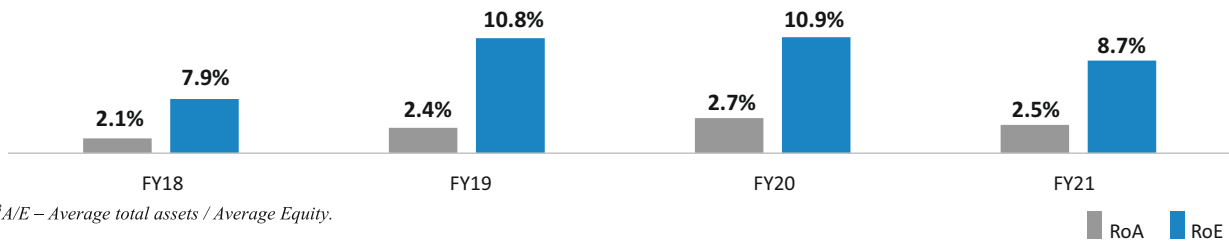
A/E³

3.7x

4.5x

4.1x

3.5x



³A/E – Average total assets / Average Equity.

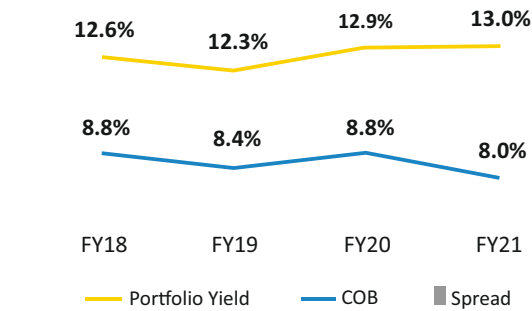
Data for FY18 as per IGAAP. Data for FY19, FY20 and FY21 as per IndAS

Spread on Loans¹

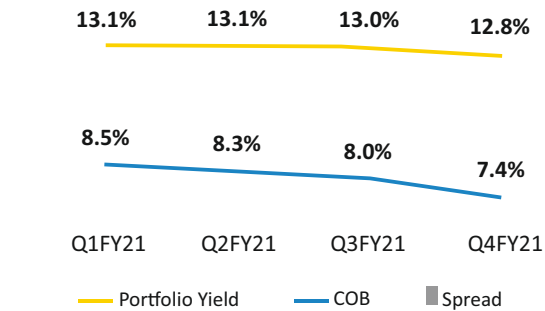
During the FY21, our portfolio yields was 13.0% against previous year's portfolio yield of 12.9%. The weighted cost of borrowings was 8.0% per annum as compared to 8.8% in the previous year due to rate resets during the year coupled with competitive marginal cost of fresh borrowing. The spread on loan book for the year was 5.0%.

Net Interest Spread Movement

Last 4 Years



Last 4 Quarters



Resource Mobilisation

Shareholders' Funds

As at Mar'21, our Shareholders' Funds was ₹ 1,380.54 Crs, representing 30.6% of our total assets. As at Mar'20, our Shareholders' Funds was ₹ 933.43 Crs, representing 26.8% of our total assets. The increase in our Shareholders' Funds was

primarily due to an increase in our securities premium account due to the preferential allotment of equity shares to Orange Clove Investments B.V – an affiliate of the Warburg Pincus group aggregating to approximately ₹ 75 Crs and due to fresh issue of shares offered during our initial public listing offer for ₹ 265 Crs.

¹Data as per IGAAP

Particulars		₹ in Crs
Opening Equity as on Mar'20	(A)	933.43
Profit for the year		100.14
Other comprehensive income / (loss) for the year		(0.33)
Transfer to statutory reserves from retained earnings		(20.04)
Transferred from stock option outstanding account pursuant to stock options lapsed		0.10
Increase in Retained Earnings	(B)	79.87
Changes in equity share capital during the year		1.82
Share application money received during the year		0.01
Expenses on employee stock options scheme for the year		3.17
Increase in statutory reserve due to transfer from retained earnings		20.04
Premium received on allotment of equity shares		352.91
Transferred to retained earnings pursuant to stock options lapsed		(0.10)
Share issue expenses		(10.61)
Increase in share capital and other equity (excl Retained Earnings)	(C)	367.24
Closing Equity as on Mar'21	(A)+(B)+(C)	1380.54

Note

- (i) In Oct'20, Orange Clove Investments B.V (an affiliate of Warburg Pincus) entered into an agreement with the existing shareholders and the Company for investment through a combination of secondary sales by existing shareholders and primary fund raise - total comprising 25.64% of shareholding (on post issuance basis). The primary fund raise amounted to ₹ 75 Crs. Further, pursuant to the share subscription and purchase agreement (SSPA) and on receipt of RBI approval, Orange Clove has purchased equity shares from Existing Shareholders, aggregating to 5.04% of the then paid-up share capital of the Company (on a post-issuance basis) as on 12 January 2021 and 13 January 2021.
- (ii) The Company had made an Initial Public Offer (IPO), during the year ended Mar'21 for 2,22,72,556 equity shares of ₹ 2 each, comprising of a fresh issue of 51,15,830 equity shares by the Company and 1,71,56,726 equity shares offered for sale by selling shareholders. The Equity shares were issued at a price of ₹ 518 per share (including a Share Premium of ₹ 516).

For further details, please refer Schedule 16 and Schedule 17 of the financial statements for schedules on Share Capital and Other equity.

ESOP allotment

During FY21, the company has issued and allotted 16,23,543 equity shares pursuant to the exercise of stock options by eligible employees of the company under ESOP plans. Further during the year 1,54,500 ESOPs were granted to the employees.

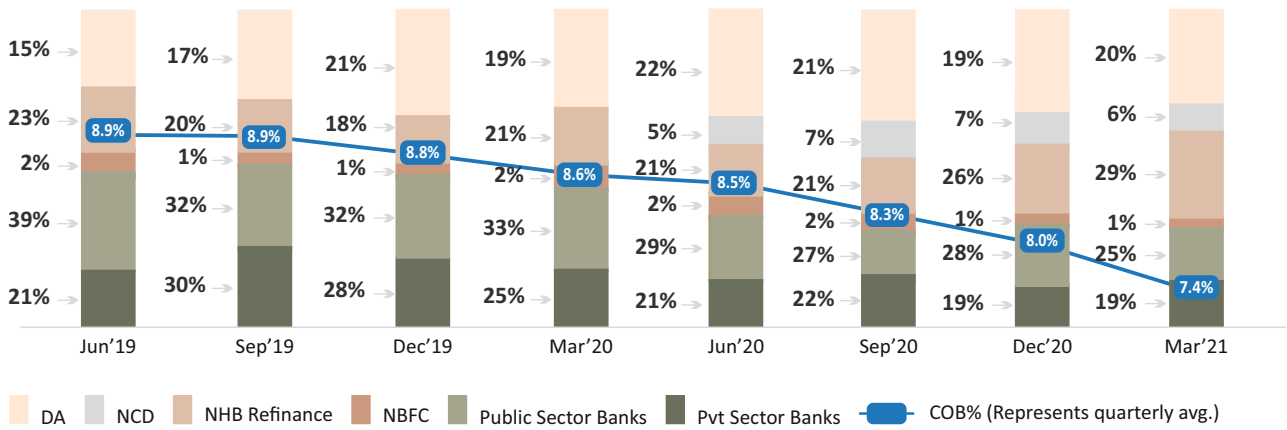
Borrowings

As at Mar'21, borrowings of the company stood at ₹ 3,053.69 Crs compared to ₹ 2,493.81 Crs as at Mar'20.

During the year, the company was successful in raising liquidity (excluding equity) from multiple sources amounting to ₹ 1,821.40 Crs. These sources include term loans and NHB refinance of ₹ 1281.10 Crs, Secured, Redeemable, Non-Convertible Debentures (NCD) of ₹ 240 Crs (also listed with the wholesale debt segment of BSE) and Direct Assignment transactions of ₹ 300.30 Crs.

We received refinance from NHB for total amount of ₹ 536.10 Crs out of which ₹ 36.10 Crs was availed under Special Refinance Facility Scheme and ₹ 500 Crs under various refinance schemes.

Borrowings Mix and Cost of Borrowing trend



Our weighted cost of borrowings decreased from 8.8% during previous year to 8.0% during FY21. Slight decrease in cost of borrowing can be attributed to rate reset of MCLR of various banks and competitive marginal costs of fresh borrowing. We have witnessed softening of rates from H1FY21 onwards and effect of that is visible now. Our Q4FY21 rate was 7.4%

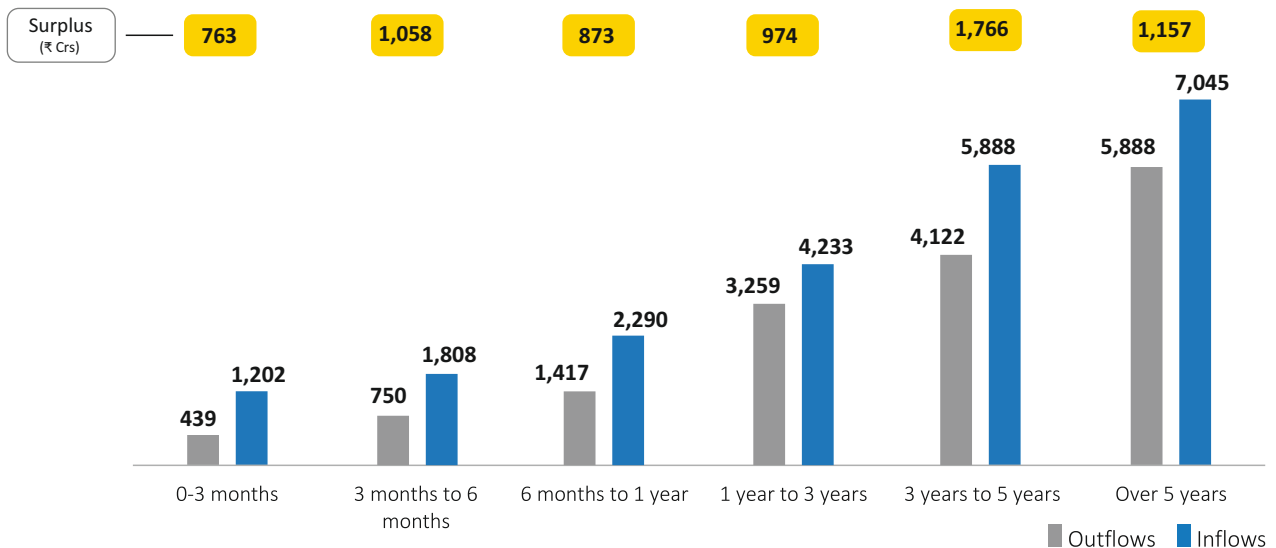
Your company had not issued any Commercial Paper and Short-Term Instrument during FY21 and

as on Mar'21, the Company's Commercial Paper outstanding was nil.

As at the end of Mar'21, we had a liquidity buffer of ₹ 1,356 Crs – comprising of unencumbered cash and cash equivalent of ₹ 1,002 Crs and ₹ 354 Crs of un-availed sanctions from the banks.

We regularly monitor our funding levels to ensure that we are able to satisfy the requirements for loan disbursements and maturity of our liabilities. We have an optimally matched assets and liabilities:

ALM as on Mar'21 (in ₹ Crs)



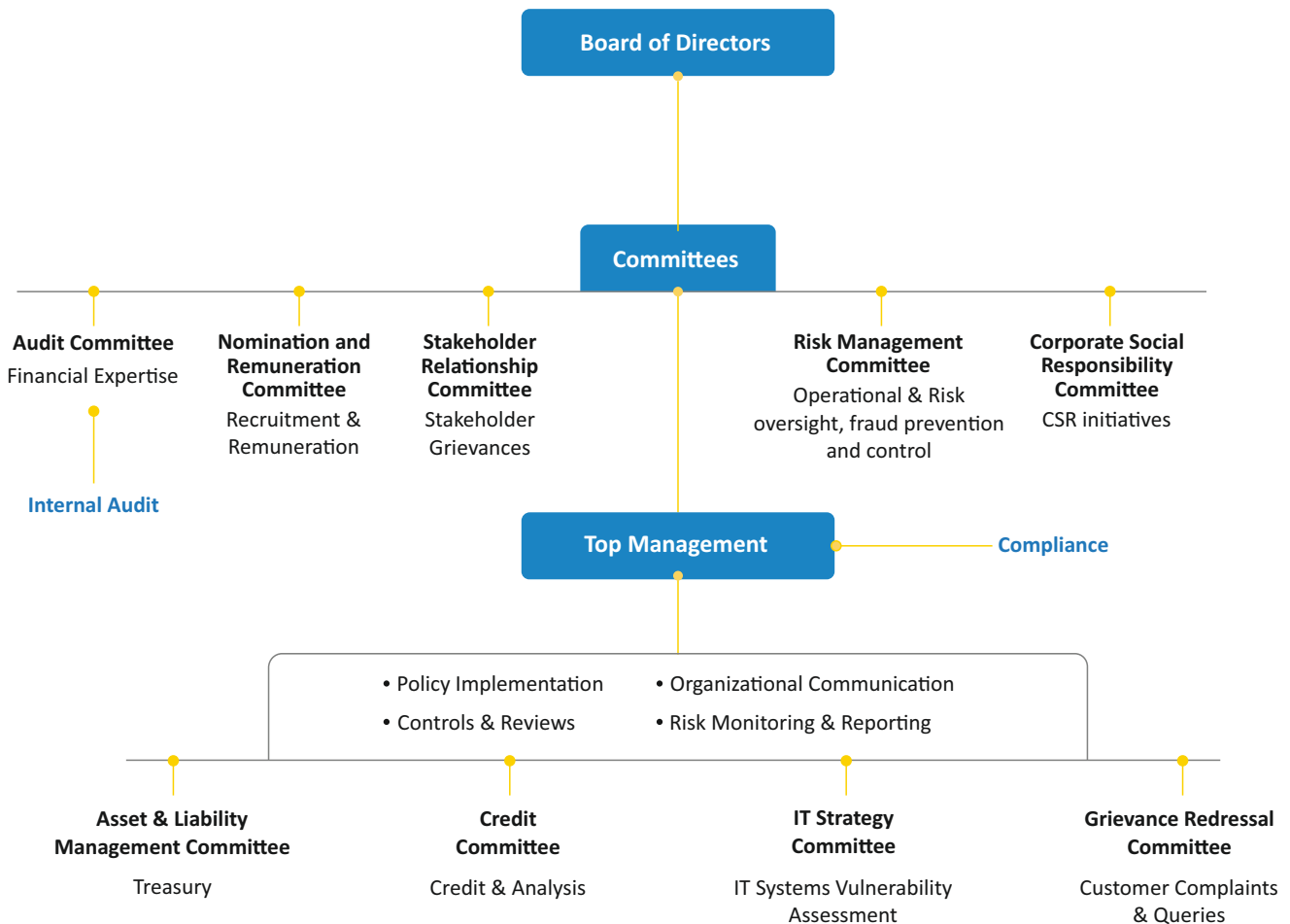
Risk Management

Risk management forms an integral part of our business. As a lending institution, we face financial and non-financial risks. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks. The management is very watchful of the events and regularly train the employees for any potential spike in any of the parameters, as part of our risk management process.

In terms of the RBI NDSI Directions, the Listing Regulations and provisions of the Act, the Company's 'Risk Framework and Policy' the Company integrates various elements of risk management embodied in the business and administrative aspects of the Company into a unified enterprise-wide policy. The Company is vigilant and has laid down the policy in light of the Company's objectives, business strategy and intricacies arising out of the business operations. The company identifies and monitors risks periodically.

Corporate Governance Structure

Strong 5-tier corporate governance framework in place for effective risk management



The key risks faced by the Company are credit risk, market risk including liquidity risk and interest rate risk, operational risk, information technology risk asset liability management risk and compliance and regulatory risk. The company has a well-established risk reporting and monitoring framework. The Board through its sub-committees like ALCO, Risk Management Committee, IT Strategy Committee with a defined charter periodically monitors all the risks and their mitigants. The Risk

Management Committee reviews all the risks and policies regularly to reflect the changes in line with the Company's activities. The Audit Committee observes how the management oversees compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework concerning the risks faced by the Company from time to time.

TYPE OF RISK	DESCRIPTION	MITIGATION MEASURES
Credit Risk	Risk of on boarding delinquent customers due to shortcomings in the credit policy or underwriting process	<ul style="list-style-type: none"> ○ We manage credit risks by using a set of credit procedures and guidelines, laid down in our credit policy, to ensure effective credit risk management and health of our portfolio. The credit policy has been prepared with inputs from the Senior Management team and has been approved by the Board. ○ The adherence to the policy and credit portfolio performance metrics are reviewed by the credit committee every quarter. This is presented to the Audit Committee of the Board and their inputs are also taken on record ○ The credit policy is reviewed every year and renewed after including changes and inputs received from the credit committee and the audit committee. The policy is amended periodically and to ensure compliance with the guidelines of NHB as well as other regulatory bodies. ○ The credit officers form the first line of defence for the company. At HomeFirst, we have seasoned and trained credit officers. ○ The Senior management closely monitors the underwritten portfolio and continuous training is imparted to the existing credit officers as well as the new recruits. ○ Regular internal audits and reviews by the Audit Committee ensure that the credit policy is implemented effectively.

TYPE OF RISK	DESCRIPTION	MITIGATION MEASURES
Information Technology Risk	Information technology risk is the risk arising on account of inadequacies or failure of technical infrastructure or IT systems which can have an adverse impact on the availability, integrity, accessibility and security of the data and the IT infrastructure.	<ul style="list-style-type: none"> ○ We have an IT policy in place, which sets out processes and controls that are required to be maintained in relation to the IT systems and it is amended regularly. The IT policy has been prepared as per guidelines issued by the NHB and RBI. ○ The IT Strategy committee of the Board is responsible for assessing the IT systems of the company its vulnerability to various risks and the measures to be taken to safeguard against the same. ○ The Company has adequate codes/policies to ensure that there is no breach in the privacy of the information of the customers. ○ We have a well-established IT infrastructure that ensures performance stability and flexibility as well as IT security. The loan processing applications of the company are built on Salesforce.com which is a globally recognized platform with low downtime and low security risk. ○ In addition, we conduct an IT audit once every two years with effect from the FY19, to determine issues and process level gaps, if any. ○ We also train our new and existing staff in our IT policies, procedures and codes of conduct.
Operational Risk	Operational risk is the risk arising out of inadequate or failed procedures, systems or policies that may result in errors in customer facing or internal transactions leading to an adverse impact on continuity of the business, reputation or profitability of the company.	<ul style="list-style-type: none"> ○ We have a Board approved operational risk management policy in place, which sets out processes and controls that are required to be monitored at different points of time in relation to people, systems and processes. ○ We also attempt to mitigate operational risk by maintaining a comprehensive system of internal controls, establishing systems and procedures to monitor transactions, conducting employee rotation, maintaining key back-up procedures, undertaking contingency planning and maintaining a comprehensive insurance cover. ○ Risk emerging out of inadequate or failed procedures, systems or policies which can have an adverse impact on continuity of the business, reputation or profitability of the Company when detected are dealt as per the standard operating procedure. ○ In addition, we have appointed independent audit firms to conduct internal and process audits at all of our offices to assess adequacy of and compliance with our internal controls, procedures and processes, as well as all applicable statutory and regulatory guidelines. ○ Reports of the internal auditors as well as the action taken on the matters reported upon are discussed and reviewed in the Audit Committee meetings.

TYPE OF RISK	DESCRIPTION	MITIGATION MEASURES
Compliance & Regulatory Risk	The entire financial sector has a complex regulatory framework and is subject to a large number of regulations. Any non-compliance to the regulations can harm the reputation of the Company	<ul style="list-style-type: none"> ○ To prevent this, the Company has a robust internal control framework and an expert team that ensures strict adherence to the applicable rules and regulations. ○ All the amendments at the policy level by any of the regulators are closely monitored and the management responds to the changes promptly. ○ The internal audit process ensures that we are compliant with all the existing regulations.
Asset Liability Management (ALM) Risk	Liquidity risk arises primarily due to asset-liability mismatch caused by a difference in the maturity profile of our assets and liabilities. This risk may arise from the unexpected increase in the cost of funding on asset portfolio at the appropriate maturity and the risk of being unable to liquidate a position in a timely manner and at a reasonable price.	<ul style="list-style-type: none"> ○ We have a comprehensive Asset Liability Management Policy in place, to manage the liquidity risk, which provides for several risk management measures including short term liquidity forecasts which is done to identify any short-term liquidity gaps and implementing immediate actions to correct such gaps, diversifying our sources of funding to facilitate flexibility in meeting our funding requirements, and maintaining strong capital adequacy. ○ Prudent ALM practice ensures that we have positive flows across all the buckets. As a part of ALM, the Company has adopted the stock approach to measure liquidity buffers and quarterly reporting of critical ratios along with threshold levels is done to ensure adequate liquidity planning. ○ Effective simulation method is also adopted to periodically stress test our bucket-wise flows. Further, to strengthen internal controls, an audit process is in place to ensure implementation of the above-mentioned measures is carried out effectively.
Market Risk	Market risk is the risk arising out of adverse movement of the market price of the various securities or assets which may affect the value of the investment portfolio of the company.	<ul style="list-style-type: none"> ○ Investment process is guided by detailed investment policy. Investments of temporary surplus funds is done as per the policy principle which provides for strict controls in terms of tenure, product, rating, limits and authorization. ○ As a strategy, we only invest in Fixed deposits, Liquid funds and Overnight funds by following adequate diversification as per policy to minimize market risk. ○ Regular assessment of all investments along with underlying portfolios is carried out and the investments are reported to ALCO on a quarterly basis.

Direct Assignment

During the FY21, we received a purchase consideration of ₹ 300.30 Crs from direct assignment and the securitized assets were derecognized in the books of the company. As at Mar'21, the company has Direct Assignment of ₹ 765.59 Crs in the total portfolio compared to ₹ 576.09 Crs as at Mar'20

Capital to Risk-Weighted Assets Ratios

The following table sets forth our capital to risk-weighted assets ratios for the periods indicated:

	Mar'21	Mar'20
CRAR (%)	56.19%	48.97%
CRAR - Tier I capital (%)	55.23%	47.72%
CRAR - Tier II capital (%)	0.96%	1.25%

Credit Ratings

As at Mar'21, the following table sets forth our credit ratings:

Instrument	Rating Agency	Rating	Amount (in ₹)	Remarks
Term Loan	ICRA	A+	3500 Crs	Stable
	CARE	A+	282.97 Crs	Stable
Commercial Paper	ICRA	A1+	100 Crs	-
	India Ratings	A1+	100 Crs	-
Non-Convertible Debentures	ICRA	A+	400 Crs	Stable

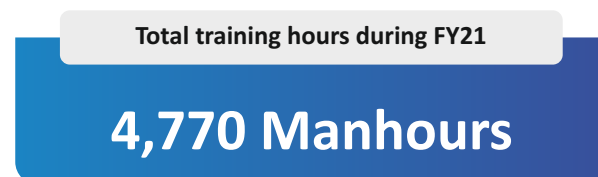
Human Resources

The root of our customer centric services is our people. We are managed by a professional and an experienced management team. Their experience and knowledge in this sector supported by our front-end and back-end teams enable us to scale our business organically. We have experienced credit underwriters, business and operations teams whose in-depth understanding of the locations in which we operate helps us underwrite accurately and grow sustainably.

Primarily our workforce comprises of people having engineering or management degrees and are freshly hired from the campuses. We have elaborate training programs for resources at all levels. The trainings are in the form of classroom training sessions, on the job-training and buddy sessions.

During FY21, we took up many initiatives to support our employees to up-skill via various training sessions as well as support them on the health front. Virtual Instructor Led Training (VILTs) sessions were held across functions such as risk, legal, underwriting, collections for the entire organisation. This was done to ensure that each of the area is well understood by all employees. We conducted around 106 Instructor-Led Virtual Training Sessions during the year comprising of The HomeFirstEvo Program, Process Trainings, Behavioural Trainings, POSH & Ethics Training,

Refresher Training, etc.



The Dailycheck App was launched for all employees where employees would daily update their health status. This helped us keep track of all the employees and provide immediate assistance wherever required including but not limited to medical assistance. We also recognized the efforts of all the employees who had shown exemplary responsibility during these times during our annual employee event conducted on a digital platform.

This year we launched Healthfirst to provide a wellness holistic package to the employees with our 3 wellness partners – Fitness, Mental Wellness and Financial Wellness. We provided a platform to employees to stay fit while working from home by attending sessions on yoga, health optimization, Zumba and cardio workouts. We also started employee assistance program (EAP) by partnering with a third-party organization to provide free consultation to employees and their family members to help them through tough times. To promote financial wellness, session on tax saving was organized for the employees.

As an organization we are committed to have a pleasant environment conducive for personal growth along with organizational growth. As a consequence of the initiatives taken for employee engagement and for fostering their wellness and growth, our organization was certified as a “Great Place to Work” by Great Place to Work Institute, India for a period from Nov'20 to Oct'21.

As at Mar'21, the employee strength stood at 687 as compared to 696 as at Mar'20

Median age of employees

25.8 Years

% of women workforce

31.4%

Internal Control Systems

The Company has adequate internal control systems in place, commensurate with its size and the industry in which it operates. We have adequate internal control system to ensure:

- adherence to company's policies and procedures
- orderly and efficient conduct of business.
- compliance with applicable laws and regulations
- ensure correct, reliable, complete and timely financial reporting and management information
- maintenance of records accurately to reflect the transactions of the company fairly
- safeguarding of company assets against loss from unauthorised use or disposition
- prevention and detection of frauds and errors

The framework endorses ethical values, good corporate governance, and risk management practices. The company has also appointed Internal Auditors to conduct an audit to ensure adherence to company's policies and procedures and compliance with applicable laws and regulations. Audit Committee of the Board reviews the performance of the internal audit and the adequacy of the internal control systems and compliance with regulatory guidelines. Audit Committee also provides necessary oversight, gives recommendations, and monitors implementation of such recommendations.

Cautionary Statement

This document contains statements about expected future events, financial and operating results of the Company, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is a significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as several factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

Outlook

We have survived the crisis posed by the pandemic due to our strong fundamentals and robust risk management framework. We continue to leverage our strengths in technology to automate processes, reduce costs and improve customer service. Our mission is to be the fastest provider of home loans to the aspiring middle class of India - delivered with ease and transparency. We are committed to our mission and to creating value for all our stakeholders while growing sustainably and responsibly.

Directors' Report 2020-21

To,
The Members,
Home First Finance Company India Limited.
("the Company" / "HomeFirst")

Your Directors take pleasure in presenting the 12th Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2021.

FINANCIAL SUMMARY:

Financial Results:

The key highlights of the Audited Financial Statements of your company for the financial year ended March 31, 2021 and a comparison with the previous financial year ended March 31, 2020 are summarized below.

(Amount ₹ in Crs)

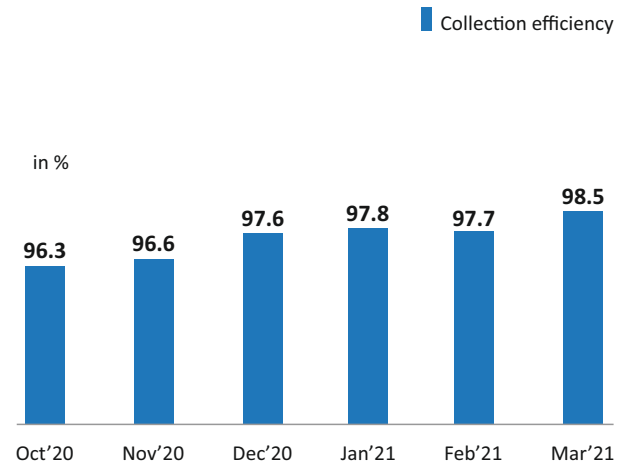
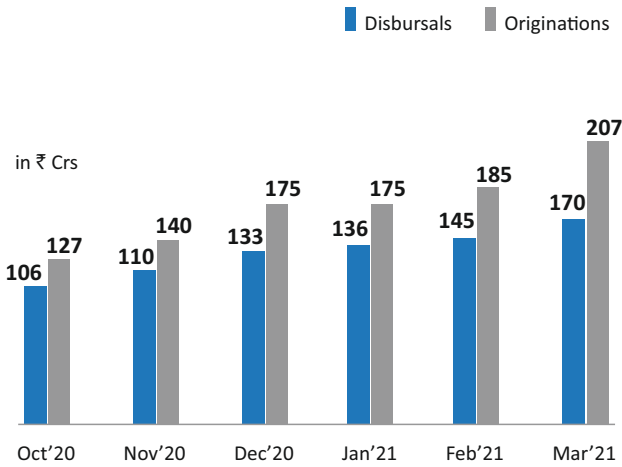
Particulars	FY21	FY20
Total Income	489.16	419.67
Less: Total Expenses	355.12	312.34
Profit/ (Loss) before tax	134.04	107.33
Less: Current tax	29.23	23.19
Deferred tax	4.95	4.59
Excess provision for tax of earlier years written back	(0.28)	-
Profit after Tax	100.14	79.55
Other Comprehensive Income	(0.33)	(0.16)
Total Comprehensive Income – carried to Balance Sheet	99.81	79.39
Transfer to Statutory Reserve (u/s 29C of NHB Act, 1987)	(20.04)	(16.24)
Transfer to retained earnings from stock option outstanding account pursuant to stock options lapsed	0.10	-
Increase in Retained Earnings	79.87	63.15
Earnings per Share (Face Value ₹2)		
Basic (₹)	12.37	10.81
Diluted (₹)	12.18	10.57

Financial Performance and Company's State of Affairs

The Company is a technology driven affordable housing finance company registered with Reserve Bank of India (RBI) and the National Housing Bank (NHB) that targets first time home buyers in low and middle-income groups. Your company primarily offers housing loans for the purchase or construction of homes.

The Company started the year amidst economic and health uncertainty created by the spread of Covid. The Company focused on liquidity, collections, cost optimization, implementing moratorium and continued with developing technology infrastructure to grapple with the evolving scenario.

Collection efficiency started improving from Jun'20 (78.4%) up to Dec'20 (97.6%) and further up to Mar'21 (98.5%). The momentum in business growth started from Q3FY21. Disbursements increased from ₹ 106 Crs in Oct'20 to ₹ 170 Crs in Mar'21. Originations also showed consistent month on month increase from Oct'20 (₹127 Crs) to Mar'21 (₹207 Crs). The Company continues to adopt a balanced approach to business growth with a keen focus on asset quality and profitability. Your Company has maintained good asset quality with a net NPA of 1.2% as on Mar'21 (previous year: 0.8%)



The Assets Under Management (AUM) as at Mar'21 amounted to ₹ 4,141.07 Crs as compared to ₹ 3618.36 Crs in the previous year; accounting to a year-on-year growth of 14.4%. The Company's outstanding loan book stood at ₹ 3,371.80 Crs as at Mar'21, compared to ₹ 3,040.66 Crs in the previous year. The management took steps to be judicious on operating costs and the overall costs grew marginally from ₹104.62 Crs in FY20 to ₹106.38 Crs in FY21. The profit before tax for FY21 increased by 24.9% to ₹ 134.04 Crs (FY20 ₹ 107.33 Crs). The profit after tax for FY21 increased by 25.9% to ₹ 100.14 Crs (FY20 ₹ 79.55 Crs) and the Net Worth of the Company as on Mar'21 stood at ₹ 1380.54 Crs.

Pursuant to the requirement of the Indian Accounting Standard ("Ind AS"), a provision of ₹18.59 Crs in FY21 (FY20: ₹ 14.24 Crs) on total loan assets of the Company were made. Further, in view of the prudent accounting approach adopted by the Company, the write off on the loan assets amounted to ₹ 12.88 Crs for the financial year under review.

During the year under review, the Company issued secured, rated, listed, redeemable, taxable non-convertible debentures on a private placement basis aggregating to ₹ 240 Crs which are listed on the wholesale debt segment on BSE Limited. In the

equity segment, the Company raised ₹ 75 Crs as primary capital by issue and allotment of equity shares to Orange Clove Investments B.V. – an affiliate of the Warburg Pincus group.

In Feb'21, your company got listed successfully on the National Stock Exchange of India Limited and BSE Limited with an issue size of ₹1,153.72 Crs wherein the primary capital raised was ₹ 265 Crs.

During the year, the Company has received subsidy under PMAY-CLSS worth ₹ 173.92 Crs in respect of 6862 beneficiaries and the same has been credited into to the respective customers' loan account as applicable. As on Mar'21, subsidy of ₹0.09 Crs with respect to 5 customers is refundable to National Housing Bank.

In light of the disruptions caused by the COVID-19 pandemic and in order to ease the burden of debt servicing, RBI had issued various guidelines on providing moratorium benefit to borrowers. The Company had counselled its customers on the implications of availing a moratorium and then provided its borrowers, who opted for it, with moratorium benefit as per the guidelines.

Investment by Warburg Pincus ("WP")

On October 8, 2020, the Board of Directors of the Company approved (i) issue and allotment of 22,40,639 equity shares to Orange Clove Investments B.V. ('Orange Clove') an affiliate of Warburg Pincus at ₹ 334.726 per share, aggregating to an approximate investment of ₹ 75 crores in the share capital of the Company ("Private Placement"); and (ii) execution of a share subscription and purchase agreement ("SSPA") and amended and restated shareholders' agreement ("SHA") amongst the Company, Orange Clove and other certain existing shareholders. The SSPA and SHA executed on October 1, 2020 had an obligation on Orange Clove to acquire up to 30.62% of the then paid-up capital of the Company; subject to a prior approval from RBI for change in shareholding of more than 26% of the paid-up capital of the Company. RBI vide their letter dated January 4, 2021 had accorded its approval for the transaction. However, pursuant to the said transaction; there has been no change in promoters nor is there any change in control of the Company.

This strategic investment by Orange Clove will enable your Company to leverage WP's expertise in the financial services domain globally to facilitate the raising of external finance, introduce operational improvements and continue to scale the business and will accelerate the pace of achieving your Company's objective of becoming a leading provider of affordable housing finance.

Initial Public Offer of the Equity Shares of the Company:

During the year under review, the Company made an Initial Public Offer (IPO) of 2,22,72,556 Equity Shares of a face value of ₹ 2 each for cash at a price of ₹ 518 per Equity Share (including a share premium of ₹ 516 per Equity Share). The offer comprised a fresh issue of 51,15,830 Equity Shares by the Company and Offer for Sale of 1,71,56,726 Equity Shares by True North Fund V LLP, Aether (Mauritius) Limited (together called as "Promoters") and Bessemer India Capital Holdings II Ltd, Mr. P. S. Jayakumar and Mr. Manoj Viswanathan (Investor and Individual Selling Shareholders). The Equity Shares of Company were successfully listed on the BSE Limited (BSE) and

National Stock Exchange of India Limited (NSE) on February 3, 2021.

Awards & Recognitions:

Your Company was certified as 'Great Place to Work' by Great Place to Work Institute, India. This was an excellent endorsement of the human resource practices and work culture of the Company. The survey was rolled out to more than 500 employees of the Company at random and responses were received from 388 employees.

Resources and Liquidity:

The government along with the support of RBI and other financial sector regulators have undertaken extraordinary measures to mitigate the impact of the pandemic. RBI also came out with various measures which enabled to ease the balance sheet stress for borrowers and the lending institutions.

Your Company has access to diversified funding sources including public sector banks, private sector banks, the National Housing Bank and financial institutions. Funds were raised in accordance with the Company's Resource Planning Policy, through term loans from banks, NCDs and refinance facility from NHB. During the year, the company was successful in raising liquidity (excluding equity) from multiple sources amounting to ₹1,821.40 Crs. These sources include term loans and NHB refinance of ₹ 1281.10 Crs, Secured, Redeemable, Non-Convertible Debentures (NCD) of ₹ 240 Crs (also listed with the wholesale debt segment of BSE) and Direct Assignment transactions of ₹ 300.30 Crs.

Despite a tough year on account of COVID-19 pandemic, the Company continued to strictly adhere to its liquidity management principles and had a fully matched ALM with cumulative positive mismatches in all the buckets, as prescribed under the guidelines issued by the RBI.

During the year under review, the Company has raised (i) ₹ 745 Crs as bank borrowings (outstanding as on Mar'21: ₹ 1722.50 Crs), (ii) ₹ 300.30 Crs raised by way of Direct Assignment (iii) ₹ 536.10 Crs through refinance from NHB (outstanding as on Mar'21: ₹ 1096.69 Crs) and (iv) ₹ 240 Crs by way of NCDs (outstanding as on Mar'21: ₹ 239.59 Crs).

Disclosure as per Master Directions – Non-Banking Finance Company -(Housing Finance Company), (Reserve Bank) Directions, 2021.

(i) The total number of non-convertible debentures which have not been claimed by the Investors or not paid by the housing finance company after the

date on which the non-convertible debentures became due for redemption - Nil

(ii) The total amount in respect of such Debentures remaining unclaimed or unpaid beyond the date of such debentures become due for redemption: Nil

Credit Rating:

The Company's financial discipline and prudence is reflected in the strong credit ratings assigned by Credit Rating Agencies as under:

Instrument	Rating Agency	Rating	Amount in ₹	Remarks
Term Loan from Banks	ICRA	A+	3500 Crs	Stable
	CARE	A+	282.97 Crs	Stable
Commercial Paper	ICRA	A1+	100 Crs	-
	India Ratings	A1+	100 Crs	-
Non-Convertible Debentures	ICRA	A+	400 Crs	Stable

Capital Adequacy Ratio:

Capital infusion by WP and the initial public offer of the Company has generated enough liquidity. As a result, the Company maintains a Capital Adequacy Ratio of 56.21% (Tier I Capital Adequacy Ratio 55.81%) as of Mar'21 (Mar'20 48.80%) under RBI Guidelines which is far higher than the minimum required level of 14% as well as the proposed level of 15%; under the RBI Master Directions

Deposits:

Your Company being a Non-Deposit taking Housing Finance Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Act read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing the details relating to deposits covered under Chapter V of the Act or the details of deposits that are not in compliance with the Chapter V of the Act is not applicable.

Change in the nature of business:

There has been no change in the nature of business of the Company during the year under review.

Details of Companies which have become or ceased to be its subsidiary, associate and joint venture companies:

During the year under review the Company does not have any Subsidiary, Associate and Joint venture Companies.

Material changes and commitments, if any, affecting the financial position of the Company which have occurred between the Financial year ended March 31, 2021 and date of this report:

No material changes and commitments, affecting the financial position of the Company have occurred between the Financial Year ended March 31, 2021 and date of this Director's Report.

Dividends & Reserves:

The Board of Directors has assessed the performance of the Company during the year under review. Considering your Company's rapid growth and future strategy and plans, the Board considers it prudent to conserve the resources of the Company for its growth and despite having sufficient distributable profits, do not recommend any dividend payment on equity shares for the financial year under review.

The Company has formulated Dividend Distribution Policy in accordance with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations") for bringing transparency in the matter of declaration of dividend and to protect the interest of investors. The Dividend Distribution Policy is available on the website of the Company and forms part of this Report as "Annexure VIII"

During the year under review, pursuant to Section 29C of the NHB Act, 1987, the Company had transferred a sum of ₹ 20.04 Crs out of the previous year's profits available for appropriation to the Statutory Reserve Fund.

Adoption of new set of Articles of Association:

On account of restated SHA and capital infusion by Orange Clove, the Articles of Association of the Company was amended during the year under review.

SHARE CAPITAL:

Authorized Share Capital:

During the year under review there was no change in the Authorized Share Capital of the Company.

Issued Subscribed and Paid-up Share Capital:

During the year under review, the Company issued and allotted 22,40,639 Equity Shares to Orange Clove Investments B.V. and 1,22,000 Equity Shares to the employees of the Company at a price of ₹ 334.726. Further, 16,23,543 Equity Shares were issued and allotted on exercise of stock options granted to employees of the Company under ESOP 2012 and ESOP II.

The Company had also undertaken fresh issue by way of initial public offer of 51,15,830 Equity Shares at a price of ₹ 518. Pursuant to the aforesaid allotments of equity shares, the issued, subscribed

and paid-up share capital of the Company stands increased to ₹ 17,47,99,454 /- (8,73,99,727 Equity Shares of Face Value ₹ 2/- each).

PARTICULAR OF CONTRACTS OR ARRANGEMENT WITH RELATED PARTIES:

During the financial year under review the Company has entered into certain transactions/contract with related parties falling within the provisions of Section 188 of the Act and the rules made thereunder. However, the Company has obtained Omnibus approval for the same, accordingly requirement of disclosure of Related Party Transactions in terms of Section 134(h) of the Act is provided in Form AOC-2 as "Annexure I".

Further as required by Master Directions – Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, "Related Party Transaction Policy" is annexed as "Annexure IX" and the same can be accessed on the website of the Company at https://homefirstindia.com/files/Related_Party_Transactions_Policy.pdf

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Since your Company is engaged in financial services activities, its operations are not energy intensive nor does it require adoption of specific technology and hence information in terms of Section 134(3)(m) of the Act read with the Companies (Accounts) Rules, 2014 is not provided in this Board's Report.

Foreign Exchange Earnings and Outgo:

The Company has no foreign exchange earnings and has made expenditure in foreign currency as per the following table:

(Amount in ₹ Crs)

Sr No.	Particulars	FY21	FY20
1.	Software fee	4.47	4.50
2.	Legal Counsel fee for IPO	1.95	1.53
3.	Data Room charges for IPO	0.07	0.04
	Total	6.49	6.07

ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of the Act, the extract of Annual Return in Form MGT-9 as required under Section 92 (3) of the Act and Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed as **Annexure II**.

In terms of the Companies (Amendment) Act, 2017 the copy of the Annual Return shall be placed on the website of the Company at www.homefirstindia.com once filed with the Registrar of Companies, Mumbai.

PARTICULARS OF INVESTMENTS, LOANS, GUARANTEES AND SECURITIES:

The Company is a Housing Finance Company, the disclosures with respect to loan, guarantee or security provided in the ordinary course of the business, except for sub-section (1), is exempted under the provisions of Section 186 (11) of the Act. However, the details of the loans made and particulars of investment made by the Company are provided in the financial statements.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS IN RELATION TO THE FINANCIAL STATEMENTS:

The Company has in place adequate internal financial controls with reference to its financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. In the opinion of the Auditors of the Company, there are adequate internal financial control procedures that commensurate with the size of the Company.

MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The composition of the Board is in accordance with Section 149 of the Act with an appropriate combination of Executive, Non-executive and Independent Directors. As of Mar'21, the Board of Directors of your Company comprised of 9 Directors out of which one (1) is Executive Director and three (3) Independent Directors out of which one is Woman Director and one is Chairman and rest are Nominee Directors.

Details of Board of Directors along with Key Managerial Personnel as on Mar'21 are mentioned below:

Name	DIN / PAN	Designation
Mr. Deepak Satwalekar	00009627	Chairman & Independent Director
Mr. Sakti Prasad Ghosh	00183802	Independent Director
Ms. Sujatha Venkatramanan	05340759	Independent Director
Mr. Rajagopalan Santhanam	00025669	Nominee Director
Mr. Vishal Vijay Gupta	01913013	Nominee Director
Mr. Divya Sehgal	01775308	Nominee Director
Mr. Maninder Singh Juneja	02680016	Nominee Director
Mr. Narendra Ostawal	06530414	Nominee Director
Mr. Manoj Viswanathan	01741612	Managing Director and CEO
Ms. Nutan Gaba Patwari	AGSPG3187G	Chief Financial Officer
Mr. Shreyans Bachhawat	AJDPB9500E	Company Secretary & Compliance Officer

Appointment / Resignation of Directors:

During FY21, Mr. Manoj Viswanathan was elevated and appointed as Managing Director and CEO for a term of 3 years w.e.f from August 1, 2020 and Mr. Narendra Ostawal was appointed on October 15, 2020 as Nominee Director of Orange Clove Investments B.V. on the Board of the Company.

Key Managerial Personnel (KMP):

During the year under review, there was no change in the Key Managerial Personnel of the Company.

In terms of the Act, the following are the KMPs of the Company as on Mar'21:

- a. Mr. Manoj Viswanathan – Managing Director & CEO

- b. Ms. Nutan Gaba Patwari – Chief Financial Officer
- c. Mr. Shreyans Bachhawat – Company Secretary

Declaration by Independent Directors:

There are three Independent Directors on the Board of the Company. The Independent Directors have submitted the Declaration of Independence in accordance with the relevant provisions of Section 149 of the Act; stating that they meet the criteria of Independence and are not disqualified from continuing as Independent Directors.

Declaration of Fit & Proper Criteria:

All the Directors of the Company have given the declaration to the effect that they are Fit & Proper, to be appointed as Director, as per the criteria prescribed by RBI / NHB.

Director(s) Retiring by Rotation:

In terms of Section 152(6) of the Act read with the Articles of Association of the Company, not less than one-third of the total number of retiring directors should retire by rotation, at every Annual General Meeting. For the purpose of this section, the total number of directors to retire by rotation shall not include Independent Directors.

In accordance with provisions of Section 152 of the Act, Mr. Divya Sehgal (DIN: 01775308), Nominee Director of the Company, being longest in the office, retires at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Performance Evaluation of the Board:

The Company is following the most effective way to ensure that Board Members understand their duties and adopt good governance practices. In furtherance to this, the Directors of the Company commit to act in good faith to promote the objects of the Company for the benefit of its Employees, the Stakeholders including Shareholders, the Community and for the protection of the environment. The Company has defined a manner of evaluation as per the provisions of the Act and SEBI LODR Regulations and for the Evaluation of the performance of the Board, Committees of Board & Individual Directors. The above manner is based on the Guidance Note on Board Evaluation issued by the SEBI on January 05, 2017.

The Board carried out the evaluation of every Director's performance and its own performance as a whole, Statutory Board Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Stakeholders Relationship Committee and Risk Management Committee and all the Independent Directors without the presence of the Director being evaluated. The Board expressed its satisfaction with performance evaluation.

During the financial year under review, a separate meeting of the Independent Directors was held on January 11, 2021, without the attendance of Non-Independent Directors and the Management of the Company to review the performance of the Non-Independent Directors and the Board as a whole, for assessing the quality, quantity and timeliness of the flow of information between the Management and the Board which is necessary for the Board to effectively and reasonably perform its duties.

Corporate Governance Report:

Your Company believes that a good corporate governance system is necessary to ensure its long-term success. The Company ensures good governance through the implementation of various effective policies and procedures, which is mandated and reviewed by the Board or the Committees of the members of the Board at regular intervals. The Corporate Governance report is furnished as "Annexure III" to this report. A certificate from Bhatt & Associates Company Secretaries LLP, Practicing Company Secretaries, confirming compliance with the conditions of Corporate Governance as prescribed under the Listing Regulations is annexed to the Corporate Governance Report. Further, pursuant to Regulation 34(3) and Schedule V Para-C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, M/s. Bhatt & Associates Company Secretaries LLP, have stated that for the FY21 none of the Directors have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Internal Guidelines on Corporate Governance:

As on Mar'21, your Company adhered to the Internal Guidelines on Corporate Governance adopted in accordance with Master Directions – Non-Banking Finance Company - (Housing Finance Company), (Reserve Bank) Directions, 2021, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various Stakeholders and lays down the Corporate Governance practices of the Company. The said policy is available on the website of the Company and can be accessed at [https://homefirstindia.com/files/Internal Guidelines on Corporate Governance.pdf](https://homefirstindia.com/files/Internal%20Guidelines%20on%20Corporate%20Governance.pdf)

Company's policy on Director's appointment and remuneration:

The Nomination and Remuneration Committee had laid down criteria for determining Directors Qualification, Positive Attributes and Independence of a Director, Remuneration of Directors, Key Managerial Personnel and other employees and criteria for evaluation of Directors, Chairperson, Non-Executive Directors and Board and the evaluation process of the same. The policy may be accessed on the Company's website at [https://homefirstindia.com/files/Nomination and Remuneration Policy.pdf](https://homefirstindia.com/files/Nomination%20and%20Remuneration%20Policy.pdf)

Further as required by Master Directions – Non-Banking Finance Company - Housing Finance Company), (Reserve Bank) Directions, 2021, there were no pecuniary relationship or transactions of the non-executive directors with the Company except sitting fees and profit related commission paid to the Independent Directors as disclosed in the Extract of Annual Return in Form MGT-9.

Management Discussion and Analysis:

In accordance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and directions issued by the National Housing Bank, the Management Discussion and Analysis Report (MD&A) and the Report of the Directors on Corporate Governance form part of this report.

Business Responsibility Reporting:

In terms of Regulation 34(1)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 listed entities, based on the market capitalization (calculated as on 31st March of every financial year), shall provide business responsibility report describing the initiatives taken by these listed entities from an environmental, social and governance perspective, in the format as specified by SEBI from time to time, has been included as part of the Annual Report as "Annexure VII".

DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:

Board and Committee Meetings:

During FY21, the Board of Directors of the Company met 9 times. The details of meetings of the Board and its Committees held during the financial year under review are further specified in the Corporate Governance Report of the Directors which forms a part of this report. The intervening gap between the two Board meetings was within the period prescribed under the Act.

Whistle Blower Policy / Vigil Mechanism:

In accordance with the provisions of Section 177 (9) of the Act and the rules made thereunder, the Company has established Vigil mechanism and also adopted a Whistle blower Policy under the surveillance of the Audit committee. The Company has adopted work culture which ensures highest standards of professionalism, honesty, integrity, moral and ethical behavior.

The Policy may be accessed on the Company's website at the link: [https://homefirstindia.com/files/Vigil Mechanism and Whistle Blower Policy.pdf](https://homefirstindia.com/files/Vigil%20Mechanism%20and%20Whistle%20Blower%20Policy.pdf)

Corporate Social Responsibility (CSR):

The Company being committed to the well-being and betterment of the Country has considered the outbreak of the fatal COVID-19 in the Country to have a significant impact on the economy. Therefore, as part of its initiatives under "Corporate Social Responsibility (CSR)", the Company has undertaken projects in the areas of promoting healthcare, livelihood support and disaster relief as per its CSR Policy available on the Company's

website <https://homefirstindia.com/files/CSR Policy.pdf> and the details are contained in the Annual Report on CSR Activities given in “Annexure V”, forming part of this Report. These projects are in accordance with Schedule VII of the Companies Act, 2013 read with the relevant rules.

RISK MANAGEMENT FRAMEWORK:

Risk management forms an integral part of our business. As a lending institution, we face financial and non-financial risks. We have established a risk management and audit framework to identify, assess, monitor and manage various types of internal and external risks. The management is very watchful of the events and regularly train the employees for any potential spike in any of the parameters, as part of our risk management process.

In terms of the RBI NDSI Directions, the Listing Regulations and provisions of the Act, the Company's 'Risk Framework and Policy', the Company integrates various elements of risk management embodied in the business and administrative aspects of the Company into a unified enterprise-wide policy. The Company is vigilant and has laid down the policy in light of the Company's objectives, business strategy and intricacies arising out of the business operations. The company identifies and monitors risks periodically.

A detailed report in Risk Management is presented in the Management & Discussion Analysis chapter, which forms part of this annual report.

AUDITORS AND REPORTS:

Ratification of Appointment of Auditors:

Pursuant to the provisions of Section 139 of the Act and the Companies (Audit and Auditors) Rules, 2014, M/s. Walker Chandiok & Co LLP, Chartered Accountants, Firm registration no: 001076N/N500013, the Statutory Auditors of the Company had been appointed for a term of 5 years. The Shareholders in their Annual General Meeting held on June 20, 2020 had ratified the appointment of the Auditors for FY21. The Company had received a confirmation from the said Auditors that they were not disqualified to act as the Auditors and were eligible to hold the office as Auditors of the Company.

Observations / Reservation/ Adverse remark / Disclaimer of Statutory Auditors on Financial Statements for the year ended March 31, 2021:

The observations / qualifications / disclaimers made by the Statutory Auditors in their report for the financial year ended March 31, 2021, read with the explanatory notes therein are self-explanatory and therefore, do not call for any further explanation or comments from the Board under Section 134(3) of the Act. There were no observations / reservation/ adverse remark / disclaimer made by the Statutory Auditors for the year under review.

Fraud Reported by Auditors:

During the year under review, the Statutory Auditors have not reported any instances of frauds committed in the Company by its officers or employees to the Board/Audit Committee under Section 143(12) of the Act, details of which need to be mentioned in this report.

Internal Auditors:

The Company had appointed M/s. P Chandra shekhar LLP and M/s Ernst & Young LLP as its Joint Internal auditors for FY21 to conduct comprehensive audits of functional areas and operations to examine the adequacy of, and compliance with policies, plans and statutory requirements. For the year under review, the Internal Auditors have not submitted any material qualifications, reservations or adverse remarks or disclaimers.

Maintenance of Cost records:

The Company being a Housing finance Company maintenance of cost records as prescribed under section 148(1) of the Act is not applicable.

Secretarial Standards:

During the year under review, the Company has complied with the applicable secretarial standards issued by the Institute of Company Secretaries of India.

Secretarial Auditors and Secretarial Compliance Report:

In accordance with Section 204 of the Act and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Company had appointed M/s. Bhatt & Associate Company Secretaries LLP, Practicing Company Secretaries to conduct secretarial audit of the Company for FY21. The Secretarial Audit report has been annexed to this Report as “Annexure IV”. The Secretarial Auditors have not submitted any material qualifications, reservations or adverse remarks or disclaimers.

HUMAN RESOURCE:

At HomeFirst, the employees are treated as the most valuable assets and the Company endeavors to help them realize their full potential. The Human Resource ('HR') function is responsible for employee recruitment, on-boarding, training, performance management, and in deciding compensation & benefits. The HR team continuously works on enhancement of processes, bearing in mind the best practices in the industry in order to attract the top talent across geographies and verticals. The HR team works with campuses across the country to hire new talent.

Training and Development of the employees through digital channels continued to be the key area of focus this year as well. The Company had also introduced new online modules to meet the training needs of our workforce. The HR team also had conducted various employee engagement activities to promote collaboration and positivity amongst employees located pan India especially during the stressed COVID-19 pandemic period.

At HomeFirst, the health and well-being of employees is a priority for us. During the COVID-19 lockdown period, HR team spearheaded the drive to provide information and assistance to employees and their families in need. Employees were periodically notified on health and safety measures to be taken to avoid contracting the virus, and tips to build their immunity. Logistical and financial support was extended to employees to enable them to avail emergency hospital and other medical facilities throughout the pandemic period.

The Company's staff strength as at Mar'21 was 687 employees.

EMPLOYEE STOCK OPTION SCHEMES:

The Company believes that its success is largely determined by the quality of its workforce and their commitment towards achieving the goals of the Company. In order to enable the employees of the Company to participate in the future growth and success of the Company, Employee Stock Option Scheme 2012 Policy (“ESOP 2012”) and Employee Stock Option Plan II Policy (“ESOP II”) was adopted by the Company. In terms of Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014, the disclosures for the FY21 with respect to ESOP 2012 and ESOP II have been provided on the website of the Company.

Employee Remuneration:

In terms of Section 197 of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the disclosures with respect to the remuneration of Directors, Key Managerial Personnel and employees of the Company have been provided as “Annexure VI” to this Board's Report. Further, statement containing details of employees as required in terms of Section 197 of the Act read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is available for inspection at the Registered Office of the Company during working hours for a period of 21 days before the date of the ensuing Annual General Meeting. A copy of the statement may be obtained by shareholders by writing to the Company Secretary at the Registered & Corporate Office of the Company or at corporate@homefirstindia.com

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE:

In accordance with the Act mentioned herein above and the rules made thereunder the Company has adopted and implemented a policy in this behalf. The Policy is available on the website of the Company at the below mentioned https://homefirstindia.com/files/POSH_Policy.pdf. The Company has complied with the provisions

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

During FY21, the Company did not receive any complaint. The Annual Report as required under Section 21 of the Act read with Rule 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Rules, 2013 has been submitted to the respective authority.

REGULATORY COMPLIANCE:

The Company has been following guidelines, circulars and directions issued by RBI from time to time. The Company has adopted all the Policies as recommended by RBI from time to time.

The Company also has been following directions / guidelines / circulars issued by Accounting Standards, Income Tax Act, 1961 and Ministry of Corporate Affairs from time to time, applicable to the Company.

OTHER DISCLOSURES:

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:

During the year under review, there were no significant material orders passed by the Regulators / Courts which would impact the going concern status of the company and its future operations. However, NHB had issued a show cause notice dated October 27, 2020 to the Company, with respect to discrepancies observed during annual inspection. The Company had appropriately replied to NHB for the same vide its letter dated November 5, 2020. Subsequently NHB vide their letter dated November 23, 2020 had levied a penalty of ₹ 10,000. The penalty inclusive of tax has been duly paid and acknowledged by NHB.

DIRECTORS' RESPONSIBILITY STATEMENT:

In terms of Section 134(5) of the Act, in relation to the audited financial statements of the Company for the year ended Mar'21, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. the directors had selected such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at Mar'21, and of the profit of the Company for that year;
- c. the directors had taken proper and sufficient care was taken 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;
- d. the directors had prepared the annual accounts of the Company have been prepared on a going concern basis;
- e. the directors had devised proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

DISCLOSURE UNDER SECTION 43(a)(ii) OF THE ACT:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DISCLOSURE UNDER SECTION 54(1)(d) OF THE ACT:

The Company has not issued any sweat equity shares during the year under review and hence no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

DISCLOSURE UNDER SECTION 67(3) OF THE ACT:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014 is furnished.

ACKNOWLEDGMENT AND APPRECIATION:

Your Board of Directors take this opportunity to express their appreciation to all stakeholders of the Company including the RBI, NHB, the Ministry of Corporate Affairs, Securities and Exchange Board of India, the Government of India, Stock Exchanges and other Regulatory Authorities, Bankers, Lenders, Financial Institutions, Members, Credit Rating agencies, Customers of the Company for their

continued support and trust. Your Directors would like to express deep appreciation for the commitment shown by the employees in supporting the Company in achieving continued robust performance on all fronts.

In closing, I would like to thank all our employees, investors as well as the communities we operate in who have reposed their trust in us and supported us in our journey. I am confident of maintaining your trust and look forward to a long-lasting relationship with all of you.

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman & Independent Director
DIN: 00009627

Date: May 3, 2021
Place: Mumbai

ANNEXURE I

FORM NO. AOC-2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: **NIL**
 - (a) Name(s) of the related party and nature of relationship: **N.A**
 - (b) Nature of contracts/arrangements/transactions: **N.A**
 - (c) Duration of the contracts/arrangements/transactions: **N.A**
 - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: **N.A**
 - (e) Justification for entering into such contracts or arrangements or transactions: **N.A**
 - (f) Date of approval by the Board: **N.A**
 - (g) Amount paid as advances, if any: **N.A**
 - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: **N.A**

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

Sr. No.	Particulars	Details	Details	Details	Details
1.	Name (s) of the related party	Actify Data Labs Private Limited	Perfios Software Solutions Private Limited	True North Enterprise Private Limited	True North Managers LLP
2.	Nature of relationship	Entity under common control.	Entity with Common director	Entity under Common Control	Entity under Common Control
3	Nature of contracts/ arrangements/transactions	Service Agreement.	Service Agreement	Reimbursement of Expenses	Reimbursement of Expenses
4	Duration of the contracts /arrangements /transactions	One year.	Five years	Not Applicable	Not Applicable
5	Salient terms of the contracts or arrangements or transactions including the value, if any	i. Service Agreement has been entered with Actify Data Labs Private Limited for a period of Twelve Months. ii. The technology and other professional services to be provided by Actify Data Labs Private Limited to the Company. iii. Actify Data Labs Private Limited to provide resources for projects assigned by the Company. iv. The delivery time line of each assignments shall be mutually agreed. v. The Company had received services of ₹ 52.10 lakhs during the year.	i. Service Agreement has been entered with Perfios Software Solutions Private Limited for a period of Five years. ii. Software solutions and technological services to be provided by Perfios Software Solutions Private Limited. iii. Perfios Software Solutions Private Limited to provide online integration software to the Company. iv. The delivery timeline of each assignments shall be mutually agreed. v. The Company had received services of ₹ 6.52 lakhs during the year.	Value of Transaction- ₹ 50.86 Lakhs	Value of Transaction- ₹ 53.82 Lakhs

6	Date(s) of approval by the Board, if any:	Omnibus approval granted by Audit Committee in its meeting held on May 25, 2020.	Omnibus approval granted by Audit Committee in its meeting held on May 25, 2020.	Approval granted by Board in its meeting held on May 3, 2021.	Omnibus approval granted by Audit Committee in its meeting held on May 25, 2020.
7	Amount paid as advances, if any	NIL	NIL	NIL	NIL

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman & Independent Director
DIN: 00009627

Manoj Viswanathan
Managing Director & CEO
DIN: 01741612

ANNEXURE II

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March 2021
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U65990MH2010PLC240703 (The Company has applied to RoC for new CIN post listing of the equity shares with the stock exchanges)
Registration Date	03/02/2010
Name of the Company	Home First Finance Company India Limited
Category / Sub-Category of the Company	Public Company Limited by shares. Housing Finance Company registered with RBI
Address of the Registered office and contact details	511, Acme Plaza Andheri Kurla Road, Andheri East Mumbai City MH 400059 IN Contact details- 91 022 6694 0386
Whether listed company	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any:	KFin Technologies Private Limited Selenium, Tower- B, Plot No 31-32, Financial district, Nanakramguda, Serilingampally Mandal, Hyderabad-500032 Telangana Contact details – 18003094001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

S.No.	Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the Company
1	The Company's main business is to provide home loans for the purchase or construction of residential properties, providing loans for extension and repair of housing units and other related activities.	64910	95%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: N.A.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	3,59,97,070	-	3,59,97,070	45.97	1,77,05,532	-	1,77,05,532	20.26	(25.71)
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (1):-	3,59,97,070	-	3,59,97,070	45.97	1,77,05,532	-	1,77,05,532	20.26	(25.71)
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	2,39,98,045	-	2,39,98,045	30.65	1,17,42,592	-	1,17,42,592	13.44	(17.21)
d) Banks / FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2):-	2,39,98,045	-	2,39,98,045	30.65	1,17,42,592	-	1,17,42,592	13.44	(17.21)
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	5,99,95,115	-	5,99,95,115	76.62	2,94,48,124	-	2,94,48,124	33.70	(42.92)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	44,38,429	-	44,38,429	5.08	5.08
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt (s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) Foreign Portfolio Investor	-	-	-	-	94,89,020	-	94,89,020	10.86	10.86
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (Foreign Investors investing through FDI)	1,27,44,235	-	1,27,44,235	16.28	3,20,03,115	-	3,20,03,115	36.62	20.34
Sub-total (B)(1):-	1,27,44,235	-	1,27,44,235	16.28	4,59,30,564	-	4,59,30,564	52.55	36.28
2. Non-Institutions									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	10,00,000	-	10,00,000	1.27	19,05,885	-	19,05,885	2.18	0.91
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1,10,800	-	1,10,800	0.14	61,28,995	-	61,28,995	7.01	6.87
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	44,47,565	-	44,47,565	5.69	19,52,353	-	19,52,353	2.23	(3.46)
c) Others (specify)	-	-	-	-	-	-	-	-	-
Alternate Investment Fund	-	-	-	-	8,24,172	-	8,24,172	0.94	0.94
Hindu Undivided Family	-	-	-	-	2,49,299	-	2,49,299	0.28	0.28
Non- Resident Indians- Repatriable	-	-	-	-	1,21,558	-	1,21,558	0.14	0.14
Non- Resident Indians- non repatriable	-	-	-	-	59,155	-	59,155	0.07	0.07

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Clearing Members	-	-	-	-	1,20,667	-	1,20,667	0.14	0.14
Qualified Institutional Buyers	-	-	-	-	6,54,836	-	6,54,836	0.75	0.75
Employee Benefit Trust	-	-	-	-	4119	-	4119	0.00	0.00
Sub-total (B)(2):-	55,58,365	-	55,58,365	7.10	1,20,21,039	-	1,20,21,039	13.75	6.65
Total Public Shareholding (B)=(B)(1)+ (B)(2)	1,83,02,600	-	1,83,02,600	23.38	5,79,51,603	-	5,79,51,603	66.30	42.93
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	7,82,97,715	-	7,82,97,715	100.00	8,73,99,727	-	8,73,99,727	100.00	

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	True North Fund V LLP	3,59,97,070	45.97	-	1,77,05,532	20.26	-	(25.71)
2	Aether (Mauritius) Limited	2,39,98,045	30.65	-	1,17,42,592	13.44	-	(17.21)
	Total	5,99,95,115	76.62	-	2,94,48,124	33.70	-	(42.92)

iii. Change in Promoters' Shareholding:

Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1 True North Fund V LLP						
At the beginning of the year			3,59,97,070	45.97		
Changes during the year	28.09.2020	Transfer from Mr. Kiran Kumar B	76,075		3,60,73,145	
	29.09.2020	Transfer from Mr. Rushi Trivedi	5,000		3,60,78,145	
	30.09.2020	Transfer from Mr. Vinod Mukunthan	10,625		3,60,88,770	
	15.10.2020	Transfer to Orange Clove Investments B.V.	(78,13,400)		2,82,75,370	
	13.01.2021	Transfer to Orange Clove Investments B.V.	(21,60,290)		2,61,15,080	
	30.01.2021	Sale of Shares by way of Initial Public offer through Offer for Sale	(84,09,548)		1,77,05,532	
At the End of the year					1,77,05,532	20.26

2	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
Aether (Mauritius) Limited							
	At the beginning of the year			2,39,98,045	30.65		
	Changes during the year	15.10.2020	Transfer to Orange Clove Investments B.V.	(51,95,697)		1,88,02,348	
		12.01.2021	Transfer to Orange Clove Investments B.V.	(14,36,534)		1,73,65,814	
		30.01.2021	Sale of Shares by way of Initial Public offer through Offer for Sale	(56,23,222)		1,17,42,592	
	At the End of the year					1,17,42,592	13.44

iv. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, KEY MANAGERIAL PERSONNEL, PROMOTERS AND HOLDERS OF GDRS AND ADRS):

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Transaction during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date of transaction	No. of shares	No. of shares	% of total shares of the Company
1	Orange Clove Investments B.V.						
	Acquisition			15.10.2020	1,73,65,418	1,73,65,418	21.15
	Acquisition			16.10.2020	35,44,531	2,09,09,949	25.47
	Acquisition			17.10.2020	2,167	2,09,12,116	25.47
	Acquisition			19.10.2020	1,00,000	2,10,12,116	25.59
	Acquisition			23.10.2020	39,242	2,10,51,358	25.64
	Acquisition			12.01.2021	14,36,534	2,24,87,892	27.39
	Acquisition			13.01.2021	27,03,910	2,51,91,802	30.68
	At the End of the year					2,51,91,802	28.82
2	Bessemer Capital India Holdings II Ltd	1,27,44,235	16.28				
	Sale			16.10.2020	(32,72,293)	94,71,942	11.54
	Sale			13.01.2021	(3,35,128)	91,36,814	11.11
	Sale			30.01.2021	(23,25,501)	68,11,313	7.79
	At the End of the year					68,11,313	7.79
3	Universal Trustees Private Limited	10,00,000	1.28				
	Transfer			15.10.2020	5,88,000	15,88,000	1.93
	At the End of the year					15,88,000	1.82
4	Buena Vista Asian Opportunities Master Fund Ltd						
	Acquisition			05.02.2021	9,22,312	9,22,312	1.06
	Acquisition			12.02.2021	10,427	9,32,739	1.07
	Acquisition			19.02.2021	1,74,942	11,07,681	1.27
	Acquisition			26.02.2021	3,76,631	14,84,312	1.70
	End of the Year					14,84,312	1.70

Sr. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Transaction during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	Date of transaction	No. of shares	No. of shares	% of total shares of the Company
5	Motilal Oswal Midcap 30 Fund						
	Acquisition			05.02.2021	10,83,617	10,83,617	1.24
	Acquisition			12.02.2021	1,16,343	11,99,960	1.37
	Acquisition			19.02.2021	40	12,00,000	1.37
	Acquisition			05.03.2021	1,00,000	13,00,000	1.49
	End of the year					13,00,000	1.49
6	Al Mehwar Commercial Investments LLC- (Treefish)						
	Acquisition			05.02.2021	59,129	59,129	0.07
	Acquisition			12.02.2021	10,61,993	11,21,122	1.28
	Acquisition			19.02.2021	55,561	11,76,683	1.35
	Acquisition			26.02.2021	59,110	12,35,793	1.41
	End of the year					12,35,793	1.41
7	BNP Paribas Arbitrage-ODI						
	Acquisition			05.02.2021	3,06,621	3,06,621	0.35
	Acquisition			12.02.2021	5,51,985	8,58,606	0.98
	Sale			19.02.2021	(107,512)	7,51,094	0.86
	Sale			26.02.2021	(109,096)	6,41,998	0.73
	Acquisition			05.03.2021	58,000	6,99,998	0.80
	End of the year					6,99,998	0.80
8	TT Asia-Pacific Equity Fund						
	Acquisition			05.02.2021	5,13,029	5,13,029	0.59
	Acquisition			12.02.2021	61,865	5,74,894	0.66
	Acquisition			19.02.2021	25,677	6,00,571	0.69
	Acquisition			26.02.2021	30,421	6,30,992	0.72
	End of the year					6,30,992	0.72
9	The Nomura Trust and Banking Co Ltd						
	Acquisition			05.02.2021	6,25,682	6,25,682	0.72
	End of the year					6,25,682	0.72
10	Crestwood Capital Master Fund, Ltd						
	Acquisition			05.02.2021	6,266	6,266	0.01
	Acquisition			12.02.2021	4,80,000	4,86,266	0.56
	Acquisition			12.03.2021	61,000	5,47,266	0.63
	Acquisition			19.03.2021	59,000	6,06,266	0.69
	End of the year					6,06,266	0.69

Notes:

- (i) The list of top ten Shareholders is derived on the basis of PAN consolidation.
- (ii) Date of transaction has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

(iii) The above list comprises top 10 Shareholders as on March 31, 2021.

v. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

Sr. No.	For each of the Directors and KMP	Date of transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Deepak Satwalekar At the beginning of the year		-	-	-	-
	At the end of the year		-	-	-	-
2	Mr. Sakti Prasad Ghosh At the beginning of the year		59,000	0.08	-	-
	Sale At the End of the year	15.10.2020	(59,000)	0.08	-	-
3	Ms. Sujatha Venkatramanan At the beginning of the year		77,500	0.10	-	-
	Sale At the End of the year	23.10.2020	(37,500)	0.05	40,000	0.05
4	Mr. Rajagopalan Santhanam At the beginning of the year		-	-	-	-
	At the end of the year		-	-	-	-
5	Mr. Divya Sehgal At the beginning of the year		-	-	-	-
	At the end of the year		-	-	-	-
6	Mr. Maninder Singh Juneja At the beginning of the year		-	-	-	-
	At the end of the year		-	-	-	-
7	Mr. Vishal Vijay Gupta At the beginning of the year		-	-	-	-
	At the end of the year		-	-	-	-
8	Mr. Narendra Ostawal At the beginning of the year		-	-	-	-
	At the end of the year		-	-	-	-
9	Mr. Manoj Viswanathan At the beginning of the year		10,22,900	1.31	-	-
	Acquisition (ESOP)	12.10.2020	7,50,000	0.94	17,72,900	2.25
	Sale	15.10.2020	(7,50,000)	0.94	10,22,900	1.25
	Acquisition	30.11.2020	30,000	0.04	10,52,900	1.28
	Sale At the end of the year	30.01.2021	(2,49,517)	0.30	8,03,383	0.92
10	Ms. Nutan Gaba Patwari At the beginning of the year		67,200	0.09	-	-
	At the end of the year		-	-	67,200	0.09
11	Mr. Shreyans Bachhawat At the beginning of the year		-	-	-	-
	Acquisition At the end of the year	30.11.2020	-	-	1,000	0.00
			-	-	1,000	0.00

INDEBTEDNESS

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

(₹ in Crs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,499.26	-	-	2,499.26
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	8.08	-	-	8.08
Total (i+ii+iii)	2,507.34	-	-	2,507.34
Change in Indebtedness during the financial year				
* Addition	1,251.10	-	-	1,251.10
* Reduction	691.17			691.17
Net Change	559.93			559.93
Indebtedness at the end of the financial year				
i) Principal Amount	3,059.19	-	-	3,059.19
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	22.74	-	-	22.74
Total (i+ii+iii)	3,081.93	-	-	3,081.93

V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager
	Name	Mr. Manoj Viswanathan
	Designation	Managing Director & CEO*
1	Gross Salary	
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	95,89,506
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	
	(c) Profits in lieu of salary under section 17 (3) of the Income-tax Act, 1961	
2	Stock Option**	
3	Sweat Equity	
4	Commission	
	- as % of profit	
	- others, specify	

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager
5	Others, please specify (Performance Bonus)	50,00,000
	Total (A)	1,45,89,506
	Ceiling as per the Act	<p>In terms of the provisions of the Companies Act, 2013, ("the Act") the remuneration payable to any one Managing Director or Whole time Director or Manager shall not exceed 5% of the Net Profits of the company and if there are more than one such Director remuneration shall not exceed 10% of the net profits to all such Directors and manager taken together.</p> <p>The remuneration paid during the year was well within the limits approved by the Shareholders</p>

Notes:

*Mr. Manoj Viswanathan was reappointed as Managing Director and CEO with effect from August 01, 2020 vide special resolution dated August 25, 2020.

**excludes perquisite value of ₹20,84,05,531 received towards exercise of stock options during the year.

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors						Total Amount (in ₹)
1. Independent Directors	Mr. Deepak Satwalekar	Ms. Sujatha Venkatramanan	Mr. Sakti Prasad Ghosh	-	-		
Fee for attending Board / committee meetings	10,00,000	16,00,000	18,00,000	-	-		44,00,000
Commission	10,00,000	12,00,000	10,00,000	-	-		32,00,000
Others, please specify							
Total (1)	20,00,000	28,00,000	28,00,000				76,00,000
2. Other Non-Executive Directors	Mr. Vishal Vijay Gupta	Mr. Rajagopalan Santhanam	Mr. Maninder Singh Juneja	Mr. Divya Sehgal	Mr. Narendra Ostawal		-
Fee for attending Board / committee meetings	-	-	-	-	-		-
Commission	-	-	-	-	-		-
Others, please specify	-	-	-	-	-		-
Total (2)	-	-	-	-	-		-
Total (B)=(1+2)							76,00,000

Overall Ceiling as per the Act In terms of the provisions of the Act, the remuneration payable to Directors (other than Executive Directors) shall not exceed 1% of the net profit of the Company, as calculated as per the Act. The remuneration paid to the Directors as listed above were well within the limits prescribed under the Act and approval accorded by the Members of the Company.

Note: During FY21 the Company had also paid commission to Independent Directors amounting to ₹ 32,50,000 for FY20.

C. Remuneration To Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
		Ms. Nutan Gaba Patwari	Mr. Shreyans Bachhawat	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	86,33,826	20,90,958	1,07,24,784
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify... (performance Bonus)	38,00,000	7,85,166	45,85,166
5	Others			
	Dividend			
	Total	1,24,33,826	28,76,124	1,53,09,950

VI. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT /COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman and Independent Director
DIN:00009627

Manoj Viswanathan
Managing Director & CEO
DIN: 01741612

Date: May 03, 2021

Place: Mumbai

ANNEXURE III

Report of the Directors on Corporate Governance

The Directors present the report on Corporate Governance for the financial year ended March 31, 2021.

Company's philosophy on Corporate Governance

Corporate Governance refers to a mechanism and process by which companies operate. The Board and Management give more emphasis on maintaining transparency and accountability in governing the Company and carrying out the business operations. A good Corporate Governance framework incorporates a system of robust checks and balances between key players; namely, the Board, its committees, the management, auditors and various other Stakeholders. The role and responsibilities of each entity must be clearly defined, and transparency must be enforced at each level and at all times.

The Company has embossed a philosophy of following robust corporate governance practices and accountability. The Company has adopted best practices of Corporate Governance in the best interest of the shareholders, employees, consumers and the community at large. The Board of the Company recognizes its responsibilities and at the same time have played a pivotal role in guiding the evolution of culture and values in line with the changing times and the external environment.

Your Company believes that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance. The Company further endorses the importance of a diverse Board in its success which is

enriched with appropriate balance of skills, experience, diversity of perspectives, thereby ensuring effective Board governance. Your Company's Corporate Governance framework ensures that it makes timely and appropriate disclosures and shares factual and accurate information.

Board of Directors

Your Company's Board has a primary role of trusteeship to protect and enhance stakeholders value through strategic supervision. The Board provides direction and exercises appropriate controls. The Corporate Governance principles of your Company have been formulated to ensure that the Board remains informed, independent and participates actively in the affairs of your Company.

In addition to the basic governance practices, the Board of your Company lays strong emphasis on transparency, accountability and integrity. Your Company also strives to enhance stakeholders' value by taking measures to continuously improve Corporate Governance standards. The Board of Directors, along with its various Committees, provides leadership and guidance to the Company's management and directs, supervises and ensures functioning of the Company in the best interest of all the Stakeholders.

As at Mar'21, the Board of the Company comprised of 9 Directors of whom 3 were Non-Executive Independent Directors (Including Chairman and Woman Director), 5 were Non-Executive Nominee Directors representing investors, 1 Managing Director & CEO:

Name of Director	DIN	Category	No of Equity Shares held	Qualification / Experience	No of Other Directorships in entities	Membership in Committees*	
						as member	as Chairperson
Mr. Deepak Satwalekar	00009627	Chairman and Independent Director	-	Bachelors in Mechanical Engineering & MBA (more than 35 years)	4	4	1
Mr. Sakti Prasad Ghosh	00183802	Independent Director	-	M.Com, Certificate in financial management and Industrial Finance (more than 40 years)	1	3	2

Name of Director	DIN	Category	No of Equity Shares held	Qualification / Experience	No of Other Directorships in listed entities	Membership in Committees*	
						as member	as Chairperson
Ms. Sujatha Venkatramanan	05340759	Independent Woman Director	40000 (0.05%)	Bachelors in Economics and MBA (over 24 years)	-	1	1
Mr. Rajagopalan Santhanam	00025669	Nominee Director (For Aether (Mauritius) Ltd)	-	Bachelors in Commerce and CA (more than 28 years)	1	1	-
Mr. Divya Sehgal	01775308	Nominee Director (For True North Fund V LLP)	-	B.Tech and PGDM (over 25 years)	2	-	-
Mr. Maninder Singh Juneja	02680016	Nominee Director (For True North Fund V LLP)	-	Bachelors in Civil Engineering and PGDM (over 26 years)	3	1	-
Mr. Vishal Vijay Gupta	01913013	Nominee Director (For Bessemer India Capital Holdings II Ltd)	-	B.Com, CA and PGDM (more than 15 years)	2	-	-
Mr. Narendra Ostawal	06530414	Nominee Director (for Orange clove Investments B.V.)	-	CA and PGDM (more than 15 years)	3	1	-
Mr. Manoj Viswanathan	01741612	Managing Director & Chief Executive Officer ("MD & CEO")	803383 (0.92%)	Bachelors in electrical and electronics and PGDM (Over 24 years)	-	1	-

*For the purpose of considering the Committee Memberships and Chairmanships for a Director, the Audit Committee and the Stakeholders' Relationship Committee of Listed Companies including our Company has been considered.

Other Directorships of Directors in listed entity

Names of Directors	DIN	Name of the listed Entity	Category (Executive \ Non - Executive)
Mr. Deepak Satwalekar	00009627	<ul style="list-style-type: none"> ○ Asian Paints Limited ○ Piramal Enterprise Limited ○ Wipro Limited 	Non-Executive
Mr. Sakti Prasad Ghosh	00183802	<ul style="list-style-type: none"> ○ Shristi Infrastructure Development Company Limited 	Non-Executive
Ms. Sujatha Venkatramanan	05340759	-	-
Mr. Rajagopalan Santhanam	00025669	-	-
Mr. Divya Sehgal	01775308	-	-
Mr. Maninder Singh Juneja	02680016	-	-
Mr. Vishal Vijay Gupta	01913013	-	-
Mr. Narendra Ostawal	06530414	<ul style="list-style-type: none"> ○ Computer Age Management Systems Limited 	Non-Executive
Mr. Manoj Viswanathan	01741612	-	-

The role of the Chairman and the MD & CEO are distinct and separate.

None of the directors are related to each other. All the directors of the Company have confirmed that they satisfy the fit and proper criteria as prescribed under the applicable regulations.

All the directors have confirmed that they are not debarred from holding the office of director by virtue of any order by SEBI or any other authority.

Changes in Board of Directors

During the year under review, Mr. Manoj Viswanathan was elevated and appointed as Managing Director and was designated as 'Managing Director & CEO' ('MD & CEO') w.e.f. August 1, 2020 for a period of 3 years.

Mr. Narendra Ostawal was appointed as the Nominee Director of Orange Clove Investments B.V. w.e.f. October 15, 2020.

Chart setting out skills/expertise/competence of the Board

As required under Schedule V of SEBI LODR Regulations, the Board of Directors of the Company have identified the names of Directors who have such skills / expertise / competence. The details of the said analysis are as below:

Parameters	Mr. Deepak Satwalekar	Mr. Sakti Prasad Ghosh	Ms. Sujatha Venkatramanan	Mr. Rajagopalan Santhanam
1 Industry Experience	√	√	√	
2 Financial Expertise	√	√	√	√
3 Consumer Behavior	√	√	√	
4 Legal and Compliance		√	√	√
5 Corporate Governance	√	√	√	√
6 Strategy and Decision Making	√	√	√	
7 ALM and Risk Management	√		√	√
8 Information Technology			√	

Parameters	Mr. Maninder Singh Juneja	Mr. Vishal Vijay Gupta	Mr. Divya Sehgal	Mr. Narendra Ostawal	Mr. Manoj Viswanathan
1 Industry Experience	√		√		√
2 Financial Expertise	√	√	√	√	√
3 Consumer Behavior	√		√		√
4 Legal and Compliance					√
5 Corporate Governance		√	√	√	√
6 Strategy and Decision Making	√	√	√	√	√
7 ALM and Risk Management	√		√	√	√
8 Information Technology	√	√	√		√

Responsibilities of the Board

The Board Members are responsible for the management of the business. Role, functions, responsibility and accountability of the Board are clearly defined. In addition to its primary role of monitoring corporate performance, functions of the Board include, but is not restricted to the following:

- formulation of strategic and business plans;
- reviewing and approving financial plans and budgets;
- monitoring corporate performance against strategic and business plans, including overseeing operations;
- ensuring ethical behavior and compliance of laws and regulations;
- reviewing and approving borrowing limits;

- formulating exposure limits; and
- keeping shareholders informed regarding plans, strategies and performance.

Board Proceedings

The schedule of the Board / Committee meetings to be held in a financial year is circulated in advance to enable the Directors / Committee Members to plan their schedule and ensure their highest participation at meetings. Directors are given an option of attending Board / Committee meetings through video conference to ensure effective decision making through increased participation by the Directors/ Committee Members. The agenda along with detailed notes are circulated to the Directors/Committee Members well in advance and all material information is incorporated in the agenda for facilitating meaningful and focused

discussions at meetings of the Board and its Committees.

During the year under review, 9 meetings of the Board of Directors of the Company were convened and held on May 26, 2020, August 10, 2020, September 29, 2020, October 8, 2020, October 15, 2020, November 13, 2020, January 16, 2021, January 27, 2021 and February 12, 2021. These meetings were held in a manner that at least a gap of not more than 120 days lapsed between two consecutive meetings. The required quorum was

present at all the above meetings. Due to business exigencies, certain decisions were taken by the Board and its Committees by way of resolutions passed through circulation from time to time.

The details of attendance of each Director at the Board meeting held during FY21 is given below. The attendance of the directors at the above-mentioned board meetings and the Annual General Meeting (AGM) held on June 20, 2020, along with the sitting fees paid to them are listed below:

Names of Directors	No. of Board Meetings convened during their tenure	No. of meetings attended	Sitting Fees paid (in ₹)	AGM Y=attended N=not attended
Mr. Deepak Satwalekar	9	9	9,00,000	N
Mr. Sakti Prasad Ghosh	9	9	9,00,000	N
Ms. Sujatha Venkatramanan	9	9	9,00,000	N
Mr. Manoj Viswanathan	9	9	-	Y
Mr. Rajagopalan Santhanam	9	9	-	Y
Mr. Divya Sehgal	9	8	-	N
Mr. Maninder Singh Juneja	9	8	-	N
Mr. Vishal Vijay Gupta	9	7	-	N
Mr. Narendra Ostawal*	4	4	-	N.A.

*Mr. Narendra Ostawal was appointed as the Nominee Director w.e.f October 15, 2020.

None of the Nominee Directors are entitled for remuneration from the Company. MD & CEO is entitled to remuneration and performance linked incentive.

Role of Independent Directors

The role of Independent directors is important in the decision-making process of the board as they approve the overall strategy of the Company and oversee performance of the management. The independent directors bring along an extensive experience, knowledge and judgment in the field of accounts, housing, credit & risk, finance etc. This wide knowledge of both, their field of expertise and boardroom practices brings in varied, unbiased, independent and experienced perspectives. All independent directors have committed and allocated sufficient time to perform their duties effectively.

The Independent Directors have confirmed that they satisfy the criteria prescribed for an

Independent Director as stipulated in Regulation 16(1)(b) & 25 of the SEBI LODR Regulations and Section 149(6) of the Act and are independent from the management of the Company. All Independent Directors of the Company have been appointed as per the provisions of the Act and SEBI LODR Regulations. All the Independent Directors of the Company are registered in Independent Director's databank maintained by Indian Institute of Corporate Affairs (IICA). Formal letters of appointment have been issued to the Independent Directors. The terms and conditions of appointment of Independent Directors are available on the Company's website at <https://www.homefirstindia.com/files/Terms-Conditions-for-Appointment-of-Independent-Director.pdf>.

In the opinion of the Board, the Independent Directors are independent of the management. None of the Independent Directors has resigned before the expiry of their respective tenures during FY21.

Familiarization Programme

The familiarization programme conducted by the Company ensures that the independent directors are updated on the business and regulatory environment and the overall operations of the Company. This enables the Independent directors to make better informed decisions in the interest of the Company and its stakeholders. The Company has also provided directors with a reference manual which inter alia covers the roles, functions, powers and duties of the directors, disclosures and declarations to be submitted by directors and various codes and policies of the Company. The details of familiarization programme imparted to the Independent Directors of the Company are available on the Company's website at https://homefirstindia.com/files/Policy_on_familiarization_program_for_ID.pdf

Committees of the Board

To enable better and focused decision making for the Company, the board had delegated certain powers to the respective committees of the Board. The decision made by the Committees are reported to the Board at the subsequent meeting. The Board has accepted all the recommendations made by the various Committees. The composition and functioning of these board committees is in

compliance with the applicable provisions of the Companies Act, 2013, Listing Regulations and the corporate governance directions issued by Reserve Bank of India.

Audit Committee:

Composition:

The Audit Committee has been constituted by the Company in terms of provisions of Section 177 of the Act and Regulation 18 read with Part D of Schedule II of SEBI LODR Regulations and is chaired by Non-Executive Independent Director. The Committee comprises of 3 Directors as its members, out of them two are Non-Executive Independent Directors. The composition of the Committee is in adherence to provisions of the Act, SEBI LODR Regulations and the RBI master directions for housing finance companies. All the Members of the Committee are financially literate and all of the Members including the Chairperson possess financial management expertise. The Company Secretary of the Company acts as Secretary to the Committee. The Board of Directors have accepted and implemented the recommendations of the Audit Committee, whenever provided by the Committee.

The members of the Audit Committee as at Mar'21 were:

Sr. No.	Name	Category	Designation
1.	Ms. Sujatha Venkatramanan	Independent Director	Chairperson
2.	Mr. Sakti Prasad Ghosh	Independent Director	Member
3.	Mr. Rajagopalan Santhanam	Nominee Director	Member

Terms of reference:

1. Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
2. Recommending to the Board the appointment, remuneration and terms of appointment of the statutory auditor of the Company;
3. Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;
4. Approving payments to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
 - b) Changes, if any, in accounting policies and practices and reasons for the same;

- c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - d) Significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions; and
 - g) Modified opinion(s) in the draft audit report.
6. Laying down the criteria for granting omnibus approval in accordance with the Company policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;
 7. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
 8. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;
 9. Approval or any subsequent modifications of transactions of the Company with related parties provided that the audit committee may take omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
 10. Scrutinizing of inter-corporate loans and investments;
 11. Valuing of undertakings or assets of the Company, wherever it is necessary;
 12. Evaluating of internal financial controls and risk management systems;
 13. Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
 14. Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
 15. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
 16. Discussing with internal auditors on any significant findings and follow up there on;
 17. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 18. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 19. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
 20. Reviewing the functioning of the whistle blower mechanism;
 21. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;
 22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act or the Listing Regulations or by any other regulatory authority.
 23. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the

subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision i.e., April 1, 2019, and henceforth.

Powers of the Audit Committee:

The powers of the Audit Committee shall include the following:

1. To investigate any activity within its terms of reference;
2. To seek information from any employee;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Reviewing Powers:

The Audit Committee shall mandatorily review the following information:

1. Management's discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
3. Management letters / letters of internal control weaknesses issued by the statutory

auditors;

4. Internal audit reports relating to internal control weaknesses;
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
6. Statement of deviations:
 - (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the Listing Regulations; and
 - (ii) annual statement of funds utilized for purposes other than those stated in the document/prospectus/notice in terms of the Listing Regulations.

Audit Committee Meetings and Quorum:

During the year under review, the Committee met 5 times on April 2, 2020, May 25, 2020, August 10, 2020, November 13, 2020 and February 12, 2021. The required quorum was present at all the meetings. The Company Secretary acted as Secretary to all the Committee meetings. The detailed attendance and sitting fees paid for the said meetings are given below:

Names of Directors	No. of meetings held during the year & during their tenure	No. of meetings attended	% of total meetings attended	Sitting Fees paid (in ₹)
Mr. Sakti Prasad Ghosh	5	5	100%	5,00,000
Ms. Sujatha Venkatramanan	5	5	100%	5,00,000
Mr. Rajagopalan Santhanam	5	4	80%	-

NOMINATION AND REMUNERATION COMMITTEE (NRC):

Composition:

The Nomination and Remuneration Committee has been constituted by the Company in terms of the provisions of Section 178 of the Act and Regulation 19 read with Part D of Schedule II of SEBI LODR Regulations and is chaired by Non-Executive Independent Director. The Committee comprises

of 3 Directors as its members, all of them being Non-Executive Directors and fifty percent being Independent Directors. The composition of the Committee is in adherence to the provisions of Act and SEBI LODR Regulations. The Company Secretary of the Company acts as Secretary to the Committee.

The members of the Nomination and Remuneration Committee as at Mar'21 were:

Sr. No.	Name	Category	Designation
1.	Mr. Sakti Prasad Ghosh	Independent Director	Chairman
2.	Ms. Sujatha Venkatramanan	Independent Director	Member
3.	Mr. Maninder Singh Juneja*	Nominee Director	Member
4.	Mr. Narendra Ostawal**	Nominee Director	Member

*Mr. Maninder Singh Juneja ceased to be a member w.e.f November 13, 2020.

**Mr. Narendra Ostawal was inducted as a member w.e.f November 13, 2020.

Terms of reference:

1. Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors and key managerial personnel;
2. Formulating of criteria for evaluation of the performance of the independent directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
5. Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
6. Analyzing, monitoring and reviewing various human resource and compensation matters;
7. Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
8. Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;
9. Reviewing and approving compensation strategy from time to time in the context of the
10. then current Indian market in accordance with applicable laws;
10. Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;
11. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.
12. Performing such other activities as may be delegated by the Board and/or specified/ provided under the Companies Act or the Listing Regulations, or by any other regulatory authority”;
13. Recommend to the board, all remuneration, in whatever form, payable to senior management; and
14. Performing such other functions as may be required for the performance of any of the above duties.

NRC Meeting and its Quorum:

During the year under review, the Committee met once on August 6, 2020. The required quorum was present at the meeting. Due to business exigencies, certain decisions were taken by the Committee by way of resolutions passed through circulation, from time to time.

Names of Directors	No. of meetings held during the year & during their tenure	No. of meetings attended	% of total meetings attended	Sitting Fees paid (in ₹)
Mr. Sakti Prasad Ghosh	1	1	100%	1,00,000
Ms. Sujatha Venkatramanan	1	1	100%	1,00,000
Mr. Maninder Singh Juneja	1	1	100%	-
Mr. Narendra Ostawal	-	-	-	-

Performance Evaluation

Your Company is following the most effective way to ensure that Board Members understand their duties and adopt good governance practices. In furtherance to this, the Directors of your Company commit to act in good faith to promote the objects of the Company for the benefit of its Employees, the Stakeholders including Shareholders, the Community and for the protection of the environment. Your Company has defined a manner of evaluation as per the provisions of the Act and SEBI LODR Regulations and for the Evaluation of the performance of the Board, Committees of Board & Individual Directors. The above manner is based on the Guidance Note on Board Evaluation issued by the SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017.

The Board and Nomination and Remuneration Committee carried out the evaluation of every Director's performance and its own performance as a whole, Statutory Board Committees namely Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility (CSR) Committee, Stakeholders Relationship Committee and all the Independent Directors without the presence of the Director being evaluated. The Board expressed its satisfaction with performance evaluation.

The Independent Directors, at their separate Meeting reviewed the performance of Non-Independent Directors, the Board as a whole and Chairperson.

Nomination and Remuneration Policy

The Company has a duly formulated Policy on Nominations & Remuneration for Directors, Key Managerial Personnel, Senior Management and Other Employees ("Remuneration Policy") as per the provisions of the Act read with applicable Rules and Regulations under the Act and SEBI LODR

Regulations which, inter-alia, lays down the approach to diversity of the Board, the criteria for identifying the persons who are qualified to be appointed as Directors and such persons who may be appointed as Senior Management Personnel ("SMP") of the Company and also lays down the criteria for determining the remuneration of the Directors, KMP and SMP and the process of their evaluation. The remuneration paid to the Directors is in line with the Remuneration Policy of the Company. Remuneration Policy can be accessed at the website of the Company [https://homefirs.tindia.com/files/Nomination and Remuneration Policy.pdf](https://homefirs.tindia.com/files/Nomination%20and%20Remuneration%20Policy.pdf)

Remuneration of Non-Executive Directors

The remuneration for non-executive directors consists of sitting fees and commission. The payment of the annual commission to non-executive directors is based on the performance of the Company as well as that of the individual non-executive director. The commission payable to non-executive directors is recommended by NRC and approved by the Board and is within the overall limits as approved by the shareholders of the Company. Details of the remuneration and shareholding of non-executive directors are provided in Form No. MGT-9.

The non-executive nominee directors of the Company do not have any pecuniary relationships or transactions with the Company during the financial year.

Managing Director & CEO

The elements of the remuneration package of MD & CEO comprises salary and performance linked incentive along with the other benefits and allowances as per the policy of the Company. The same is decided by the Nomination and Remuneration Committee and approved by the

Board and is within the overall limits as approved by the shareholders at the General Meeting. Details of remuneration paid/payable to the whole-time directors during the year under review are provided in Form No. MGT-9. Further Mr. Viswanathan is not eligible for any severance fees. Service contract and notice period are as per terms of the agreement entered into by him with the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR):

Composition:

The Corporate Social Responsibility (CSR) Committee was formed as per Section 135 of the Companies Act, 2013. The members of the CSR Committee as at Mar'21 were:

Sr. No.	Name	Category	Designation
1.	Mr. Sakti Prasad Ghosh	Independent Director	Member
2.	Mr. Manoj Viswanathan	Managing Director & CEO	Member
3.	Mr. Rajagopalan Santhanam	Nominee Director	Member

Terms of reference:

- To formulate and recommend to the Board of Directors, the CSR Policy, indicating the CSR activities to be undertaken, as prescribed under applicable law;
- To recommend the amount of expenditure to be incurred on the CSR activities, which is to be at least 2% of the average profit of the Company in the three immediately preceding financial years;
- To monitor the CSR Policy and its implementation by the Company from time to time; and

- To perform such other functions or responsibilities and exercise such other powers as may be conferred upon the CSR Committee in terms of the provisions of Section 135 of the Companies Act, 2013 and the rules framed thereunder.

CSR Meeting and its Quorum:

During the year under review, the Committee met 2 times on December 21, 2020 and March 25, 2021. The required quorum was present at the meeting. The details of participation of members and the sitting fees paid is as follows:

Names of Directors	No. of meetings held during the year & during their tenure	No. of meetings attended	% of total meetings attended	Sitting Fees paid (in ₹)
Mr. Sakti Prasad Ghosh	2	2	100%	2,00,000
Mr. Rajagopalan Santhanam	2	2	100%	-
Mr. Manoj Viswanathan	2	2	100%	-

STAKEHOLDERS RELATIONSHIP COMMITTEE (SRC):

Composition:

The Board had constituted the Stakeholders Relationship Committee in terms of the provisions of Section 178 of the Act and Regulation 20 read with Part D of the Schedule II of SEBI LODR Regulations.

The Committee is chaired by Mr. Sakti Prasad Ghosh, Non-Executive Independent Director. Mr. Shreyans Bachhawat, Company Secretary of the Company acts as Secretary to the Committee. The members of the Stakeholders Relationship Committee as at Mar'21 were:

Sr. No.	Name	Category	Designation
1.	Mr. Sakti Prasad Ghosh	Independent Director	Chairman
2.	Mr. Manoj Viswanathan	Managing Director & CEO	Member
3.	Mr. Maninder Singh Juneja	Nominee Director	Member

Terms of Reference:

1. Consider and resolve grievances of security holders (includes shareholders, debenture holders or any other security holder) of the Company, including complaints related to transfer 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 and 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;
5. Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
6. To approve, register, refuse to register transfer or transmission of shares and other securities;
7. To sub-divide, consolidate and or replace any share or other securities certificate(s) of the Company;
8. Allotment and listing of shares;
9. Approval of transfer or transmission of shares, debentures or any other securities;
10. To authorize affixation of common seal of the Company;
11. To issue duplicate share or other security(ies)

- certificate(s) in lieu of the original share/ security(ies) certificate(s) of the Company;
12. To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
13. To dematerialize or rematerialize the issued shares;
14. Ensure proper and timely attendance and redressal of investor queries and grievances; and
15. Carrying out any other functions contained in the Companies Act, 2013, the SEBI Listing Regulations and/or equity listing agreements (if applicable), as and when amended from time to time; and

To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

There was no meeting of the Committee during FY21 as the Company got listed with the exchanges in the month of Feb'21.

The Company had received 2 Shareholders complaints with regards to non-refund of IPO money which were duly resolved.

Asset Liability Management Committee (ALCO):

The Asset Liability Management Committee is led by the MD & CEO and senior officials of the Company and functions under the supervision of the Board of Directors. The Committee is responsible for keeping a watch on the asset liability gaps, if any. ALCO lays down policies and quantitative limits relating to assets and liabilities. The members of the Asset Liability Management Committee as at Mar'21 were;

Sr. No.	Name	Designation
1.	Mr. Manoj Viswanathan	Managing Director & CEO
2.	Ms. Nutan Gaba Patwari	Chief Financial Officer
3.	Mr. Ajay Khetan	Chief Business Officer
4.	Mr. Gaurav Mohta	Chief Marketing Officer
5.	Ms. Vilasini Subramaniam	Head Strategic Alliance

The broad terms of reference of the Committee inter-alia includes:

1. monitoring the asset liability composition of the Company's business;
2. determining actions to mitigate risks associated with the asset liability mismatches;
3. approve proposals and detailed terms and conditions of borrowings from banks;
4. reviewing the borrowing program of the Company; and
5. review product pricing and desired maturity profile of assets and liabilities and also the mix of incremental assets & liabilities etc.

Meeting and its Quorum:

During the year under review, the ALCO met 4 times on June 23, 2020, September 29, 2020, December 22, 2020 and March 16, 2021. The required quorum was present at all the above meetings.

Risk Management Committee:

The Risk Management Committee is headed by the MD & CEO and comprised of the senior officials of the Company and functions under the supervision of the Board of Directors.

The members of the Risk Management Committee as at Mar'21 were:

Sr. No.	Name	Designation
1.	Mr. Manoj Viswanathan	Managing Director & CEO
2.	Ms. Nutan Gaba Patwari	Chief Financial Officer
3.	Mr. Ajay Khetan	Chief Business Officer
4.	Mr. Gaurav Mohta	Chief Marketing Officer
5.	Ms. Vilasini Subramaniam	Head – Strategic Alliance
6.	Mr. Abhijeet Jamkindhikar	Business Head - Maharashtra
7.	Mr. Arunchandra Jupalli	Business Head - South
8.	Mr. Ramakrishna V	Chief Human Resource Officer

The terms of reference of the Committee inter-alia includes

1. To assess the Company's risk profile and key areas of risk in particular;
2. To recommend the Board and adaptation of risk assessment and rating procedures along with acceptable levels of Risk;
3. To articulate the Company's policy for the oversight and management of business risk;
4. To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas;
5. To develop and implement a risk management framework and internal control system;
6. To review the nature and level of insurance coverage;
7. To have the special investigation into areas of corporate risk and breakdowns in internal control;
8. To review management's response to the Company's auditor's recommendations and whether those are adopted; and
9. To report the trends in the Company's risk profile reports on specific risks and the status of the risk management process.

Meeting and its Quorum:

During the year under review, the Risk Management Committee met 2 times June 11, 2020 and March 25, 2021. The required quorum was present at all the above meetings.

IT Strategy Committee:

Composition:

The IT Strategy Committee comprises of one Independent Director, MD & CEO and few senior officials of the Company. The Committee is chaired by the independent director, Ms. Sujatha Venkatramanan.

The members of the IT Strategy Committee as at Mar'21 were:

Sr. No.	Name	Designation
1.	Ms. Sujatha Venkatramanan	Independent Director, Chairperson
2.	Mr. Manoj Viswanathan	Managing Director & CEO
3.	Ms. Nutan Gaba Patwari	Chief Financial Officer
4.	Mr. Ajay Khetan	Chief Business Officer
5.	Mr. Gaurav Mohta	Chief Marketing Officer
6.	Ms. Vilasini Subramaniam	Head- Strategic Alliance
7.	Mr. Abhijeet Jamkhindikar	Business Head - Maharashtra
8.	Mr. Arunchandra Jupalli	Business Head - South
9.	Mr. Ramakrishna V	Chief Human Resource Officer

The terms of reference of the Committee are as follows:

1. To ensure that management has an effective IT strategic planning process and is aligned with business strategy;
2. To ensure that investments in Information Technology represent a balance of risks and benefits for sustaining organization's growth and within the acceptable budget;
3. To monitor IT resources required to achieve strategic goals and provide high-level direction for sourcing and use of IT resources;
4. To oversee implementation of processes and practices and ensuring that maximum value is delivered to business;
5. To approve IT strategy and policy documents.
6. To define and ensure effective implementation of standards of IT Governance, Business Continuity and Data Governance;
7. To ensure there is appropriate framework of information security risk assessment within the organization;
8. To ensure effective due diligence, oversight and management of outsourcing and accountability for all outsourcing decisions; and
9. To ensure that a comprehensive risk assessment of HomeFirst's IT system is carried out on yearly basis.

Meeting and its Quorum:

During the year under review the committee met 3 times on May 6, 2020, September 16, 2020 and March 15, 2021. The required quorum was present in all the meetings.

IPO Committee

The Company had approved the initial public offer of its equity shares with the stock exchanges and had constituted an IPO Committee to take all operational decisions pertaining to approve terms and conditions of appointment of merchant banker(s), legal counsel and other intermediaries, approving offer documents viz. the draft red herring prospectus, the red herring prospectus and the prospectus, approving IPO size / price band/ offer price, issue advertisements, apply and obtain regulatory approvals for the IPO, approving expenditure related to IPO process and other things necessary for the IPO of the Company.

The members of the IPO Committee as at Mar'21 were:

Sr. No.	Name	Category	Designation
1.	Mr. Divya Sehgal	Nominee Director	Member
2.	Mr. Maninder Singh Juneja	Nominee Director	Member
3.	Mr. Vishal Gupta	Nominee Director	Member
4.	Mr. Manoj Viswanathan	Managing Director & CEO	Member

During the year under review, 6 meetings were held on November 26, 2020, January 12, 2021, January 14, 2021, January 18 2021, January 20, 2021 and January 30, 2021. The required quorum was present at all the above meetings. The Company Secretary of the Company acted as the Secretary to the Committee.

Meeting of Independent Directors

The Independent Directors met separately to discuss various issues at their discretion. The objective of such meetings is for the independent directors to evaluate the performance of the Chairman, the executive directors and the overall performance of the board. The meeting of independent directors was held on January 11, 2021. All the independent directors attended the meeting and were paid sitting fees of Rs.1 lakh each. At the meeting, the independent directors assessed the quality, quantity and timeliness of the flow of information between the Company's management and the board.

Internal Guidelines on Corporate Governance

Your Company has a duly formulated Internal Guidelines on Corporate Governance in accordance with HFCs – Corporate Governance (NHB) Directions, 2016 and RBI Directions for Housing Finance Company, 2021, which inter-alia, defines the legal, contractual and social responsibilities of the Company towards its various stakeholders and lays down the Corporate Governance practices of the Company. The said policy is available on the website of the Company at the https://homefirstindia.com/files/Internal_Guidelines_on_Corporate_Governance.pdf

Code of Conduct for the Board of Directors and the Senior Management Personnel

Pursuant to Regulation 17(5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), the Company has adopted Code of Conduct applicable to the Board of Directors and the Senior Management Personnel ('Code'). The Code provides guidance to the Directors and Senior Management Personnel to conduct their business affairs ethically and in full compliance with

applicable laws, rules and regulations. In accordance with Schedule V (D) of the SEBI LODR Regulations. The Company has also received declaration from Managing Director & CEO confirming that all the Directors and the Senior Management Personnel of the Company have complied to the Code of Conduct for FY21 as attached with this Report. The said code is hosted on the website of the Company at https://homefirstindia.com/files/Code_of_Conduct_for_Board_of_Directors_and_Senior_Management_Personnel.pdf

Related Party Transactions Policy

The Company has a board approved policy on Related Party Transactions. The policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions entered into between the Company and its related parties. The policy is placed on the website of the Company at https://homefirstindia.com/files/Related_Party_Transactions_Policy.pdf. Details of related party transactions entered into by the Company in the ordinary course of its business are included in the notes forming part of the financial statements. The Company did not enter into any material related party transaction during FY21.

Vigil Mechanism and Whistle Blower Policy

The Company has a board approved Whistle Blower Policy and a vigil mechanism to ensure that all employees/ directors of the Company work in a conducive environment and are given a platform to freely express their concerns or grievances on various matters pertaining to any malpractice, actual/suspected fraud or violation of the Corporation's code of conduct. In order to ensure highest standards of governance, under the Whistle Blower Policy, other stakeholders including borrowers, depositors, key partners, direct selling agents and vendors can report any misconduct or act that is not in the interests of the Company. None of the personnel have been denied access to the Audit Committee. The policy is placed on the website of the Company and can be accessed at https://homefirstindia.com/files/Vigil_Mechanism_and_Whistle_Blower_Policy.pdf

Code of Conduct for Prohibition of Insider Trading

and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information

In compliance of the SEBI PIT Regulations, as amended from time to time, the Company has formulated a Code of Conduct- Prevention of Insider Trading in the shares of the Company, which inter alia, prohibits trading in shares of the Company by insiders while in possession of unpublished price sensitive information in relation to the Company and in order to ensure uniform dissemination of unpublished price sensitive information. The Board of Directors adopted a 'Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information' which is available on the website of the Company and can be accessed at https://homefirstindia.com/files/Code_of_practices_and_procedures_for_fair_disclosure_of_UPSI.pdf

Prevention of Sexual Harassment Policy, and information required to be disclosed under Sexual

Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company is committed to providing a work environment that ensures that every employee is treated with dignity and respect and accorded equitable treatment. The Company has implemented a robust framework on prevention of sexual harassment which is in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. Pursuant to the said Act, the details of the total reported and closed cases pertaining to incidents under the above framework/ law are as follows:-

Number of cases reported during the year: Nil
 Number of cases closed during the year: Nil
 Numbers of cases open as on Mar'21: Nil

Penalties

There were no instances of non-compliances, penalty levied or strictures imposed on the Company by the Stock Exchanges, or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

Details of Annual General Meetings:

The details of the location and time of the last three Annual General Meetings is given below:

For the financial year	Date & Time	Venue	Details of Special Resolution passed
2019-20	June 20, 2020 at 11:00 A.M.	511, Acme Plaza, Andheri Kurla Road, Andheri (E), Mumbai 400059	<ul style="list-style-type: none"> o To authorize Board for issuance of Non-Convertible Debentures and/or any other hybrid instruments of the Company on private placement basis.
2018-19	June 12, 2019 at 10:00 A.M.	511, Acme Plaza, Andheri Kurla Road, Andheri (E), Mumbai 400059	<ul style="list-style-type: none"> o Increase in the borrowing powers under section 180(1) (c) of the Act. o To authorize board to create charge under Section 180 (1) (a) of the Act. o To authorize Board for Issuance of Non-Convertible Debentures, in one or more tranches /Issuances. o Increase in option pool of ESOP II o Increase in authorized Share capital.

For the financial year	Date & Time	Venue	Details of Special Resolution passed
2017-18	July 7, 2018 at 10:00 A.M.	511, Acme Plaza, Andheri Kurla Road, Andheri (E), Mumbai 400059	<ul style="list-style-type: none"> ○ Re-classification of Authorized Share Capital ○ Re-appointment of Mr. Sakti Prasad Ghosh as Independent Directors of the Company. ○ Re-appointment of Ms. Sujatha Venkatramanan as Independent Directors of the Company. ○ Re-appointment of Mr. Manoj Viswanathan as Director & CEO of the Company. ○ Amend and Adopt Articles of Association of the Company ○ To authorize Board for Issuance of Non-Convertible Debentures on private placement basis. ○ Increase in the borrowing powers under section 180(1) (c) of the Act. ○ To authorize board to create charge under Section 180 (1) (a) of the Act.

Postal Ballot:

Pursuant to Section 108 and 110 of the Act read with the Companies (Management and Administration) Rules, 2014 (including any statutory amendment(s) or re-enactment(s) made thereunder), the Company has not transacted any business through Postal Ballot or does not intend to transact as on the date of this report.

Means of Communication

Pursuant to the applicable regulations of SEBI LODR Regulations, your Company publishes financial

results on quarterly basis which are duly reviewed by the Audit Committee before submission to the Board. The Managing Director & CEO, Chief Financial Officer and Investor Relations Officer at regular intervals conducts conference call(s) with the analysts/ Shareholders and responds to the queries from investors on quarterly basis. The financial results of the Company are generally published in Financial Express and Mumbai Lakshdeep. The financial results, presentations and press releases of the Company are also hosted on the website of the Company <https://homefirstindia.com/investor-relations/>

General Shareholder Information:

Corporate Information:

Incorporation Date	February 3, 2010
Registered Office Address	511, Acme Plaza, Andheri Kurla Road, Andheri (East), Mumbai 400 059
Corporate Identification Number (CIN)	U65990MH2010PLC240703. The Company has applied with Registrar of Companies to change the CIN
Date, time and Venue of the Annual General Meeting	Date: August 5, 2021; Time: 11:00 A.M., Indian Standard Time ("IST") Venue: Through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM") Facility.
Financial year	April 1, 2020 to March 31, 2021

Dividend Payment Date	No dividend has been proposed
Name and Address of Stock Exchange	<p>The equity shares of the Company are listed on National Stock Exchange of India Ltd. (NSE) and BSE Limited (BSE) on February 03, 2021.</p> <p>Non-Convertible Debentures (NCDs) issued by the Company are listed on the Wholesale Debt Market (WDM) segment of the BSE.</p> <p>NSE: Exchange Plaza, C-1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051.</p> <p>BSE: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.</p>
Stock Code	<p>NSE: HOMEFIRST</p> <p>BSE: 543259</p>
Payment of Listing Fees	The Company has paid the annual listing fees for the relevant periods to NSE and BSE where its equity shares are listed
ISIN	INE481N01025
Registrar & Share Transfer Agent	<p>Kfin Technologies Private Limited</p> <p>Selenium Tower-B Plot 31 & 32,</p> <p>Financial District, Nanakramguda,</p> <p>Serilingampally Mandal, Hyderabad – 500 032 Telangana, India, Tel: 18003094001</p>
In Case securities are suspended from Trading	Not Applicable
Share Transfer System	<p>The Company's shares are traded under compulsory dematerialized mode and freely tradable. The Board of Directors have delegated the power to attend all the formalities relating to transfer of securities to the Registrar and Share Transfer Agent of the Company. A half-yearly certificate of compliance with the share/debt transfer formalities as required under Regulation 40(9) and 61(4) of the SEBI LODR Regulations is obtained from the Company Secretary in Practice and a copy of the certificate is filed with the Stock Exchanges within the prescribed time.</p>
Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on liquidity	Not applicable since the Company has not issued any Global Depository Receipts or American Depository Receipts or Warrants or Convertible bonds.
Plant Locations	<p>Not Applicable</p> <p>Kfin Technologies Private Limited (formerly known as Karvy Fintech Private Limited) Selenium Tower-B Plot 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032 Telangana, India Email: einward.ris@kfintech.com</p>

The Company Secretary & Compliance Officer
 Home First Finance Company India Limited
 511, Acme Plaza, Andheri Kurla Road, Mumbai 400-059.
 Email- Corporate@homefirstindia.com

Commodity price risk or foreign exchange risk and hedging activities

This is not applicable since the Company does not have any derivatives or liabilities denominated in foreign currency

Stock Price Data:

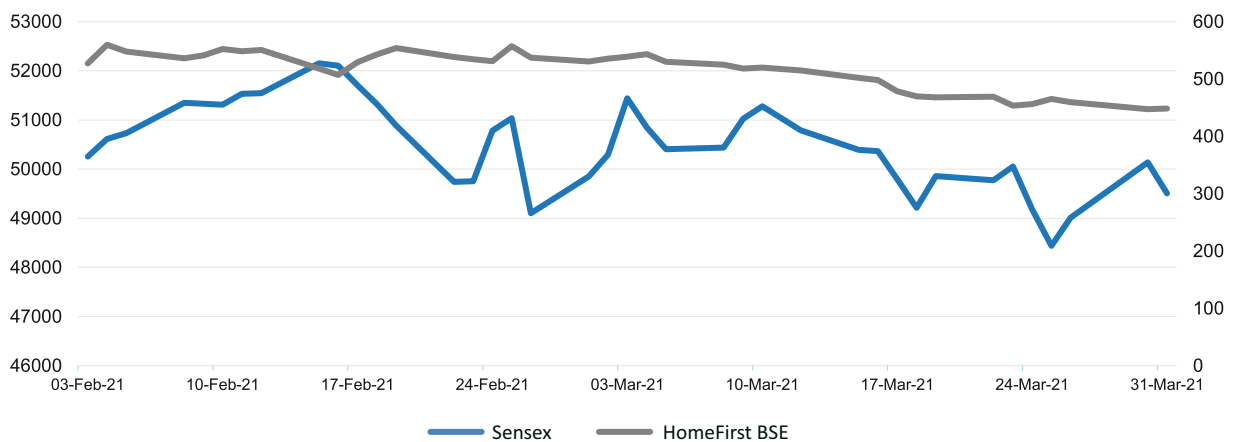
The reported high and low closing prices and volume of equity shares of the Company traded on NSE and BSE during the period under review (i.e. from February 3, 2021 to March 31, 2021) are set out in the following table:

Month	NSE		BSE	
	High	Low	High	Low
February 2021	640.00	501.35	639.50	505.40
March 2021	548.65	445.00	548.40	445.85

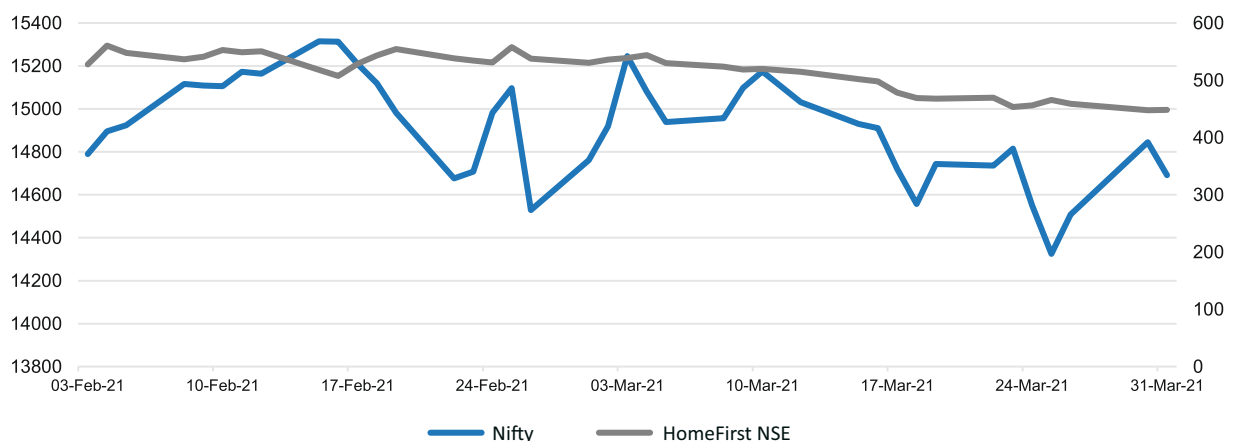
[Source: This information is compiled from the data available on the websites of NSE and BSE]

Performance in comparison to broad-based indices such as BSE Sensex and NSE Nifty:

HomeFirst v Sensex



HomeFirst v Nifty



Distribution of Shareholding as on March 31, 2021

Sr No.	Category (Nominal Value of Shares)	No. of Holders	% of Holders	No of Shares	% of total equity
1.	1 to 5000	137,256	99.81	5,694,553	6.52
2.	5001 to 10000	96	0.07	342,975	0.39
3.	10001 to 20000	49	0.04	364,810	0.42
4.	20001 to 30000	12	0.01	147,486	0.17
5.	30001 to 40000	7	0.01	119,620	0.14
6.	40001 to 50000	11	0.01	236,225	0.27
7.	50001 to 100000	23	0.02	840,642	0.96
8.	100001 to above	59	0.04	79,653,416	91.14
Total		137,513	100.00	87,399,727	100.00

Shareholding Pattern as on March 31, 2021

Sr No.	Description	No. of Holders	Total Shares	% Equity
1.	Foreign Corporate Bodies	2	3,20,03,115	36.62
2.	Promoters	1	1,77,05,532	20.26
3.	Foreign Promoters	1	1,17,42,592	13.44
4.	Foreign Portfolio - Corp	30	94,89,020	10.86
5.	Resident Individuals	1,31,991	71,85,169	8.22
6.	Mutual Funds	33	44,38,429	5.08
7.	Bodies Corporates	227	19,05,885	2.18
8.	Directors	2	8,43,383	0.97
9.	Alternative Investment Fund	6	8,24,172	0.94
10.	Qualified Institutional Buyer	12	6,54,836	0.75
11.	H U F	4,073	2,49,299	0.29
12.	Non-Resident Indians	658	1,21,558	0.14
13.	Clearing Members	178	1,20,667	0.14
14.	Non-Resident Indian Non Repatriable	284	59,155	0.07
15.	Employees	12	52,796	0.05
16.	Trusts	3	4119	-
TOTAL		1,37,513	8,73,99,727	100.00

Credit Rating:

The Company's financial discipline and prudence is reflected in the strong credit ratings assigned by Credit Rating Agencies as under:

Instrument	Rating Agency	Rating	Amount in ₹	Remarks
Term Loan	ICRA	A+	3500 Crs	Stable
	CARE	A+	282.97 Crs	Stable
Commercial Paper	ICRA	A1+	100 Crs	-
	India Ratings	A1+	100 Crs	-
Non-Convertible Debentures	ICRA	A+	400 Crs	Stable

Certification from Practicing Company Secretary (PCS)

A certificate from a Company Secretary in practice has been received stating that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of companies by SEBI/Ministry of Corporate Affairs or any such statutory authority. The same forms part of this Annual Report as an annexure to the Directors' Report.

Accounting Standards

The Company has followed Indian Accounting Standards (Ind AS) issued by the Ministry of Corporate Affairs in the preparation of its financial statements.

Certification on Corporate Governance

As required under the SEBI LODR Regulations, certificate issued by Bhatt & Associates, Company Secretaries LLP certifying that the Company has complied with the conditions of Corporate Governance as stipulated by SEBI LODR Regulations. The said certificate forms part of the Annual Report as an Annexure to the Corporate Governance Report.

Due dates for transfer of unclaimed dividend to Investor Education and Protection Fund (IEPF)

In terms of Section 125 of the Act, unclaimed dividends are required to be transferred to the Investors Education and Protection Fund. There was no dividend declared in the last Seven (7) years

and the year under review and hence, there was no requirement of transferring the same to the Investors Education and Protection Fund.

Directors and Officers (D&O) Liability Insurance

As per the provisions of the Act and in compliance with Regulation 25(10) of the SEBI LODR Regulations, the Company has taken a D&O Liability Insurance policy on behalf of all Directors including Independent Directors and Key Managerial Personnel of the Company for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the Company.

CEO/ CFO certification

In terms of Regulation 17(8) of the SEBI LODR Regulations, Managing Director & CEO and CFO has provided their certificate to the Board of Directors in the prescribed format for the year under review, which has been taken on record by the Board.

Total fees paid to Statutory Auditors and all entities in the network firm/network entity of which the statutory auditor is a part: -

Total fees for all services paid by Company, on a consolidated basis, to M/s Walker Chandiook & Co LLP, Statutory Auditors of the Company and other firms in the network entity of which the Statutory Auditors are a part, as included in the Financial Statements of the Company for the year ended on March 31, 2021, are as follows:

Particulars	Amount (in ₹ million)
Fees for audit and related services paid to M/s. Walker Chandiook & Co LLP & Affiliates firms and to entities of the network of which the statutory auditor is a part	4.50
Other fees paid to Walker Chandiook & Co LLP & Affiliates firms and to entities of the network of which the statutory auditor is a part	4.08
Total	8.58

Note – Other fees includes fees paid for the initial public offer.

Compliance with mandatory Requirements and adoption of the non-mandatory Requirements of Corporate Governance:

During the period under review, Company has complied with all the mandatory requirements of SEBI LODR Regulations. The Company has also adopted certain voluntary compliance requirements as stipulated in the Act, SEBI LODR Regulations, 2015 and other acts, rules, regulations & guidelines applicable to the Company. The Company has appointed separate persons to the post of Chairperson and Managing Director & Chief Executive Officer.

Statutory and Regulatory Compliance:

The Company has been following the directions, guidelines and circulars issued by National Housing Bank and Reserve Bank of India from time to time. The Company has adopted all the applicable Policies as recommended by National Housing Bank. The Company also has been following directions / guidelines / circulars issued by Income Tax Act, 1961 and Ministry of Corporate Affairs from time to time, applicable to the company.

For and on behalf of the Board of Directors

Deepak Satwalekar
Chairman & Independent Director
DIN: 00009627

Manoj Viswanathan
Managing Director & CEO
DIN: 01741612

Declaration on Compliance with the Company's Code of Conduct for Board of Directors and Senior Management Personnel

I, Manoj Viswanathan (MD & CEO), hereby confirm and declare that in terms of Regulation 26 (3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct for Board of Directors and Senior Management Personnel for the financial year 2020-21.

For and on behalf of the Board of Directors

Manoj Viswanathan
Managing Director & CEO
DIN: 01741612

Date: May 3, 2021
Place: Mumbai

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(pursuant to Regulation 34(3) and Schedule V Para C Sub clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,
The Members,
Home First Finance Company India Limited.
511, Acme Plaza Andheri Kurla Road,
Andheri (East), Mumbai - 400059.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Home First Finance Company India Limited** having CIN U65990MH2010PLC240703 and having registered office 511, Acme Plaza Andheri Kurla Road, Andheri (East), Mumbai - 400059 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C

Sub clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our knowledge 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 ending on March 31, 2021 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Deepak Satwalekar	00009627	23.10.2019
2	Sakti Prasad Ghosh	00183802	14.01.2011
3	Sujatha Venkatramanan	05340759	16.08.2012
4	Maninder Singh Juneja	02680016	26.05.2017
5	Vishal Vijay Gupta	01913013	28.02.2018
6	Rajagopalan Santhanam	00025669	30.03.2017
7	Divya Sehgal	01775308	10.06.2017
8	Narendra Ostawal	06530414	15.10.2020
9	Manoj Viswanathan	01741612	28.06.2010

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 **Bhatt & Associates Company Secretaries LLP**

Aashish K. Bhatt
Designated Partner
Membership No.: 19639
UDIN: A019639C000226780

Place: Mumbai
Date: May 03, 2021

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Home First Finance Company India Limited.
511, Acme Plaza Andheri Kurla Road,
Andheri (East), Mumbai - 400059.

We have examined the compliance of conditions of Corporate Governance by Home First Finance Company India Limited ('the Company') for the year ended March 31, 2021, as per the relevant provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the SEBI Listing Regulations, 2015") as referred to in Regulation 15(2) of the SEBI Listing Regulations, 2015 for the period from April 1, 2020 to March 31, 2021.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management and our examination was limited to procedures and implementations 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 knowledge and according to the explanations given to us, We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

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 the affairs of the Company.

This Certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For **Bhatt & Associates Company Secretaries LLP**

Place: Mumbai
Date: May 03, 2021

Aashish K. Bhatt
Designated Partner
Membership No.: 19639
UDIN: A019639C000226802

ANNEXURE IV

Form MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Home First Finance Company India Limited.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by **Home First Finance Company India Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes 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 financial year ended March 31, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company, for the financial year ended on March 31, 2021, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder – Not Applicable;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to

the extent of Foreign Direct Investment. Overseas Direct Investment and External Commercial Borrowings are not applicable;

- v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – Not Applicable;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – Not Applicable;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not Applicable;
- vi. Further we report that, based on the compliance mechanism established by the Company, which has been verified on test check basis, we are of the opinion that the Company has complied with National Housing Bank Act, 1987 and its circulars, Master Circulars,

Notifications, Guidelines and its directions as prescribed for Housing Finance Companies.

Further, on account of pandemic "COVID 2019" and prevailing lockdown imposed by State government, the audit process has been modified, wherein documents/records etc. were verified in electronic mode, and have relied on the representations received from the Company for its accuracy and authenticity.

We have examined compliances with applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of the Company Secretaries of India,
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that:

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

Adequate notice, agenda and detailed notes have been given to all Directors to schedule the Board Meetings at least seven days in advance or on a shorter notice and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The decisions at Board Meetings and Committee Meetings are carried out and recorded in the minutes of the Board of Directors and Committee of the Board accordingly.

We have relied on the representation made by the Company and its Officers for adequate systems and processes in the company commensurate with its size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period under review, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- (i) Appointment of Managing Director and approving his remuneration;
- (ii) Granting of ESOP to eligible employees;
- (iii) Appointment of Nominee Director;
- (iv) Allotment of equity shares through private placement, Initial Public Offer and pursuant to exercise of options ESOP II Scheme and ESOP 2012 Scheme;
- (v) Allotment of Non-Convertible Debentures on private placement basis;
- (vi) Transfer of Equity shares by existing shareholders pursuant to Share Subscription and Purchase Agreement;
- (vii) Board approval for signing a common loan agreement with consortium bankers;
- (viii) Approval of Share Subscription and Purchase Agreement and adoption of Restated Articles of Association;
- (ix) Approve and adopt the Red Herring Prospectus and Prospectus in relation to the Initial Public Offer of the Company;
- (x) The Company has obtained Member's approval for the following special businesses:
 - (i) Approval for appointment of Mr. Manoj Viswanathan (DIN:01741612) as the Managing Director of the Company and payment of remuneration thereof;
 - (ii) Increase in overall remuneration payable to of Mr. Manoj Viswanathan (DIN: 017 41612), Managing Director and Chief Executive Officer;
 - (iii) Approval for payment of profit related commission to all Non-Executive Directors including Independent Directors for financial year 2019-20 and subsequent years;
 - (iv) Issuance of equity shares on private placement basis;

- (v) Amendment to Employee Stock Option Scheme II;
- (vi) Adoption of Employee Liquidity Scheme;
- (vii) Adoption of the Restated Articles of Association pursuant to Share subscription and purchase agreement;
- (viii) Appointment of Mr. Narendra Ostawal (DIN: 06530414) as a Nominee Director of Orange Clove Investments B.V.;
- (ix) Issue Redeemable Non-Convertible Debentures and/or other hybrid instruments on private placement basis;

For **Bhatt & Associates Company Secretaries LLP**

Place: Mumbai
Date: May 03, 2021

Aashish K. Bhatt
Designated Partner
ACS No.: 19639
UDIN:A019639C000226318

This Report is to be read with our letter annexed as Appendix A, which forms integral part of this report.

Appendix A

To,
The Members,
Home First Finance Company India Limited

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

1. The responsibility of maintaining Secretarial record is of the management and based on our audit, we have expressed our opinion on these records.
2. We are of the opinion that the audit practices and process adopted to obtain assurance about the correctness of the secretarial records were reasonable for verification on test check basis.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. The management is responsible for compliances with corporate and other applicable laws, rules, regulations, standards etc. Our examination was limited to the verification of procedure on test basis and wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations etc.
5. 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.

For **Bhatt & Associates Company Secretaries LLP**

Place: Mumbai
Date: May 03, 2021

Aashish K. Bhatt
Designated Partner
ACS No.: 19639
UDIN:A019639C000226318

ANNEXURE V

Report on Corporate Social Responsibility for FY21

Home First Finance Company India Limited (hereinafter referred to as 'HomeFirst') believes in integrating its business model with the social welfare of people and society in which it operates.

1. A brief outline on CSR policy of the Company:

The Company shall decide to undertake any of the following CSR activities/ projects as enumerated in Schedule VII of the Companies Act, 2013 or such other CSR activities/ projects as may be notified by Ministry of Corporate Affairs from time to time:

1. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the clean ganga fund set-up by the Central Government for rejuvenation of river ganga;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents; Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;
7. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
8. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government or Public Sector Undertaking of Central Government or State Government; and
(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE); Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

10. Rural development projects;
11. Slum area developments;

(Explanation. - For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or

any State Government or any other competent authority under any law for the time being in force.)

12. Disaster Management, including relief, rehabilitation and reconstruction activities.

2. Composition of CSR Committee:

Sr. No.	Name of the Director	Designation / Nature of Directorship	No. of meetings of CSR Committee held during the year	No. of meetings of CSR Committee attended during the year
1	Mr. Sakti Prasad Ghosh	Member- Independent Director	2	2
2	Mr. Rajagopalan Santhanam	Member- Nominee Director	2	2
3	Mr. Manoj Viswanathan	Member - Managing Director & CEO	2	2

3. **Web-link where Composition of CSR committee, CSR Policy and CSR projects approved are disclosed on the website of the company:**

The Composition of CSR Committee, CSR Policy and CSR Projects approved are available on the website of the Company at the following links:

1. CSR Committee - <https://homefirstindia.com/investor-relations/>
2. CSR Policy - <https://homefirstindia.com/files/CSR Policy.pdf>
3. CSR Projects - [https://homefirstindia.com/files/CSR Initiatives \(1\).pdf](https://homefirstindia.com/files/CSR Initiatives (1).pdf)

4. **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.

Sr. No.	Financial Year	Amount available for set-off from preceding financial years (in ₹)	Amount required to be setoff for the financial year, if any (in ₹)
		Not Applicable	

6. **Average net profit of the Company as per Section 135(5): ₹ 68,22,37,667/-**
7. (a) Two percent of the average net profit of the Company as per Section 135 (5) : **The Company is required to spend ₹ 1,36,44,754/- towards CSR.**
- b) Surplus arising out of the CSR projects or programmes or activities of the previous

financial years. - **NIL**

- c) Amount required to be set off for the financial year, if any- **NIL**
- d) Total CSR obligation for the financial year (7a+7b-7c).- **₹1,36,44,754/-.**
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	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
₹ 1,37,00,911/-	N.A.	N.A.	N.A.	N.A.	N.A.

(b) Details of CSR Amount spent against **ongoing projects** for the Financial Year : **Not Applicable**

(1)	(2)	(3)	(4)	(5)		(6)	(7)
Sr. No	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project	Project duration	Amount allocated for the project (in ₹)	
				State	District		
Not Applicable							
	(8)	(9)	(10)	(11)			
	Amount spent in the current financial Year (in ₹).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in ₹).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	Name	CSR	
					Registr-	ation No.	
Not Applicable							

c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sr. No.	Name of the Project	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration No.
1	Hunger and Poverty	Eradicating hunger, poverty and malnutrition and promoting health care services	Yes	Gujarat	Ahmedabad Surat	6,87,190	No	Elixir Foundation	-
2	Disaster Management	Disaster management including relief, rehabilitation and reconstruction activities	Yes	Orissa Gujarat	Ganjam - Orissa To Surat - Gujarat	36,55,221	No	Aajeevika Bureau	-
3	Tata Memorial Hospital	Promoting health care including preventive health care	Yes	Maharashtra	Mumbai	20,00,000	Yes		-
4	Satya Sai Heart Hospital	Promoting health care including preventive health care	Yes	Gujarat	Ahmedabad	20,00,000	Yes		-
5	Rajkot Cancer Society	Promoting health care including preventive health care	Yes	Gujarat	Rajkot	15,00,000	Yes		-
6	Seva Hospital	Promoting health care including preventive health care	Yes	Gujarat	Surat	15,00,000	Yes		-
7	Prime Ministers National Relief Fund	contribution to the prime minister's national relief fund 8[or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)]	N.A.	N.A.	N.A.	23,50,000	Yes		-
Total						1,36,92,411			-

(d) Amount spent in Administrative Overheads - ₹ 8,500

(e) Amount spent on Impact Assessment, if applicable - **Not Applicable**

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - ₹ 1,37,00,911/-

(g) Excess amount for set off, if any :

Sr. No.	Particular	Amount (in ₹)
(i)	Two percent of average net profit of the company as per section 135(5)	1,36,44,754
(ii)	Total amount spent for the Financial Year	1,37,00,911
(iii)	Excess amount spent for the financial year [(ii)-(i)]	56,157
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	56,157

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

Sr. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (in ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹)	Date of transfer	
1.	2019-20	N.A as the company did not have any unspent amount for 2019-20					
2.	2018-19	N.A as the company did not have any unspent amount for 2018-19					
3.	2017-18	N.A as the company did not have any unspent amount for 2017-18					
	Total	-					

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

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 as the Company has not acquired or created any capital assets through CSR spent in the financial year.**
- a) Date of creation or acquisition of the capital asset(s) – **Not Applicable**
- b) Amount of CSR spent for creation or acquisition of capital asset - **Not Applicable**
- c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. - **Not Applicable**
- d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset) - **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 as the Company has duly spent the required amount under CSR**

For and on behalf of Home First Finance Company India Limited

Manoj Viswanathan
Managing Director & CEO
DIN: 01741612

Rajagopalan Santhanam
Nominee Director
DIN: 00025669

ANNEXURE VI

**Details of Remuneration as required under section 197(12) of the Companies Act,
2013 read with Rule 5(1) of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014**

Sr. No.	Particulars	Particulars																								
1.	Ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2020-21.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Director Name</th> <th style="text-align: left;">Ratio</th> </tr> </thead> <tbody> <tr><td>Mr. Manoj Viswanathan</td><td>25 : 1</td></tr> <tr><td>Mr. Narendra Ostawal</td><td>0 : 1</td></tr> <tr><td>Mr. Deepak Satwalekar</td><td>3 : 1</td></tr> <tr><td>Mr. Vishal Vijay Gupta</td><td>0 : 1</td></tr> <tr><td>Mr. Divya Sehgal</td><td>0 : 1</td></tr> <tr><td>Mr. Maninder Singh Juneja</td><td>0 : 1</td></tr> <tr><td>Mr. Sakti Prasad Ghosh</td><td>5 : 1</td></tr> <tr><td>Ms. Sujatha Venkatramanan</td><td>5 : 1</td></tr> <tr><td>Mr. Rajagopalan Santhanam</td><td>0 : 1</td></tr> </tbody> </table>	Director Name	Ratio	Mr. Manoj Viswanathan	25 : 1	Mr. Narendra Ostawal	0 : 1	Mr. Deepak Satwalekar	3 : 1	Mr. Vishal Vijay Gupta	0 : 1	Mr. Divya Sehgal	0 : 1	Mr. Maninder Singh Juneja	0 : 1	Mr. Sakti Prasad Ghosh	5 : 1	Ms. Sujatha Venkatramanan	5 : 1	Mr. Rajagopalan Santhanam	0 : 1				
Director Name	Ratio																									
Mr. Manoj Viswanathan	25 : 1																									
Mr. Narendra Ostawal	0 : 1																									
Mr. Deepak Satwalekar	3 : 1																									
Mr. Vishal Vijay Gupta	0 : 1																									
Mr. Divya Sehgal	0 : 1																									
Mr. Maninder Singh Juneja	0 : 1																									
Mr. Sakti Prasad Ghosh	5 : 1																									
Ms. Sujatha Venkatramanan	5 : 1																									
Mr. Rajagopalan Santhanam	0 : 1																									
1.	The percentage increase/ (decrease) in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary, if any, in the Financial Year.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Director Name</th> <th style="text-align: left;">Percentage (Increase/ Decrease)</th> </tr> </thead> <tbody> <tr><td>Mr. Manoj Viswanathan</td><td>8</td></tr> <tr><td>Mr. Narendra Ostawal</td><td>-</td></tr> <tr><td>Mr. Deepak Satwalekar</td><td>11.11</td></tr> <tr><td>Mr. Vishal Vijay Gupta</td><td>-</td></tr> <tr><td>Mr. Divya Sehgal</td><td>-</td></tr> <tr><td>Mr. Maninder Singh Juneja</td><td>-</td></tr> <tr><td>Mr. Sakti Prasad Ghosh</td><td>43.59</td></tr> <tr><td>Ms. Sujatha Venkatramanan</td><td>33.33</td></tr> <tr><td>Mr. Rajagopalan Santhanam</td><td>-</td></tr> <tr><td>Ms. Nutan Gaba Patwari</td><td>10</td></tr> <tr><td>Mr. Shreyans Bachhawat</td><td>21.5</td></tr> </tbody> </table> <p>* (Annualise increment % is given above) Sitting fees paid to the Independent Directors is considered to be part of the remuneration.</p>	Director Name	Percentage (Increase/ Decrease)	Mr. Manoj Viswanathan	8	Mr. Narendra Ostawal	-	Mr. Deepak Satwalekar	11.11	Mr. Vishal Vijay Gupta	-	Mr. Divya Sehgal	-	Mr. Maninder Singh Juneja	-	Mr. Sakti Prasad Ghosh	43.59	Ms. Sujatha Venkatramanan	33.33	Mr. Rajagopalan Santhanam	-	Ms. Nutan Gaba Patwari	10	Mr. Shreyans Bachhawat	21.5
Director Name	Percentage (Increase/ Decrease)																									
Mr. Manoj Viswanathan	8																									
Mr. Narendra Ostawal	-																									
Mr. Deepak Satwalekar	11.11																									
Mr. Vishal Vijay Gupta	-																									
Mr. Divya Sehgal	-																									
Mr. Maninder Singh Juneja	-																									
Mr. Sakti Prasad Ghosh	43.59																									
Ms. Sujatha Venkatramanan	33.33																									
Mr. Rajagopalan Santhanam	-																									
Ms. Nutan Gaba Patwari	10																									
Mr. Shreyans Bachhawat	21.5																									
3.	The percentage increase in the median remuneration of employees in the financial year	9% effective October 1, 2020 *(Annualise increment % is given above)																								
4.	The number of permanent employees on the rolls of company	687 as on Mar'21																								
5.	Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Average percentile increases made in the salaries of employees other than the managerial personnel in the last financial year = 10% (Annualise) Average percentile increases made in the salaries of managerial personnel in the last financial year = 9% (Annualise)																								
6.	Affirmation that the remuneration is as per the remuneration policy of the Company	The Company affirms that the remuneration is as per the remuneration policy of the Company.																								

The expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;

(ii) if there is an even number of observations, the median shall be the average of the two middle values.

ANNEXURE VII

BUSINESS RESPONSIBILITY REPORT
(Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: **U65990MH2010PLC240703**
2. Name of the Company: **Home First Finance Company India Limited**
3. Registered address: **511, Acme Plaza, Andheri Kurla Road, Mumbai – 400 059**
4. Website: www.homefirstindia.com
5. E-mail id: corporate@homefirstindia.com
6. Financial Year reported: **FY21**
7. Sector(s) that the Company is engaged in (industrial activity code-wise)-
NIC Code- 64910 Description - Housing Finance Activities
8. List three key products/services that the Company manufactures/provides (as in balance sheet)
The Company's business is providing home loans for the purchase or construction of residential properties and for the extension and repair of existing housing units. In addition to home loans, Company offers customers other mortgage loans including loans against property.
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5)- **Nil**
 - (b) Number of National Locations- **As at March 31, 2021 the Company has a network of 72 branches spread across 11 states and 1 union territory.**
10. Markets served by the Company – Local/State/National/International- **The Company serves Local/State and National Level markets with focus on rural and semi-urban areas of India.**

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital ₹ 17.48 Crs
2. Total Revenue from Operations ₹ 477.12 Crs
3. Total profit after taxes- ₹ 100.14 Crs

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)-Refer Annual Report on CSR annexed to the Directors' Report.
5. List of activities in which expenditure in 4 above has been incurred: - Refer Annual Report on CSR annexed to the Directors' Report.

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/Companies?
The Company does not have any subsidiary company during the year under review.
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
Not Applicable.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]
Our vendor partners and service providers do sign agreements to ensure ethical & responsible business conduct. Our fair practices code covers all the partners that help in our sourcing activities. We ensure that we work with the partners with sustainable business practices. Our partner for technology is salesforce.com who are committed to reduction in emission, support the Sustainable Development Goals and a signatory to United Nations Global Compact.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR
 - (a) Details of the Director/Director responsible for implementation of the BR policy/policies
 1. DIN Number: 01741612
 2. Name- Mr. Manoj Viswanathan
 3. Designation- Managing Director & CEO

(b) Details of the BR head

No.	Particulars	Details
1	DIN Number (if applicable)	01741612
2	Name	Mr. Manoj Viswanathan
3	Designation	Managing Director & CEO
4	Telephone number	+91 22 6694 0386
5	e-mail id	corporate@homefirstindia.com

1. Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
		Ethics and Transparency	Product Responsibility	Human Resource	Corporate Social Responsibility	Respect for Human Rights	Responsible lending norms	Public Policy Advocacy	Inclusive Growth	Customer Engagement
1	Do you have a policy/policies for	Y	Y	Y	Y	Y	Y	N*	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	-	Y	Y
Policy conforms to National Standards										
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate BoardDirector?	Y	Y	Y	Y	Y	Y	-	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	All the policies are available to the employees of the Company. Most of the policies are also available on the Company's website: www.homefirstindia.com								
7	Has the policy been formally communicated to all relevant internal & external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	N/A	Y	Y	-	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	-	Y	Y

Notes:

- a. The policies have been developed based on the best practices or as per the regulatory requirements and through appropriate consultation with relevant stakeholders
 - b. May include a combination of internal policies of the Company which are accessible to all internal stakeholders and policies placed on the Company's website www.homefirstindia.com.
 - c. The policies of the Company are internal documents.
 - d. The following policies are relevant to the principles:
 - ESG policy
 - Code of Conduct
 - Credit Policy
 - Equal Opportunity Policy
 - HR Policy
 - Grievance redressal policy
 - Fair Practice Code
 - Vigil Mechanism and Whistle blower policy
 - Corporate Social responsibility policy
 - Know Your Customer (KYC) and Anti Money Laundering Measures Policy
 - Policy on Prevention of Sexual harassment in the workplace
 - Code of conduct for regulating, monitoring and reporting of trading by insiders
 - Code of Conduct for the Board of Directors and the Senior Management Personnel
 - Fit and Proper Criteria for Directors
 - Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:
While the Company may share its expertise to help in the formulation of public policy, it does not directly engage in lobbying or advocacy activities and hence, does not have a specific policy for this purpose.

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
The Managing Director & CEO and senior management of the Company monitor various aspects of social, environmental, governance and economic responsibilities of the Company on a continuous basis.
The Company's business responsibility performance is reviewed by the Board of Directors on an annual basis.
The BR performance of the Company is assessed by the following committees: (i) the Audit Committee, (ii) the Corporate Social Responsibility Committee and (iii) the Nomination and Remuneration Committee.
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?
The company is in its first year post listing to publish the BR report as part of the Annual Report. The Annual report is available on the website of the Company at www.homefirstindia.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?
The Company accords utmost importance to ethical, transparent and accountable conduct by employees and stakeholders. The compliance function of the Company ensures compliance with various regulatory and statutory requirements at all appropriate levels. It updates the Board and management on the status of compliances in a rapidly changing regulatory environment. The Company believes that good governance is

more than just a compliance with legal and regulatory requirements. The Company has inter alia adopted the following policies to ensure ethical, transparent and accountable conduct:

- i. Customer Grievance Policy
- ii. Fair Practice Code
- iii. Code of Conduct for the Board of Directors and the Senior Management Personnel
- iv. Fit and Proper Criteria for Directors
- v. Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information
- vi. Policy on Prevention of Sexual harassment in the workplace
- vii. Vigil Mechanism and Whistle blower Policy
- viii. Know Your Customer (KYC) and Anti Money Laundering Measures Policy

The Code of Conduct is communicated to all employees through various media; new joinees are educated about the Code of Conduct. In addition to that, we also have regular updates sent to all employees. The Company has put in place a Whistle Blower

Policy for Directors and employees to report genuine concerns or grievances about unethical behaviour, actual or suspected frauds/violations of the Company's Code of Conduct or insider trading related matters, if any.

The Code of Ethics and Business Policies are applicable to all employees, consultants, representatives and agents. There was no violation of the Company's Code of Conduct in the FY21. Further, no case was reported under the Company's Whistle Blower Policy or under the Sexual Harassment Policy during the Financial Year.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company encourages all its stakeholders to freely share their concerns and grievances.

During the year under review the following stakeholder complaints were received by the Company.

Sr. No.	Particulars	Complaints received	Complaints resolved	Pending	Complaint Resolution (%)
1	Customer Complaint	184	184 [^]	-	100
2	Shareholder Complaint	2	2	-	100
3	Compliant under Whistle Blower	Nil	Nil	Nil	N/A
4	Complaints relating to sexual harassment	Nil	Nil	Nil	N/A
5	Complaint relating to Discriminatory Employment	Nil	Nil	Nil	N/A
6	Complaint relating to Child/ Forced/ Involuntary Labour	Nil	Nil	Nil	N/A

[^] As on the date of this report, all the 184 complaints are resolved. As of Mar'21, 182 complaints were redressed.

Principle 2: TO PROVIDE SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

We are in the business of providing home loans in the affordable segment. We have

launched the following steps/products/processes to address social and environmental concerns.

- a. From the inception of the company, we offered our customers the option of pre-paying their loan fully or partially with zero pre-payment charges. This practice was later also mandated by the regulator and made applicable to all banks and HFCs.

- b. We created the concept of "Auto Prepay" where customers can opt to repay a fixed amount of principal every month. We facilitate this for customers by carrying out an auto-debit into their bank account and reducing their loan by that amount. Customers can opt for pre-payments as low as ₹ 500 per month and this enables them to pre-pay their loan much earlier than their contracted tenure.
 - c. The industry practice in India with respect to home loans involves the collection of photocopies of all relevant documents to establish the credentials of the customer. At HomeFirst we have introduced a process where we have eliminated the need for collecting any paper throughout the underwriting process. Our Relationship Managers scan the necessary documents directly from the originals, with their smartphones. This eliminates the use of photocopies and helps in saving paper.
2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):**
 - a. In the last 10 years, 18,254 customers have made 75,994 prepayments resulting in total reduction in loan burden of ₹ 597 Crs. That is a saving of ₹ 388 Crs for customers over a 10 year period at our average rate of interest.
 - b. 2587 customers have pre-paid ₹ 8.15 Crs over the last 10 years through our auto-prepay program.
 - c. The estimated annual saving of paper because of our paperless process is about 3,60,000 pages (2000 applications per month * 15 pages per application) which is equivalent to 36 pine trees.
 3. **Does the company have procedures in place for sustainable sourcing (including transportation)?**
Not applicable.
 4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?**
All our branches procure locally from surrounding communities for their stationary, supplies and housekeeping requirements.

Each of the branches are given an expense card to ensure they pay electronically and support the local community with quick payouts.

The company has established tie-ups for originating loans with small, local players in the construction eco-system. Members of this construction community, such as contractors, plumbers, masons, carpenters etc can refer customers for home loans to HomeFirst and earn a small fee for their effort.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**
Not Applicable.

Principle 3: TO PROMOTE THE WELLBEING OF ALL EMPLOYEES

1. Please indicate the Total number of employees = 687
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis = Nil
3. Please indicate the Number of permanent women employees. = 216, which is 31.4% of the total employee base. At the mid management level the ratio goes up to 40%. In our Head office the ratio of permanent women employees to total Head Office employees is at 52.7% (68 out of 129). In the Management Team, the ratio of women employees is 25% (2 out of 8).
4. Please indicate the Number of permanent employees with disabilities: Nil
5. Do you have an employee association that is recognized by management.: Nil
6. What percentage of your permanent employees is members of this recognized employee association: Nil
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- (a) Permanent Employees = 100%
- (b) Permanent Women Employees = 100%
- (c) Casual/Temporary/Contractual Employees = Not applicable
- (d) Employees with Disabilities = Not applicable

Principle 4: BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALISED.

1. Has the company mapped its internal and external stakeholders? Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.-

Yes, the Company fully endorses and supports the government's endeavor towards its flagship scheme, "Affordable Housing for All." Towards this goal, the Company has given housing loans to customers categorized as 'economically weaker section' and 'low-income group', under various schemes of the government.

HomeFirst has played a vital role in Gov's PMAY-CLSS initiative. During the year, the Company has received subsidy under PMAY-CLSS worth ₹ 173.92 Crs in respect of 6862 beneficiaries and the same has been credited into to the respective customers' loan account as applicable. As on Mar'21, subsidy of ₹ 0.09 Crs with respect to 5 customers is refundable to National Housing Bank.

The Company's CSR activities focus on the disadvantaged, vulnerable and marginalized sections of society.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

The Company is serving the underserved population in rural and semi-urban parts of India and helping them to convert their dream of owning a home into reality.

The Company's businesses focus is on servicing the key needs of people through financial products. CSR initiatives undertaken by the Company are an extension of its socially inclusive business model. In the current FY the focus was on 3 main areas: Disaster Management, Healthcare & Hygiene, Socio-economic Development.

During the pandemic we identified 300 odd families of migrant workers in Ahmedabad & Surat. They were stranded without food or cash and extended help with dry ration kits, personal hygiene products and COVID-19 kits that were customized to suit men, women and children of the families.

In another project we assisted 1,296 power loom workers to travel back to their factories. A special train called the Powerloom Workers Express was arranged from Ganjam district in Orissa to Surat to bring back these workers who were desperate to start their livelihoods.

The pandemic has proved that we need more robust health care systems. Donations were made to Seva Hospital in Surat, Satya Sai Hospital in Ahmedabad, Rajkot Cancer Society in Rajkot and Tata Memorial Hospital in Mumbai. Financial support towards patient care, medical infrastructure and cancer research would go a long way in powering our country forward.

We also, made contributions to the Prime Minister's National Relief Fund, looking at the

series of disasters our country had to go through. Across various parts of India, natural disasters wreaked havoc and every bit of support helps!

Principle 5: BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/Others?

The policy of the Company is applicable on the Company as well as on the external stakeholders.

The Company upholds the principles of being an organisation that respects human rights, is non-discriminatory amongst employees and provides for a redressal mechanism to the key constituents that it deals with. Code of Conduct of the Company respects and promotes human rights.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

During the Financial Year, the Company had not received any complaint(s) on human right violation. For details of all Stakeholder Complaints, refer the response on Principle 1

Principle 6: BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors NGOs/others.

The policy of the Company is applicable on the Company and external stakeholders. The Company promotes ecological sustainability and green initiatives such as recycling paper and other waste material. Besides adopting energy saving mechanisms, employees are sensitised towards making efforts to reduce the carbon footprint of the Company.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc

Yes.

The Board of Directors (the "Board") of Home First Finance Company India Limited (the "Company") has adopted and formulated ESG Policy, in compliance with the Listing Regulations, and has uploaded the same on the Company's website at www.homefirstindia.com

3. Does the company identify and assess potential environmental risks?

Yes, the Company assesses the potential environmental risks.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

Not applicable

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

The Company is technology driven housing finance company that makes continuous efforts to digitalize business operations thus promoting conservation of valuable natural resources and green initiatives.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

The Company complies with requisite environmental regulations in respect of its premises and operations.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There were no show cause/legal notices received from CPCB/SPCB during FY 21.

Principle 7: BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

The company is a member of ASSOCHAM and National Real Estate Development Council (NAREDCO)

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) - No

Principle 8: BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

The Company is a retail, affordable housing finance company, primarily serving low- and middle-income salaried and self-employed customers in semi-urban and rural areas. A majority of the customers have limited access to formal banking credit. The efforts of the Company are aligned to the mission of transforming customers lives and driving a positive change in communities. The Company supports inclusive growth and equitable development through CSR. The Company has a detailed CSR policy; CSR activities are monitored by the Board and the CSR Committee. The major CSR programs are being pursued in the areas where it operates. The Company's CSR initiatives focus on healthcare and eradication of poverty. Programs are executed by experienced personnel.

1. Does the company have specified programmes / initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, the Company's approach for taking forward such programmes/Initiatives/Projects are given in the CSR Policy. Projects implemented by the Company in FY21 and

Project wise CSR expenditure is given in "Annexure V" of the Directors' Report. The Company also partners with Government of India to provide home loans to customers from the LIG/ MIG segments under Pradhan Mantri Awas Yojna for implementing Credit Link Subsidy Scheme (CLSS). The Company encourages including the female member in the loan, where they are the Applicant/Co-Applicant for the loan depending on their profile. This helps promote women's economic and social empowerment at the grass root levels.

2. Are the programmes / projects undertaken through in-house team/own foundation/external NGO / government structures /any other organization?

The Company is directly involved in implementing all the CSR projects. The Company teams up with reputed NGOs / organizations for ground level executions. The idea is to look at the bottom most section of our business pyramid and create long term, measurable impact. The interventions are designed to provide an easy access to food, basic healthcare, skill development programs and overall improve their lives.

3. Have you done any impact assessment of your initiative?

In one of our projects, nearly 1,300 powerloom workers from Ganjam district, Odisha returned to Surat on a special train arranged by us. These workers were desperate to return to their work places; post the first wave of pandemic was over, and start with their livelihood. The return of these workers proved to be crucial, they could start earning back for their families, who were finding it very difficult to make their ends meet due to the prolonged lockdown. Also, Surat's power looms being the backbone of the city's economy, workers return have played a vital role in city's economic recovery.

4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Refer “Annexure V” of the Directors' Report where community development projects are part of CSR Expenditure.

- Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so

At HomeFirst, we believe that our society plays the most important role in making a happy home. The responsibility lies with each one of us to support our society and help it prosper, create shared value and grow together! The Company's CSR programmes are developed inhouse in consultation with experienced professionals who have dedicated their lives for the greater good. The CSR Committee reviews the performance of all the CSR Projects in the Committee Meetings.

Principle 9: BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

- What percentage of customer complaints/ consumer cases are pending as on the end of financial year?

In the current FY, The Company had received 184 complaints, which was 0.6 % of the total queries received and 0.3% of the total live loans and 61% of the complaints are transaction related covering Moratorium, Subsidy, ECS requests etc. The Company is happy to report that 100% of the complaints received, have been resolved.

- Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)

The Company stays true to it's core values (speed, transparent, unconventional) and ensures all communications to be clear and every processes to be transparent. All our product related information is available on our website with details on it's features, uniqueness, service charges and fees. At the time of onboarding and documentation, a set of most important terms and conditions (MITC) is handed over to customers in their preferred language along with the loan agreement which includes all the loan parameters, current interest rate/type, repayment details, fees structure etc. The customer can, request for the soft copy at any point of their loan journey. Also, product related informations are available on the Notice Board, displayed at all the physical branches.

- Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.

No.

- Did your company carry out any consumer survey/ consumer satisfaction trends?

Yes, we have been conducting NPS surveys for the last 4.5 years at the loan sanction stage on a rating scale of 0-10. The scores have been ranging from 40 to 55 on an average. NPS survey is conducted every month and customers with slightly lower rating are called back to understand their concerns.

For and on behalf of Home First Finance Company Limited

Deepak Satwalekar
Chairman and Independent Director
DIN: 00009627
Date: May 3, 2021

Manoj Viswanathan
Managing Director & CEO
DIN: 01741612

A LENDING COMPANY THAT FACILITATES PRE-PAYMENT!

Our customer **Prakash Chand** works as a Technician for Johnson Lifts Pvt Ltd in Jaipur.

He is posted at Mahima Panaroma Apartments in Jagatpura, Jaipur where he is responsible for maintenance of the escalator system. He was living in a rented accommodation with his wife and 2 children and paying a rent of ₹ 4,000 per month. Prakash earns ₹ 17000 per month and approached HomeFirst for a construction loan. We approved ₹ 7,00,000 for construction of a house on his plot in Om Vatika at Jaipur. Prakash's has been regularly paying his EMI of ₹ 7,659. Besides his EMI, he wanted to make regular partial pre payments every month whenever he had a higher income from additional jobs that he manages to do. Prakash uses the Customer App from Feb'20 to deposit around ₹ 10,000 every other month as a pre-payment to reduce his loan amount.

To make the pre-payment process easier for customers like Prakash, HomeFirst has introduced pre-payment facility on the customer app. Customers can make payments through the app and generate a receipt for the payment immediately. The updated balance is also available instantaneously.



“When the HomeFirst team made me understand the benefits of pre-payment there was no looking back. This will help me reduce my loan and get loan-free much faster than I could ever imagine...”

ANNEXURE VIII

**HOME FIRST FINANCE COMPANY INDIA LMTIED
(‘HomeFirst’)
DIVIDEND DISTRIBUTION POLICY**

1. PREAMBLE

Pursuant to the provisions of Regulation 43A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015” as amended (the “Listing Regulations”), it is mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on the market capitalisation calculated as on March 31, every year.

The Board of Directors (the “Board”) of Home First Finance Company India Limited (the “Company”) has adopted and formulated Dividend Distribution Policy, in compliance with the Listing Regulations, and has uploaded the same on the Company’s website at www.homefirstindia.com

2. DEFINITIONS

The terms referred to in this policy will have the same meaning as defined under the Companies Act, 2013 (the “Act”) and the rules made there under and the Listing Regulations.

3. EFFECTIVE DATE

The Policy will come into effect on its adoption by the Board.

4. OBJECT

The object of this Policy is to establish the parameters to be considered by the Board before declaring or recommending dividend. The Policy aims to strike an optimum balance between rewarding shareholders through dividend and ensuring that sufficient funds are retained for the growth of the Company.

5. SCOPE

The Policy covers the following:

- a. Dividend to Equity Shareholders of the Company:

At present the Company has only one class of

equity shares and accordingly, the Dividend will be distributed equally among all the equity shareholders, based on their shareholding on the record date. Parameters for dividend payments in respect of any other class of shares will be as per the respective terms of issue and in accordance with the applicable regulations and will be determined, if and when the Company decides to issue other classes of shares.

- b. Interim Dividend:

Interim Dividend(s), if any, shall be declared by the Board.

In case no final dividend is declared for any particular financial year, interim dividend paid during that year, if any shall be regarded as final dividend for the year in the Annual General Meeting (AGM).

- c. Final Dividend:

Recommendation, if any, shall be made by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the shareholders of the Company.

The dividend as recommended by the Board shall be approved/declared in the AGM of the Company.

6. PARAMETERS TO BE CONSIDERED

The Board shall consider following parameters, factors and circumstances before declaring or recommending dividend:

- a. **Statutory Requirements:** The Board shall comply with the provisions of the Companies Act, 2013 and rules applicable there under including those with respect to mandatory transfer of a certain portion of profits to any specific reserve which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

b. Internal Factors: The Board shall consider following internal factors:

1. Company's Liquidity position including its present and expected obligations.
2. Profits of the Company.
3. Present and Future Capital expenditure plans of the Company including organic / inorganic growth opportunities.
4. Financial commitments w.r.t. the outstanding borrowings and interest thereon.
5. Financial requirement for business expansion and/or diversification, acquisition etc of new businesses.
6. Past dividend trend of the Company and the Industry.
7. Cost of borrowings.
8. Other Corporate Action options (For ex. Bonus issue, Buy back of shares).
9. Any other relevant or material factor as may be deemed fit by the Board.

c. External Factors: The Board shall consider following external factors:

1. State of economy and capital markets.
2. Applicable taxes including dividend distribution tax.
3. Regulatory Changes: Introduction of new or changes in existing tax or regulatory requirements (including dividend distribution tax) having significant impact on the Company's operations or finances.
4. Any other relevant or material factor as may be deemed fit by the Board.

7. CIRCUMSTANCES UNDER WHICH THE SHAREHOLDERS MAY OR MAY NOT EXPECT DIVIDEND

The Company may be restrained to declare dividends in following circumstances:

- a. Inadequate profits: If during any financial year, the profits of the Company are not adequate, the Board may decide not to recommend any dividend for that year.

- b. Dividend not to be declared out of reserves: As a rule, dividend for any particular financial year shall be recommended or paid out of the Profit of that financial year and the Board shall not declare or recommend any dividend out of the reserves, except for reasons to be expressly laid down. Any decision in this regard shall be reflected in the Annual Report and website of the Company while declaring/ recommending dividend.

8. ENTITLEMENT AND TIMELINES FOR DIVIDEND PAYMENTS

- a. Entitlement: The dividend shall be paid to the shareholders entitled to receive dividend on the record date / book closure date as per applicable laws.
- b. Timelines: The payment of dividend shall be made within the time prescribed under the Act or the rules made there under. Presently, dividend is to be paid within 30 days from the date of declaration by the Board in case of Interim Dividend and within 30 days from the declaration by the shareholders in the AGM in case of Final Dividend.

9. MANNER OF UTILISATION OF RETAINED EARNINGS

The retained earnings shall be deployed in line with the objects of the Company as detailed in Memorandum of Association of the Company. The Company shall endeavour to utilize its retained earnings in a manner which shall be beneficial to the interest of the Company and also its shareholders. The decision of utilization of the retained earning shall be based on the factors like strategic and long-term plans of the Company, future equity acquisitions, diversification opportunities or any other criteria that may be considered relevant by the Board in this regard.

10. AMENDMENT

The Board may, from time to time, make amendment(s) to this Policy to the extent required due to change in applicable laws and /or regulations or as deemed fit on a review.

ANNEXURE IX

**HOME FIRST FINANCE COMPANY INDIA LMTIED
(‘HomeFirst’)
RELATED PARTY TRANSACTIONS POLICY**

1. Title

This policy shall be called the 'Policy on materiality of related party transactions and dealing with related party transactions' (the “Policy”).

2. Commencement:

The Policy shall come in to force with effect from the date of listing of the equity shares of face value of ₹ 2 each of Home First Finance Company India Limited (the “Company”) on BSE Limited and National Stock Exchange of India Limited (collectively referred to as the “Stock Exchanges”).

3. Objective

- a. Related party transactions have been one of the major areas of focus for corporate governance reforms being initiated in India. The changes introduced in the corporate governance norms through Section 188 of the Companies Act, 2013, as amended and the rules framed thereunder (the “Act”) and Regulation 23 of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”) require companies to have enhanced transparency and due process for approval of the related party transactions. Pursuant thereto, Section 188 of the Companies Act and Regulation 23 of the SEBI Listing Regulations require the Company to formulate a policy on materiality of related party transactions and also on dealing with related party transactions including clear threshold limits duly approved by the Board.
- b. This policy is framed to endeavor to ensure due and proper compliance with the applicable provisions and provide guidance for entering into transaction with related party to ensure that proper procedure is

defined and followed for approval / ratification and reporting of transactions as applicable, between the Company and any of its Related Parties. The Audit Committee of the Company will review this Policy on an annual basis and propose any modifications to the Board for approval.

4. Definitions:

- a) “Act” or “The Act” shall mean the Companies Act, 2013 and the Rules made thereunder (as amended/modified/re-enacted from time to time).
- b) “Arms' length transaction” means a Transaction between two related parties that is conducted as if they were unrelated, so that no conflict of interest.
- Note: For determination of Arm's Length basis, guidance may be taken from the provision of Transfer Pricing under Income Tax Act, 1956.*
- c) “Audit Committee” means the audit committee of the Board of the Company.
- d) “Key Managerial Personnel” or “KMPs” means Key Managerial Personnel as defined under the Companies Act and includes:

- i. managing director, or chief executive officer or manager;
- ii. the whole-time director;
- iii. company secretary;
- iv. chief financial officer;
- v. such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and
- vi. such other officer as may be prescribed.

- e) “Material Related Party Transaction” in relation to the Company means a Related Party Transaction which individually or taken together with previous transactions with a

Related Party during a financial year, exceeds ten per cent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company or such limit as prescribed or amended by the **SEBI Listing Regulations** or the Companies Act, 2013 or any other Statutory Bodies.

- f) Notwithstanding the above, a transaction involving payments made to a Related Party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered individually or taken together with previous transactions during a financial year, exceed two percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company such limit as prescribed or amended by the **SEBI Listing Regulations** or the Companies Act, 2013 or any other Statutory Bodies.
- g) **“Ordinary Course of Business”** means all such acts and transactions undertaken by the Company, including, but not limited to sale or purchase of goods, property or services, leases, transfers, providing of guarantees or collaterals, providing loan to subsidiaries /joint ventures/obtaining loan from holding companies in the normal routine in managing trade or business and is not a standalone transaction and includes any transaction carried out as per the Object Clause of Memorandum of Association and Articles of Association of the Company.

Note: The Company may take into account the frequency of the activity and its continuity carried out in a normal organized manner for determination what is in the ordinary course of business.

“Relative” in relation to a related party shall have the same meaning assigned to it in Section 2(77) of the Act and rules prescribed there under and as per Regulation 2(1) (zd) of the SEBI Listing Regulations as amended from time to time, means anyone who is related to another, if

- i) they are members of a Hindu Undivided family; or

- ii) they are husband or wife; or
iii) one person is related to the another in the following manner, namely:

- A) father, includes step-father
- B) mother, includes step-mother
- C) son includes step-son
- D) son's wife
- E) daughter
- F) daughter's husband
- G) brother includes step-brother
- H) sister includes step-sister

- h) **“Related Party”** means a person or an entity, which is a related party under section 2(76) of the Companies Act, 2013 as amended from time to time or under applicable accounting standards.

Note: Reference and reliance may be placed on the clarification issued by the Ministry of Corporate Affairs, Government of India and other authorities from time to time on the interpretation of the term “Related Party”.

- i) **“Related Party Transactions”** means a transfer of resources, services or obligations between a Company and a Related Party, regardless of whether a price is charged and a “transaction” with a Related Party shall be construed to include a single transaction or a group of transactions in a contract, and includes transactions as defined as a “related party transaction” under the relevant provisions of the Companies Act or the SEBI Listing Regulations or any other related law, regulation or standard.
- j) **“Transaction”** shall be construed to include single transaction or a group of transactions in a contract.

Any words used in this Policy but not defined herein shall have the same meaning prescribed to it in the Companies Act, the Securities and Exchange Board of India Act, 1992, as amended, or rules and regulations made thereunder including the SEBI Listing Regulations, the applicable accounting standards or any other relevant legislation/ law applicable to the Company.

5. Disclosure by Directors

Every director shall at the beginning of the financial year provide information by way of written notice to the Company regarding his concern or interest in the entity with specific concern to parties which may be considered as Related Party with respect to the Company and shall also provide the list of Relatives which are regarded as Related Party as per this Policy.

Directors are also required to provide the information regarding their engagement with other entity during the financial year which may be regarded as Related Party according to this Policy.

6. Identification of related parties and related party transactions

a) Identification of related parties

The Company shall periodically identify and update the list of related parties as prescribed under Section 2(76) of the Act read with the Rules framed thereunder. Such periodicity shall not be more than 6 months.

b) Identification of related party transactions

The Company has formulated process for identification of related party transactions in accordance with Section 188 of the Act. The Company has also formulated guidelines for determining whether the transaction is in the ordinary course of business and at arm's length basis and for this purpose, the Company may seek external professional opinion, if necessary.

Each Director and Key Managerial Personnel is responsible for providing notice to the Company or Audit Committee of any potential Related Party Transaction involving him or her or his or her Relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. Audit Committee will determine whether a transaction does constitute a Related Party Transaction requiring compliance with this Policy.

Each Director and Key Managerial Personnel

shall make an annual declaration to the Company in the last month ending before the financial year and this declaration shall be placed before the Audit Committee and the Board at their first meeting held at the succeeding financial year.

Any change in the list of Relatives shall be intimated by the Directors and KMPs by way of a fresh declaration to the Company.

7. Determination of approval level based on nature of transaction

I. Audit Committee approval

a. Related Party Transactions will be referred to the next regularly scheduled meeting of Audit Committee for review and approval. Any member of the Committee or the Directors of the Board who has potential interest in any Related Party Transaction in terms of Rule 15(2) of the Companies (Meeting of Board and its Powers) Rules, 2014 shall not be present at the meeting whether physically or by electronic mode during the discussions on the subject matter and shall recuse himself or herself and abstain from discussion and voting on the approval of the Related Party Transaction.

b. All the transactions which are identified as Related Party Transactions should be preapproved by the Audit Committee before entering into such transaction.

c. The Audit Committee shall consider the following factors while deliberating the Related Party Transactions for its approval:

- (i) name of party and details explaining nature of relationship;
- (ii) duration of the contract and particulars of the contract and arrangement;
- (iii) nature of transaction and material terms thereof including the value, if any;
- (iv) manner of determining the pricing to ascertain whether the same is on Arm's Length Basis;
- (v) business rationale for entering into such transaction; and

- (vi) any other information relevant or important for the Board to take a decision on the proposed transaction.
- d. In determining whether to approve a Related Party Transaction, the Committee will consider the following factors, among others, to the extent relevant to the Related Party Transaction:
 - i). Whether the terms of the Related Party Transaction are fair and on Arm's Length Basis to the Company and would apply on the same basis if the transaction did not involve a Related Party;
 - ii). Whether there are any compelling business reasons / rationale for the Company to enter into the Related Party Transaction and the nature of alternative transactions, if any;
 - iii). Whether the Related Party Transaction would affect the independence of an independent Director;
 - iv). Whether the proposed transaction includes any potential reputational risk issues that may arise as a result of or in connection with the proposed transaction;
 - v). Whether the Company was notified about the Related Party Transaction before its commencement and if not, why pre-approval was not sought and whether subsequent ratification is allowed and would be detrimental to the Company; and
 - vi). Whether the Related Party Transaction would present an improper conflict of interest for any director or key managerial personnel of the Company, taking into account the size of the transaction, the overall financial position of the director, executive officer or other Related Party, the direct or indirect nature of the director's, key managerial personnel's or other Related Party's interest in the transaction and the ongoing nature of any proposed relationship and any other factors the Board/Committee deems relevant.

II. Board of Directors approval

All Related Party Transactions covered under

Section 188 of the Act (which primarily excludes loans, investments and providing guarantee/security etc.) that are:

- not in the ordinary course of business, or
- in the ordinary course of business but not at arms' length or
- neither in the ordinary course of business nor at arms' length

shall require the prior approval of the Board of Directors at a Meeting of the Board.

Further, the transactions which require approved of the Board shall first be reviewed /approved by the Audit Committee. Where any director is interested in any contract or arrangement with a Related Party, such director shall not be present at the meeting during discussions on the subject matter of the resolution relating to such contract or arrangement.

This Policy shall be reviewed by the Board on a yearly basis.

III. Shareholders' approval

All Related Party Transaction which falls under first proviso to section 188 of the Act and exceeds the threshold limit as prescribed under rules made thereunder (as amended/modified from time to time) shall be approved by the shareholders in the manner prescribed thereunder. If a Related Party Transaction is not in the Ordinary Course of Business, or not at Arm's Length Basis and exceeds certain thresholds as prescribed under Section 188 of the Companies Act, it shall require shareholders' approval by a resolution. The Related Parties shall abstain from voting as shareholders in case of Related Party Transactions which require the approval of shareholders.

8. Review and Approval of Related Party Transactions:

- (a) All Related Party Transactions or changes therein must be reported by the Head of Accounts/Finance and to the Company Secretary and referred for the approval

/review by the Audit Committee in accordance with this Policy.

(b) Omnibus Approval:

- i) Notwithstanding sub-clause (b) above, the Audit Committee may grant omnibus approval for Related Party Transactions proposed to be entered into by the Company in respect of the transactions which are repetitive in nature.
- ii) The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the Company;
- iii) Such omnibus approval shall specify (a) the name/s of the related party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into and (b) the indicative base price / current contracted price and the formula for variation in the price if any (for ex: +/- 5-10%).

In case where the Related Party Transaction cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for those kinds of transactions, subject to a financial value not exceeding Rs.1 Crore per transaction or such other higher limit as may be prescribed under the applicable law from time to time.

- iv) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year or immediately succeeding meeting of the Audit Committee.
- v) Audit Committee shall review on a periodic basis (half yearly), the details of Related Party Transactions entered into by the company pursuant to each of the omnibus approval given.
- (c) If prior approval of the Audit Committee / Board / Shareholders as the case may be, for entering into a Related Party Transaction is not feasible, then the Related Party Transaction shall be ratified by the Audit Committee and the Board / general meeting, if required, within 3 months of entering in the Related Party Transaction.

9. Disclosures

The Company shall disclose, in the Boards' report, transactions prescribed in Section 188(1) of the Act with related parties, which are not in ordinary course of business or not on arm's length basis along with the justification for entering into such transaction.

10. Related Party Transactions Not Approved Under This Policy

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

In any case, where the Audit Committee determines not to ratify a related party transaction that has been commenced without approval, the Audit Committee, as appropriate, may direct additional actions including, but not limited to, discontinuation of the transaction or seeking the approval of the shareholders, payment of compensation for the loss suffered by the related party etc. In connection with any review/approval of a related party transaction, the Audit Committee has authority to modify or waive any procedural requirements of this Policy.

11. Compliance with RPT Policy

- a) Every person associated with RPT shall be accountable for complying with this RPT Policy that may be in force from time to time.
- b) Director or KMP or any other employee, who had entered into or authorised the contract or arrangement in violation of the RPT policy and

RPT framework shall be guilty of non-compliance.

- c) In case of breach of this policy, Audit Committee and/or the Board of Directors may intimate appropriate action against the person/s responsible.

12. Administrative Measure

The Audit Committee of the Company, subject to supervision of the Board, shall be the Competent Authority for investigating and taking appropriate actions/steps for prevention or remedy of any breach and/or default in complying with this Policy. Any disciplinary action taken by the Audit Committee shall be in addition to the penal provisions of the Regulation.

13. Interpretation

Subject to the superintendence of the Board, this Policy shall be interpreted and administered by the Audit Committee.

14. Process or Standard Operating Process

The Head of Finance/Accounts form/adopt a Standard Operating Process (SOP) as guidance for related party transactions and all the employees and concern persons are required to follow the said SOP.

15. Exemption

Transactions which are governed under the

other applicable provisions of the Companies Act, 2013 like Section 185, 186 or 187 of the Companies Act, 2013, shall govern by the respective applicable provisions of the Act.

16. Policy Review

In case of any subsequent changes in the provisions of the Act and the Rules framed thereunder, the Act and its Rules would prevail over the Policy and the provisions in the Policy would be modified in due course to make it consistent with law. The Board shall have the right to amend the Policy from time to time, based on recommendations of Audit Committee. The Policy shall be reviewed as and when required, However, it shall be reviewed earlier if need arises for the same and/ or under special circumstances, for example a change in law.

This Policy shall be posted on the website of the Company at www.homefirstindia.com



Financial Statements

Independent Auditor's Report

To the Members of Home First Finance Company India Limited

Report on the Audit of the Financial Statements

Opinion

- We We have audited the accompanying financial statements of **Home First Finance Company India Limited** ('the Company'), which comprise the Balance Sheet as at **31 March 2021**, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.
- In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs of the Company as at 31 March 2021, and its profit (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of matter- Impact of COVID-19 pandemic

- We draw attention to Note 38 to the accompanying financial statements which describes the uncertainties relating to the effects of COVID-19 pandemic outbreak on the Company's operations, the extent of which is significantly dependent on future developments, as they evolve. Our opinion is not modified in respect of this matter.

Key audit matters

- Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
- We have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter

Impairment of loans and advances to customers
(Refer to the accounting policies in "Note 1 to the Financial Statements: Impairment", "Note 1.3 (i) to the Financial Statements: Significant Accounting Policies and other explanatory information" and "Note 4 to the Financial Statements: Loans")

How our audit addressed the key audit matter

Our audit procedures in relation to expected credit losses on loan assets were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the financial statements were reasonable and the related disclosures in the financial statements made by the management were adequate. These procedures included, but were not limited to, the following:

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 March 2021, the Company has reported gross loan assets of ₹ 33,717.98 millions against which an impairment loss allowance of ₹ 452.98 millions is recognised as at year-end.</p> <p>Ind AS 109, Financial Instruments, requires the Company to provide for impairment of its financial assets using the expected credit loss ('ECL') approach involving an estimation of probability of loss on the financial assets over their life, considering reasonable and supportable information about past events, current conditions and forecasts of future economic conditions which could impact the credit quality of the Company's financial assets.</p> <p>The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. Significant management judgement and assumptions are involved in measuring ECL:</p> <p>The significant areas are:</p> <ul style="list-style-type: none"> ○ segmentation of loan book ○ determining the criteria for a significant increase in credit risk ○ factoring in future economic assumptions ○ techniques used to calculate probability of default, loss given default and determine exposure at default <p>The Company has developed models that use historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogeneous portfolios from the perspective of credit behavior.</p> <p>The Company has also implemented the "COVID 19 Regulatory Package- Asset Classification and Provisioning" announced by the Reserve Bank of India ('the RBI') on 27 March 2020, 17 April 2020 and 23 May 2020 ("collectively referred to as "COVID 19 regulatory package").</p> <p>Considering the significance of model used for impairment to the overall financial statements and the extent of management's estimates and judgments involved including implementing the regulatory announcement of moratorium facility for</p>	<ul style="list-style-type: none"> ○ Obtained an understanding of the modelling techniques adopted by the Company including the key inputs and assumptions for determining impairment losses on loan assets. Since modelling assumptions and parameters are based on historical data, we assessed whether historical experience was representative of current circumstances and was relevant in view of the recent impairment losses incurred within the portfolios. ○ Considered the Company's accounting policies for impairment of financial assets and assessing compliance with the policies in terms of Ind AS 109, Financial Instruments. ○ Tested the design and operating effectiveness of key internal financial controls over completeness and accuracy of the key inputs and assumptions considered for calculation, recording and monitoring of the impairment loss recognised. Also evaluated the controls over the modelling process, validation of data. ○ Tested the assumptions used by the Company for grouping and staging of loan portfolio into various categories and default buckets based on their past-due status and other qualitative factors identified by the management which indicate significant increase in credit risk and their appropriateness for determining the probability of default (PD) and loss-given default (LGD) rates. ○ Tested samples to ascertain the completeness and accuracy of the input data used for determining the PD and LGD rates and agreed the data with the underlying books of accounts and records. ○ Assessed and tested the key data sources and underlying assumptions for data used to determine impairment provisions. ○ Performed an assessment of the adequacy of the credit losses expected within 12 months by

Key audit matter	How our audit addressed the key audit matter
<p>eligible customers, this area required significant auditor attention to test such complex accounting estimates. Therefore, we have determined this to be a key audit matter for the current year audit.</p> <p>We draw attention to note number 38 to the accompanying financial statements, which describes the uncertainties relating to the effects of COVID-19 pandemic outbreak and the consequential impact on the appropriateness of the impairment provision recognised towards the loan asset outstanding as at 31 March 2021.</p>	<p>reference to credit losses actually incurred on similar portfolios historically.</p> <ul style="list-style-type: none"> ○ Obtained the policy on moratorium of loans approved by the Board of Directors pursuant to the regulatory announcements made by the RBI under COVID-19 – Regulatory Package and evaluated management’s compliance with the said circulars and notifications. ○ With respect to the management’s assessment for the requirement of additional provisions to be made or not to be made on account of the impact of the COVID-19 pandemic, we understood and challenged the underlying assumptions used by the Company for such estimate by considering our understanding of the risk profiles of the customers of the Company. ○ Tested the arithmetical accuracy of the ECL provision calculated by the Company. ○ Assessed the appropriateness and adequacy of the related presentation and disclosures of note 30 “Financial risk management” and all related disclosures in the accompanying financial statements in accordance with the applicable accounting standards
<p><u>Information Technology (IT) Systems and General Controls</u></p> <p>The Company is highly dependent on its information technology (IT) systems for carrying on its operations which require large volume of transactions to be processed on a daily basis. The Company’s key financial accounting and reporting processes are interlinked and highly dependent on the automated controls enabled by the IT systems and information extracted from loan management systems which, in turn impacts key financial accounting and reporting areas such as loans and advances, interest income, impairment of loans amongst others.</p>	<p>Our audit procedures with the involvement of our IT specialists included, but were not limited to, the following:</p> <ul style="list-style-type: none"> ○ In relation to key accounting and financial reporting systems, we obtained an understanding on IT General Controls (ITGC), IT infrastructure and key automated controls operating over such identified IT applications. ○ Tested the design and operating effectiveness of the Company’s IT controls over IT applications as identified above.

Key audit matter	How our audit addressed the key audit matter
<p>The controls implemented by the Company in its IT environment determine the integrity, accuracy, completeness and validity of data that is processed by the applications which is ultimately used for financial reporting.</p> <p>We have focused on user access management, change management, segregation of duties and key automated controls over key financial accounting and reporting systems.</p> <p>Accordingly, since our audit strategy has focused on key IT systems and controls due to the pervasive nature including the complexity of the IT environment, we have determined 'IT systems and general controls' as key audit matter for the current year audit.</p>	<ul style="list-style-type: none"> ○ Tested a sample of key general controls operating over the information technology in relation to the identified IT applications particularly logical access, password management and backup procedures. ○ Tested that requests for access to systems were appropriately reviewed and authorised, tested controls around Company's periodic review of access rights, edit on mandatory fields, inspected requests of changes to systems for appropriate approval and authorisation. ○ Tested related interfaces, configuration and other application layer controls identified during our audit and report logic for system generated reports relevant to the audit mainly for Loans, Interest income for evaluating the completeness and accuracy.

Information other than the Financial Statements and Auditor's Report thereon

8. The Company's Board of Directors is responsible for 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 Annual Report 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 will not express any form of assurance conclusion thereon.

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management for the Financial Statements

9. The accompanying financial statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

12. 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.
13. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such control;
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
 - 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;
14. 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.

15. 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.
16. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

17. As required by section 197(16) of the Act, based on our audit, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
18. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
19. Further to our comments in Annexure I, as required by section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 purpose of our audit of the accompanying financial statements;

- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the financial statements dealt with by this report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with Ind AS specified under section 133 of the Act;
- e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of section 164(2) of the Act;
- f) we have also audited the internal financial controls with reference to financial statements of the Company as on 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 3 May 2021 as per Annexure II expressed unmodified opinion; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company does not have any pending litigation which would impact its financial position as at 31 March 2021;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material

- foreseeable losses as at 31 March 2021;
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2021; and
 - iv. the disclosure requirements relating to holdings as well as dealings in specified bank notes were applicable for the period from 8

November 2016 to 30 December 2016, which are not relevant to these financial statements. Hence, reporting under this clause is not applicable.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Sudhir N. Pillai
Partner
Membership No:105782
UDIN:21105782AAAADH7156

Place: Mumbai
Date: 03 May 2021

Annexure I to the Independent Auditor's Report of even date to the members of Home First Finance Company India Limited, on the financial statements for the year ended 31 March 2021

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- b) The Company has a regular program of physical verification of its property, plant and equipment under which property, plant and equipment are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.
- c) The Company does not hold any immovable property (in the nature of 'property, plant and equipment'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, goods and service tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities except professional tax, where there have been significant delays in a number of cases, consisting of individual amounts which are not generally material. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, on account of any dispute, are as follows:

Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ in millions)	Amount paid under Protest (₹ in millions)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	0.04	-	Financial year 2017-18	Commissioner of Income Tax (Appeal) (Mumbai)

Further, there are no dues in respect of goods and service tax that have not been deposited with the appropriate authorities on account of any dispute.

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution, or a bank or government or any dues to debenture-holders, during the year.
- (ix) In our opinion and according to the information and explanations given to us, the

term loans were applied for the purposes for which the loans were obtained, though idle/surplus funds which were not required for immediate utilisation have been invested in liquid investments, payable on demand. Further, the Company has applied moneys raised by way of initial public offer and debt instruments in the nature of Non-convertible Debentures during the year for the purposes for which these were raised except for the following:

Nature of the fund raised	Details of default (Reason/Delay)	Amount (₹ in millions)	Subsequently rectified (Yes/No) and details
Equity shares (by way of Initial Public Offering) (also refer note 16 (vii) of the accompanying financial statement)	Not applicable	12.44	Not applicable

- (x) No fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period covered by our audit.

- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V of the Act.

- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

- (xiii) In our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed

in the financial statements etc., as required by the applicable Ind AS.

- (xiv) During the year, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the Company did not make preferential allotment of fully/partly convertible debentures.

- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.

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

For **Walker Chandio & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Sudhir N. Pillai
Partner
Membership No:105782
UDIN:21105782AAAADH7156

Place: Mumbai
Date: 03 May 2021

Annexure II to the Independent Auditor's Report on the Audit of the of even date to the members of Home First Finance Company India Limited on the financial statements for the year ended 31 March 2021

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

1. In conjunction with our audit of the financial statements of Home First Finance Company India Limited ('the Company') as at and for the year ended 31 March 2021, we have audited the internal financial controls with reference to financial statements of the Company as at that date.

Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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 the Company's business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Financial Statements

3. 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 Standards on Auditing issued by the

Institute of Chartered Accountants of India ('ICAI') prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements includes obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

6. A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

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

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

7. Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override

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

Opinion

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

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No:001076N/N500013

Sudhir N. Pillai
Partner
Membership No:105782
UDIN:21105782AAAADH7156

Place: Mumbai
Date: 03 May 2021

Balance Sheet as at 31 March 2021

(₹ in millions)

	Notes	As at 31 Mar 2021	As at 31 Mar 2020
Assets			
Financial assets			
Cash and cash equivalents	2	2,094.17	1,477.23
Bank balance other than cash and cash equivalents	3	4,704.51	743.32
Loans	4	33,265.00	30,139.14
Investments	5	3,750.15	1,455.58
Other financial assets	6	1,011.65	663.27
Total financial assets		44,825.48	34,478.54
Non-financial assets			
Current tax assets (net)	7	26.97	18.26
Property, plant and equipment	8	164.01	204.84
Other intangible assets	8	2.68	5.17
Other non-financial assets	9	82.41	95.28
Total non-financial assets		276.07	323.55
Total assets		45,101.55	34,802.09
Liabilities and equity			
Liabilities			
Financial liabilities			
Payables			
Trade payables	10		
- Total outstanding dues of micro enterprises and small enterprises		0.48	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises		3.65	4.32
Debt securities	11	2,395.86	-
Borrowings (other than debt securities)	12	28,141.03	24,938.05
Other financial liabilities	13	534.78	355.83
Total financial liabilities		31,075.80	25,298.20
Non-financial liabilities			
Provisions	14	76.70	66.39
Deferred tax liabilities (net)	25.2	79.58	31.15
Other non-financial liabilities	15	64.04	72.09
Total non-financial liabilities		220.32	169.63
Total liabilities		31,296.12	25,467.83
Equity			
Equity share capital	16	174.80	156.60
Other equity	17	13,630.63	9,177.66
Total equity		13,805.43	9,334.26
Total liabilities and equity		45,101.55	34,802.09

The accompanying notes form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandlok & Co LLP
Chartered Accountants
Firm registration no.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782
Place: Mumbai
Date: 3 May 2021

Manoj Viswanathan
Managing Director &
Chief Executive Officer
DIN No. : 01741612
Place: Mumbai
Date: 3 May 2021

Rajagopalan Santhanam
Director
DIN No. : 00025669
Place: Mumbai
Date: 3 May 2021

Nutan Gaba Patwari
Chief Financial Officer
Place: Mumbai
Date: 3 May 2021

Shreyans Bachhawat
Company Secretary
Place: Mumbai
Date: 3 May 2021

Statement of Profit and Loss for the year ended 31 March 2021

(₹ in millions, except per share data)

Particulars	Notes	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Revenue from operations			
Interest income	18	4,236.98	3,548.39
Fees and commission income		35.30	38.40
Net gain on derecognition of financial instruments under amortised cost category		439.35	371.22
Other operating income	19	59.55	28.57
Total revenue from operations		4,771.18	3,986.58
Other income	20	120.43	210.17
Total income		4,891.61	4,196.75
Expenses			
Finance costs	21	2,201.56	1,938.28
Impairment on financial instruments	22	321.53	165.04
Employee benefits expenses	23	661.26	610.81
Depreciation and amortisation	8	76.24	72.39
Other expenses	24	290.59	336.90
Total expenses		3,551.18	3,123.42
Profit before tax		1,340.43	1,073.33
Tax expense:			
- Current tax	25	292.28	231.90
- Deferred tax	25	49.53	45.91
- Excess provision for tax of earlier years written back		(2.80)	-
Total tax expense		339.01	277.81
Profit after tax		1,001.42	795.52
Other comprehensive income / (loss)			
Items that will not be reclassified to profit / (loss)			
- Remeasurements of the defined benefit plans		(4.38)	(2.14)
- Income tax relating to items that will not be reclassified to profit / (loss)		1.10	0.54
Other comprehensive income/ (loss), net of income tax		(3.28)	(1.60)
Total comprehensive income		998.14	793.92
Earnings per equity share	26		
Basic earnings per share (₹)		12.37	10.81
Diluted earnings per share (₹)		12.18	10.57
Face value of equity shares (₹)		2.00	2.00

The accompanying notes form an integral part of these financial statements
This is the statement of profit and loss referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandlok & Co LLP
Chartered Accountants
Firm registration no.: 001076N/N500013

Sudhir N. Pillai
Partner
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Place: Mumbai
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Place: Mumbai
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Shreyans Bachhawat
Company Secretary
Place: Mumbai
Date: 3 May 2021

Statement of changes in equity for the year ended 31 March 2021

Equity share capital (refer note 16)

(₹ in millions)

Particulars	No. of shares	Amount
Balance as at 1 April 2019	12,667,898	126.68
Changes in equity share capital during the year (prior to subdivision)	2,991,645	29.92
Increase in shares on account of subdivision (refer note 16 (iii))	62,638,172	-
Balance as at 1 April 2020	78,297,715	156.60
Changes in equity share capital during the year	9,102,012	18.20
Balance as at 31 March 2021	87,399,727	174.80

Other equity (refer note 17)

(₹ in millions)

Particulars	Share application money pending allotment	Reserves and surplus				Total
		Statutory reserve	Securities premium	Stock options Outstanding account	Retained earnings	
Balance as at 1 April 2019	-	179.19	4,288.56	41.75	590.43	5,099.93
Profit for the year	-	-	-	-	795.52	795.52
Other comprehensive income / (loss) for the year	-	-	-	-	(1.60)	(1.60)
Expenses on employee stock options scheme for the year	-	-	-	32.89	-	32.89
Transfer to statutory reserves from retained earnings	-	162.35	-	-	(162.35)	-
Premium received on allotment of equity shares	-	-	3,254.28	-	-	3,254.28
Exercise of stock options outstanding	-	-	0.27	(0.27)	-	-
Share issue expenses	-	-	(3.36)	-	-	(3.36)
Balance as at 31 March 2020	-	341.54	7,539.75	74.37	1,222.00	9,177.66
Balance as at 1 April 2020	-	341.54	7,539.75	74.37	1,222.00	9,177.66
Profit for the period	-	-	-	-	1,001.42	1,001.42
Share application money received during the year	0.11	-	-	-	-	0.11
Other comprehensive income / (loss) for the year	-	-	-	-	(3.28)	(3.28)
Expenses on employee stock options scheme for the year	-	-	-	31.72	-	31.72
Transfer to statutory reserves from retained earnings	-	200.40	-	-	(200.40)	-
Premium received on allotment of equity shares	-	-	3,529.10	-	-	3,529.10
Exercise of stock options outstanding	-	-	8.92	(8.92)	-	-
Stock options lapsed	-	-	-	(1.01)	1.01	-
Share issue expenses	-	-	(106.10)	-	-	(106.10)
Balance as at 31 March 2021	0.11	541.94	10,971.67	96.16	2,020.75	13,630.63

The accompanying notes form an integral part of these financial statements

This is the statement of changes in equity referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandio & Co LLP
Chartered Accountants
Firm registration no.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782
Place: Mumbai
Date: 3 May 2021

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Chief Financial Officer
Place: Mumbai
Date: 3 May 2021

Shreyans Bachhawat
Company Secretary
Place: Mumbai
Date: 3 May 2021

Cash flow statement for the year ended 31 March 2021

(₹ in millions)

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Cash flow from operating activities		
Profit before tax	1,340.43	1,073.33
Adjusted for:		
Financial asset measured at amortised cost	38.78	117.41
Financial liabilities measured at amortised cost	(0.41)	(12.14)
Interest accrued but not due on borrowings and debt securities	146.62	37.37
Upfront gain on direct assignment (net of interest differential received during the year)	(253.87)	(258.42)
Depreciation and amortisation	76.24	72.39
Interest income on bank deposits	(124.47)	(70.17)
Loss on sale of property, plant and equipment (net)	3.59	0.05
Adjustments on account of financial lease liability	7.82	9.08
Unrealised gain on investment held for trading	(6.75)	1.44
Impairment on financial instruments	321.53	165.04
Fair valuation of ESOPs	31.72	32.89
Operating profit before working capital changes	1,581.23	1,168.27
Adjustment for working capital:		
- Increase in loans given	(3,486.13)	(9,045.01)
- Increase in other financial assets	(101.40)	(142.25)
- Decrease/(Increase) in other non financial assets	11.99	(38.79)
- Decrease in trade payables	(0.19)	(9.26)
- Increase in other financial liabilities	59.60	36.65
- (Decrease)/Increase in other non financial liabilities	(2.18)	3.80
- Increase in provisions	5.93	34.63
Cash generated from operating activities	(1,931.15)	(7,991.96)
Income tax paid (net)	(298.19)	(239.91)
Net cash generated from operating activities [A]	(2,229.34)	(8,231.87)
Cash flows from investing activities:		
Purchase of property, plant and equipment and other intangible assets	(26.47)	(42.34)
Proceeds from sale of property, plant and equipment and other intangible assets	1.30	0.04
Purchase of investments	(24,371.90)	(28,558.20)
Proceeds from investments	22,084.08	28,130.35
Net proceeds from bank deposits	(3,958.18)	(663.34)
Interest received on bank deposits	121.46	52.78
Net cash used in investing activities [B]	(6,149.71)	(1,080.71)
Cash flows from financing activities:		
Proceeds from issuance of share capital (including share premium)	3,547.30	3,284.20
Share application money received	0.11	-
Share issue expenses	(106.10)	(3.36)
Proceeds of borrowings from banks and financial institutions	10,111.00	10,250.00
Repayment of borrowings from banks and financial institutions	(6,911.69)	(4,556.25)
Repayment of lease liability	(44.57)	(42.05)
Proceeds from issue of non-convertible debentures	2,400.00	-
Repayment of demand loans	(0.06)	0.03
Net cash generated from financing activities [C]	8,995.99	8,932.57

Cash flow statement for the year ended 31 March 2021

(₹ in millions)

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Net increase in cash and cash equivalents [A+B+C]	616.94	(380.01)
Cash and cash equivalents at the beginning of the year	1,477.23	1,857.24
Cash and cash equivalents at the end of the year (refer note 2)	2,094.17	1,477.23
Components of cash and cash equivalents:		
Cash on hand	0.36	0.22
Balances with banks		
- with banks in current accounts	1,684.00	131.11
- held as wallet money	0.74	0.90
- deposits with original maturity of 3 months or less	409.07	1,345.00
Cash and cash equivalents	2,094.17	1,477.23

Changes in liabilities arising from financing activities

(₹ in millions)

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Opening balance (Borrowings) as at 1 April 2020	24,938.05	19,256.41
Proceeds from borrowings	10,111.00	10,250.00
Proceeds from issue of non-convertible debentures	2,400.00	-
Repayments of borrowings	(6,911.69)	(4,556.25)
(Repayment) / proceeds of demand loans	(0.06)	0.03
Others	(0.41)	(12.14)
Closing balance (Borrowings and debt securities)	30,536.89	24,938.05

Cash flow statement has been prepared under indirect method as set out in the Ind AS 7 - Statement of Cash flows

The accompanying notes form an integral part of these financial statements

This is the cash flow statement referred to in our report of even date

For and on behalf of the Board of Directors

For Walker Chandio & Co LLP
Chartered Accountants
Firm registration no.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782
Place: Mumbai
Date: 3 May 2021

Manoj Viswanathan
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DIN No. : 01741612
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Chief Financial Officer
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Shreyans Bachhawat
Company Secretary
Place: Mumbai
Date: 3 May 2021

Home First Finance Company India Limited

Significant accounting policies and other explanatory information

Company information

Home First Finance Company India Limited (the 'Company') is a Housing Finance Company founded on 03 February 2010 with offices across various cities in India. It's registered head office is located at 511, Acme Plaza, Andheri Kurla Road, Andheri East, Mumbai – 400 059. The Company obtained its license to carry on the business of a housing finance institution from National Housing Bank ('NHB') on 11 August 2010. The Company was converted to a public limited Company with effect from 14 March 2018. The Company's equity shares were listed on National Stock Exchange of India Limited (NSE) and on BSE Limited (BSE) on 3 February 2021.

The Company is primarily engaged in the business of lending of housing loans, loans for the purpose of purchasing a commercial property, loan against property and construction finance.

1. Summary of significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Companies Act, 2013 and other relevant amendment rules issued thereafter ("Ind AS") on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period as explained below, the relevant provisions of the Companies Act, 2013 (the "Act") and the guidelines issued by the National Housing Bank ("NHB") and Reserve Bank of India ("RBI") to the extent applicable.

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

The financial statements are prepared in Indian Rupees (INR) rounded off to the nearest millions unless otherwise stated. As required by Division III issued under Schedule III of the Act, the Company has presented the assets and liabilities in the balance sheet in the order of liquidity.

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

1.2 Use of estimates

The preparation of financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods. Examples of these estimates include useful lives of property, plant and equipment, expected credit loss allowance, future obligations under employee retirement benefit plans, income taxes, business model assessment, share-based payments expenses, determination of prepayment rate, discounting rates, determining lease parameters etc. Actual results could differ from these estimates. Any revisions to accounting estimates are recognised in the period in which such revisions are made.

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 recognised in the periods in which the results are known or materialised.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to

be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

i) Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Company considers the frequency, volume and timing of sales in prior period, the reason for such sales, and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of a holistic assessment of how Company's stated objective for managing the financial assets is achieved and how cash flows are realised. Therefore, the Company considers information about past sales in the context of the reasons for those sales and the conditions that existed at that time as compared to current conditions.

Based on this assessment and future business plans of the Company, the management has measured its financial assets at amortised cost as the asset is held within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest (the 'SPPI criterion').

ii) Effective interest rate method

The Company's EIR methodology recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and recognises the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation, by nature, requires an element of judgement regarding the expected behaviour and life-cycle of the instruments, as well expected changes to the Company's base rate and other fee income/expense that are integral parts of the instrument.

iii) Income tax

The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from the actual outcome which could lead to an adjustment to the amounts reported in the financial statements.

iv) Contingencies

Management has estimated the possible outflow of resources at the end of each reporting date, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

v) Impairment of financial assets

The measurement of impairment losses on loan assets and commitments, requires judgement, in estimating the amount and timing of future cash flows and recoverability of collateral values while determining the impairment losses and assessing a significant increase in credit risk. The Company's Expected Credit Loss (ECL) calculation is the output of a complex model with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL model that are considered accounting judgements and estimates include:

The Company's criteria for assessing if there has been a significant increase in credit risk

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL model, including the various formulae and the choice of inputs
- Assessment of qualitative factors having an impact on the credit risk

The measurement of all expected credit losses for financial assets held at the reporting date is based on historical experience, current conditions and reasonable and supportable forecasts. The measurement of ECL involves increased

complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives and estimation of EAD and assessing significant increases in credit risk.

It has been the Company's policy to regularly review its model in the context of actual loss experience and adjust when necessary (refer note 4 and 31)

vi) Share-based payments

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

vii) Defined employee benefit assets and liabilities

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

viii) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses

significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company revises the lease term if there is a change in the non-cancellable period of a lease. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

1.3 Financial instruments

i) Financial assets

Initial recognition and measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those financial assets classified as at FVTPL. Transaction costs directly attributable to the acquisition of financial assets classified as FVTPL are recognised immediately in the statement of profit and loss.

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair

value (either through other comprehensive income (OCI), or through the statement of profit and loss), and

- those measured at amortised cost.

Subsequent measurement

Financial instruments at amortised cost – the financial instrument is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. All the debt instruments of the Company are measured at amortised cost.

Financial instruments at FVTPL/FVOCI

For assets measured at fair value, gains and losses will either be recorded in Statement of Profit and Loss or Other comprehensive income. Investments in equity instruments are classified as FVTPL unless the Company irrevocably elects at initial recognition to present subsequent changes in fair value through other comprehensive income for Investments in equity instruments which are not held for trading.

Reclassifications within classes of financial assets

A change in the business model would lead to a prospective re-classification of the financial asset and accordingly, the measurement principles applicable to the new classification will be applied. During the current financial year ended 31 March

2021 and previous accounting year, there was no change in the business model under which the Company holds financial assets and therefore no reclassifications were made.

Impairment of financial assets

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.

The measurement of ECL is calculated using three main components:

- probability of default (PD);
- loss given default (LGD); and
- the exposure at default (EAD).

The 12-month ECL is calculated by multiplying the 12-month PD, LGD and the EAD. The 12 months and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instruments, respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

The Company applies a three-stage approach to measure ECL on financial assets accounted for at amortised cost and FVTOCI. Assets migrate through the following three stages based on the change in credit quality since initial recognition.

The Company has provided ECL on the undisbursed loan commitments classified under Stage 1.

Stage 1: 12-months ECL

For exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit impaired upon origination, the portion of the lifetime ECL associated with the probability of default events occurring within the next 12 months is recognised. Exposures with days past due (DPD) less than or equal to 29 days are classified as stage 1.

Stage 2: Lifetime ECL – not credit impaired

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, a lifetime ECL is recognised. Exposures with DPD equal to 30 days but less than or equal to 89 days are classified as stage 2. At each reporting date, the Company assesses whether there has been a significant increase in credit risk for the financial asset since initial recognition by comparing the risk of a default occurring over the expected life between the reporting date and the date of initial recognition. The Company has identified cases with DPD equal to or more than 30 days and less than or equal to 59 days and cases with DPD equal to or more than 60 days and less than or equal to 89 days as two separate buckets.

Stage 3: Lifetime ECL – credit impaired

A financial asset is assessed as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For a financial asset that has become credit-impaired, a lifetime ECL is

recognised on principal outstanding as at the year end. Exposures with DPD equal to or more than 90 days are classified as stage 3.

Exposures are considered to have resulted in a significant increase in credit risk and are moved to Stage 2 when the accounts are overdue for more than 30 days. Accounts that are overdue for 90 days or more are moved to Stage 3.

Inputs, assumptions and estimation techniques used for estimating ECL: Refer note 4

De-recognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retained substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset

obtained less any new liability assumed) shall be recognised in the statement of profit and loss.

On derecognition of a part of financial asset in its entirety, the previous carrying amount of the larger financial asset shall be allocated between the part that continues to be recognised and the part that is derecognised, on the basis of the relative fair values of those parts on the date of the transfer. For this purpose, a retained servicing asset shall be treated as a part that continues to be recognised. The difference between the carrying amount (measured at the date of derecognition) allocated to the part derecognised and the consideration received for the part derecognised (including any new asset obtained less any new liability assumed) shall be recognised in the statement of profit and loss.

Write-offs

Impaired loans and receivables are written off, against the related allowance for loan impairment on completion of the Company's internal processes and when the Company concludes that there is no longer any realistic prospect of recovery of part or all of the loan. For loans that are individually assessed for impairment, the timing of write off is determined on a case by case basis. A write-off constitutes a de-recognition event. The Company has a right to apply enforcement activities to recover such written off financial assets. Subsequent recoveries of amounts previously written off are credited to the statement of profit and loss.

ii) Financial liability

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

equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Company's equity instruments.

Classification

The Company classifies its financial liability as "Financial liability measured at amortised cost" except for those classified as financial liabilities measured at fair value through profit and loss (FVTPL).

Initial recognition and measurement

A financial liability is recognised initially at cost of acquisition net of transaction costs and incomes that are attributable to the acquisition of the financial liability. Cost equates the fair value on the acquisition.

De-recognition of financial liabilities

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

Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities cannot be derived from active markets, they are determined

using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. Judgements and estimates include considerations of liquidity and model inputs related to items such as credit risk (both own and counterparty), funding value adjustments, correlation and volatility. For further details about the determination of fair value please refer note 29.

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

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.4 Property, plant and equipment, other intangible assets and depreciation/amortisation

Property, plant and equipment and other intangible assets are stated at cost less accumulated depreciation, amortisation and impairment losses. Cost includes purchase price, inward freight, taxes and expenses incidental to acquisition and installation, up to the point the asset is ready for its intended use.

Cost of property, plant and equipment and other intangible assets not ready for their intended use before such date is disclosed under Capital work-in-progress.

Depreciation in respect of assets is provided on the Straight-Line Method as per Schedule II of Companies Act 2013. Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The Company has used the following useful lives to provide depreciation/amortisation on its property, plant and equipment and intangible asset:

Property, plant and equipment	Estimated useful life (In years)
Furniture and fixtures	10
Office equipment	5
Computers	3
Leasehold improvements	Over the lease period
Other intangible assets	
Computer software	3
Licenses	3
Scoring algorithm	3

Property, plant and equipment purchased/ sold during the year are depreciated on a pro-rata basis.

1.5 Revenue Recognition

i) Interest income

Interest income is recorded using the effective interest rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash flows over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable and are an integral part of the EIR, but not future credit losses. The Company calculates interest income by applying the EIR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Company calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset (Gross Value less ECL provision). If the financial assets cures and are no longer credit-impaired, the Company reverts to calculating interest income on a gross basis.

ii) Fee and other revenue

Project appraisal fees is amortised in proportion to the outstanding loan balances and other ancillary fees are recognised on the basis of actual receipt. Display income is accounted on an accrual basis.

iii) Dividend income

The dividend is recognised in the statement of profit and loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

1.6 Taxes on income

Income tax expense comprises current tax expenses and net change in the deferred tax assets or liabilities during the year. Current and deferred

taxes are recognised in the Statement of profit and loss, except when they relate 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.

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred income tax is recognised using the 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 in the financial statements, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of recognition.

Deferred tax asset is recognised to the extent that sufficient 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. 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 or part of deferred income tax assets to be utilised. At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised 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 realised.

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

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India which is likely to give future economic benefit in the form of availability of setoff against future income tax liability. Accordingly, MAT is recognised as deferred tax assets in the Balance sheet when the assets can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised. However, w.e.f. FY 2019-20 the Company elected to exercise the option of a lower tax rate provided under Section 115BAA of the Income-tax Act, 1961, as introduced by the Taxation Laws (Amendment) Ordinance, 2019 dated 20 September 2019. Accordingly, MAT provisions are not applicable to the Company.

1.7 Leases: Company as a lessee

The Company's leased assets primarily consist of leases for buildings. The Company assesses whether a contract 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- i. the contract involves the use of an identified asset;
- ii. the Company has substantially all of the economic benefits from the use of the asset through the period of the lease; and
- iii. the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a lease term of twelve months or less (short-term leases) and low-value assets.

For these short-term and low-value assets, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset.

The lease liability is initially measured at the present value of the fixed lease payments including variable lease payments that depend on an index or a rate. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rate of the Company.

Lease liability and ROU asset have been separately presented in the balance sheet.

1.8 Foreign currency transactions

The functional currency of the Company is Indian rupee.

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gain or loss arising on their settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

1.9 Impairment of non-financial assets

The carrying amount of the non-financial assets are reviewed at each balance sheet date if there is any indication of impairment based on internal /external factors. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of the cash-generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. The impairment loss is recognised 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.

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.

1.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1.11 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects the

current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense. The provisions are reviewed at each balance sheet date and adjusted to reflect the current management estimates.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events, whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are not recognised in the financial statements. However, it is disclosed only when an inflow of economic benefits is probable.

1.12 Commitments

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

- a. The estimated amount of contracts remaining to be executed on capital account and not provided for;
- b. Undisbursed commitment relating to loans; and
- c. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

1.13 Employee benefits

a) Short term employee benefits: Benefits such as salaries, wages, short term compensated absences, etc. and the expected cost of bonus are recognised in the period in which the employee renders the related service. All short-term employee benefits are accounted on an undiscounted basis during the accounting year based on services rendered by employees.

b) Post-employment benefits

The Company makes a contribution to the statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the employees.

The Company's gratuity benefit scheme is an unfunded defined benefit plan. The Company's obligation in respect of the gratuity benefit scheme is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods recognised as a liability at the present value of the defined benefit obligations at the balance sheet date based on an actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The discount rates used for determining the present value of the obligations under the defined benefit plan are based on the market yields on government bonds as at the balance sheet date. Actuarial gains or losses on such valuation are recognised immediately in the other comprehensive income.

1.14 Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based payments transactions are set out in Note 34.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to the share-based payments reserve.

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

1.15 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss (excluding other comprehensive income) attributable to equity shareholders by the weighted average number of equity shares outstanding. The weighted average number of equity shares outstanding is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) attributable to equity shareholders and the weighted average number of shares outstanding are adjusted for the effects of all dilutive potential equity shares.

1.16 Share issue expense

Share issue expenses are adjusted from the share premium account in terms of section 52 of the Companies Act, 2013.

1.17 Finance costs

Borrowing costs primarily include interest on amounts borrowed for the revenue operations of the Company. These are expensed to the statement of profit and loss using the EIR.

2. Recent accounting pronouncements (issued but not effective)

On 24 March 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from 01 April 2021. Key amendments relating to Division III which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- **Statement of changes in equity:**

Disclosure shall be made regarding the changes in equity due to prior period errors and restated balance at the beginning of the reporting year and similarly disclose the same for the previous reporting period. Additionally, the details of other equity shall also be given for prior reporting period.

- **Disclosure of shareholding of all promoters:**

A company shall now be required to disclose the shareholding of all promoters. The details shall include change in shareholding taken place during the year. The meaning of the promoter has to be taken from the definition provided in the Companies Act, 2013 which is different from the definition provided in the SEBI (ICDR) Regulations, 2009.

- **Ageing Schedule:**

Companies are required to disclose ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development in specified format prescribed under amendment.

- **Disclosure related to funds borrowed from banks and financial institutions:**

If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then a disclosure providing details of utilisation of funds shall also be required to be provided.

- **Revaluation of property:**

The reconciliation of gross and net carrying amount of both intangible and tangible assets at the beginning and end of the reporting period, along with other separate disclosures related to additions, disposals, acquisitions, depreciation, impairment, etc. shall also disclose separately details related to the amount of change due to revaluation, where there is a change of more than 10% in aggregate of the net carrying amount of the asset. The company is also required to disclose whether the property, plant or equipment has been revalued by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

- **Specific disclosure:**

Amendment requires to disclose transaction/ events under various additional regulatory requirements such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held, etc.

- **Statement of profit and loss:**

Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of the financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Significant accounting policies and other explanatory information

2 Cash and cash equivalents

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Cash on hand	0.36	0.22
Balances with banks in current accounts	1,684.00	131.11
Balances with the banks held as wallet money	0.74	0.90
Deposits with original maturity of 3 months or less	409.07	1,345.00
	2,094.17	1,477.23

Note: Refer note 11 and 12(i) below

3 Bank balance other than cash and cash equivalents

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Deposits with original maturity of more than 3 months but less than 12 months*	3,777.38	590.35
Deposits with original maturity of more than 12 months*	927.13	152.97
	4,704.51	743.32

*Bank deposits include deposits of ₹ 438.37 millions (31 March 2020: 102.97 millions) held as security against the bank guarantee. Also, bank deposits of ₹ 50.00 millions (31 March 2020: ₹ 50.00 million) is held as security against the bank overdraft.

Note: Refer note 11 and 12(i) below

4 Loans

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Secured		
Loans carried at amortised cost		
Term loans (gross)*	33,717.98	30,406.60
Total gross	33,717.98	30,406.60
Less - Impairment loss allowance (refer note 4.1 (a))	(452.98)	(267.46)
Total term loans (net)	33,265.00	30,139.14

* The term loans are secured by tangible assets. Further, all the term loans are disbursed in India to parties other than public sector.

4. Impairment allowance

4.1 a) An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows:

(₹ in millions)

Home loan	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	26,914.67	251.60	298.54	27,464.81	19,181.23	188.41	168.30	19,537.94
New assets originated/significant increase in credit risk	10,084.25	51.67	40.00	10,175.92	13,953.85	34.56	27.81	14,016.22
Assets derecognised or repaid	(6,772.73)	(88.69)	(78.43)	(6,939.85)	(5,936.75)	(75.05)	(57.18)	(6,068.98)
Amounts written off (refer note 22)	(6.21)	(9.32)	(107.75)	(123.28)	(2.38)	(1.44)	(16.55)	(20.37)
Transfers from Stage 1	(982.72)	638.12	344.60	-	(304.78)	217.29	87.49	-
Transfers from Stage 2	50.35	(145.42)	95.07	-	18.86	(112.86)	94.00	-
Transfers from Stage 3	2.19	2.50	(4.69)	-	4.64	0.69	(5.33)	-
Gross carrying amount - closing balance	29,289.80	700.46	587.34	30,577.60	26,914.67	251.60	298.54	27,464.81

(₹ in millions)

Home loan	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	115.71	31.89	77.33	224.93	42.90	15.75	41.77	100.42
New assets originated/significant increase in credit risk	36.59	88.57	165.96	291.12	86.83	28.66	46.48	161.97
Assets derecognised or repaid	(59.52)	(5.84)	(4.63)	(69.99)	(14.81)	(3.86)	(6.01)	(24.68)
Amounts written off	(0.08)	(1.43)	(42.26)	(43.77)	(0.09)	(0.49)	(12.21)	(12.79)
Transfers from Stage 1	(7.46)	4.78	2.68	-	(1.82)	1.00	0.82	-
Transfers from Stage 2	6.09	(18.25)	12.16	-	1.67	(9.29)	7.62	-
Transfers from Stage 3	0.50	0.69	(1.19)	-	1.02	0.12	(1.14)	-
ECL allowance - closing balance	91.83	100.41	210.05	402.29	115.70	31.89	77.33	224.92

(₹ in millions)

Loan against property	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	1,808.90	21.16	4.65	1,834.71	843.15	5.26	2.15	850.56
New assets originated/significant increase in credit risk	714.13	4.36	1.99	720.48	1,086.33	0.21	0.22	1,086.76
Assets derecognised or repaid	(260.74)	(3.33)	(0.96)	(265.03)	(102.08)	(0.50)	(0.03)	(102.61)
Amounts written off (refer note 22)	(1.16)	-	(1.76)	(2.92)	-	-	-	-
Transfers from Stage 1	(63.14)	51.06	12.08	-	(18.91)	17.84	1.07	-
Transfers from Stage 2	6.43	(10.64)	4.21	-	-	(1.65)	1.65	-
Transfers from Stage 3	-	0.59	(0.59)	-	0.41	-	(0.41)	-
Gross carrying amount - closing balance	2,204.42	63.20	19.62	2,287.24	1,808.90	21.16	4.65	1,834.71

(₹ in millions)

Loan against property	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	19.11	1.92	1.38	22.41	7.99	0.41	0.63	9.03
New assets originated/significant increase in credit risk	7.15	5.44	4.01	16.60	12.28	1.46	0.67	14.41
Assets derecognised or repaid	(4.72)	(0.35)	(0.12)	(5.19)	(1.02)	(0.01)	-	(1.03)
Amounts written off	(0.07)	-	(0.78)	(0.85)	-	-	-	-
Transfers from Stage 1	(0.74)	0.58	0.16	-	(0.21)	0.20	0.01	-
Transfers from Stage 2	0.52	(0.87)	0.35	-	-	(0.14)	0.14	-
Transfers from Stage 3	-	0.13	(0.13)	-	0.07	-	(0.07)	-
ECL allowance - closing balance	21.25	6.85	4.87	32.97	19.11	1.92	1.38	22.41

(₹ in millions)

Commercial loan	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	340.46	2.71	1.43	344.60	243.27	-	-	243.27
New assets originated/significant increase in credit risk	72.08	0.68	0.40	73.16	136.48	0.02	0.05	136.55
Assets derecognised or repaid	(39.45)	(0.54)	(0.08)	(40.07)	(35.21)	(0.01)	-	(35.22)
Amounts written off (refer note 22)	(1.12)	-	(1.46)	(2.58)	-	-	-	-
Transfers from Stage 1	(11.75)	9.54	2.21	-	(4.08)	2.70	1.38	-
Transfers from Stage 2	2.02	(2.71)	0.69	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Gross carrying amount - closing balance	362.24	9.68	3.19	375.11	340.46	2.71	1.43	344.60

(₹ in millions)

Commercial loan	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	3.66	0.31	0.34	4.31	2.31	-	-	2.31
New assets originated/significant increase in credit risk	0.90	1.08	0.69	2.67	1.73	0.28	0.33	2.34
Assets derecognised or repaid	(1.10)	-	-	(1.10)	(0.34)	-	-	(0.34)
Amounts written off	(0.01)	-	(0.34)	(0.35)	-	-	-	-
Transfers from Stage 1	(0.14)	0.11	0.03	-	(0.04)	0.03	0.01	-
Transfers from Stage 2	0.21	(0.31)	0.10	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
ECL allowance - closing balance	3.52	1.19	0.82	5.53	3.66	0.31	0.34	4.31

4.1(a) An analysis of changes in the gross carrying amount and the corresponding ECL allowances is as follows (cont...):

(₹ in millions)

Construction finance	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	745.89	5.85	10.74	762.48	834.97	-	-	834.97
New assets originated/significant increase in credit risk	23.65	-	0.77	24.42	255.37	0.24	0.11	255.72
Assets derecognised or repaid	(308.87)	-	-	(308.87)	(328.21)	-	-	(328.21)
Amounts written off (refer note 22)	-	-	-	-	-	-	-	-
Transfers from Stage 1	-	-	-	-	(16.24)	5.61	10.63	-
Transfers from Stage 2	5.85	(5.85)	-	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
Gross carrying amount - closing balance	466.52	-	11.51	478.03	745.89	5.85	10.74	762.48

(₹ in millions)

Construction finance	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	13.36	0.28	2.18	15.82	7.93	-	-	7.93
New assets originated/significant increase in credit risk	0.22	-	5.61	5.83	7.95	0.23	2.08	10.26
Assets derecognised or repaid	(9.46)	-	-	(9.46)	(2.37)	-	-	(2.37)
Amounts written off	-	-	-	-	-	-	-	-
Transfers from Stage 1	-	-	-	-	(0.15)	0.05	0.10	-
Transfers from Stage 2	0.28	(0.28)	-	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
ECL allowance - closing balance	4.40	0.00	7.79	12.19	13.36	0.28	2.18	15.82

4.1(b) An analysis of changes in the gross carrying amount and the corresponding ECL allowances in relation to loan commitments is as follows:

(₹ in millions)

Loan commitments	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount - opening balance	5,764.19	58.49	57.94	5,880.62	5,705.61	22.80	24.60	5,753.01
New assets originated/significant increase in credit risk	4,548.94	0.42	-	4,549.36	5,022.98	1.14	-	5,024.12
Assets derecognised or repaid	(4,544.72)	(6.55)	(38.75)	(4,590.02)	(4,881.29)	(5.28)	(9.94)	(4,896.51)
Transfers from Stage 1	(31.25)	18.53	12.72	-	(83.32)	58.71	24.61	-
Transfers from Stage 2	47.53	(50.38)	2.85	-	0.21	(18.88)	18.67	-
Transfers from Stage 3	0.46	1.11	(1.57)	-	-	-	-	-
Gross carrying amount - closing balance	5,785.15	21.62	33.19	5,839.96	5,764.19	58.49	57.94	5,880.62

(₹ in millions)

Loan commitments	31 Mar 2021				31 Mar 2020			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
ECL allowance - opening balance	9.11	-	-	9.11	14.51	-	-	14.51
New assets originated/significant increase in credit risk	7.65	-	-	7.65	7.36	-	-	7.36
Assets derecognised or repaid	(7.28)	-	-	(7.28)	(12.76)	-	-	(12.76)
Transfers from Stage 1	-	-	-	-	-	-	-	-
Transfers from Stage 2	-	-	-	-	-	-	-	-
Transfers from Stage 3	-	-	-	-	-	-	-	-
ECL allowance - closing balance	9.48	-	-	9.48	9.11	-	-	9.11

4.2 Impairment assessment

The references below show where the Company's impairment assessment and measurement approach is set out in these notes.

Definition of default

The Company considers a financial instrument as defaulted and considers it as Stage 3 (credit-impaired) for expected credit loss (ECL) calculations, when the assets become equal to or more than 90 days past due on its contractual payments. The probability of default 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.

Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the Company assesses the possible default events within 12 months for the calculation of the 12 months ECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

Loss given default

LGD has been calculated by taking into account the recovery experience across the Company's loan accounts post default. The recoveries are tracked and discounted to the date of default using the interest rate.

Macro-economic variables relevant to the underlying loan portfolio such as Gross Domestic Product, Inflation and Housing price index were analysed for their correlations. There was no/minimal correlation and consequently the same was not considered in the ECL framework.

Significant increase in credit risk

The Company continuously monitors all assets subject to ECL. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or Lifetime ECL, 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 when contractual payments are more than 30 days past due.

When estimating ECLs on a collective basis for a group of similar assets, the Company applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

Grouping financial assets measured on a collective basis

As explained above, the Company calculates ECL on a collective basis on the following asset classes:

- Home loans
- Loan against property
- Commercial loan
- Construction finance

Risk assessment model

The Company has designed and operates its risk assessment model that factors in both quantitative as well as qualitative information on the loans and the borrowers. The model uses historical empirical data to arrive at factors that are indicative of future credit risk and segments the portfolio on the basis of combinations of these parameters into smaller homogenous portfolios from the perspective of credit behaviour.

Collateral

The Company holds collateral to mitigate credit risk associated with financial assets. The main types of collateral include residential and commercial properties. The collateral presented relates to instruments that are measured at amortised cost.

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Properties (amount of collateral)	74,726.60	65,905.38

Assets possessed under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002

Loan Portfolio includes gross loans amounting to ₹ 2.57 millions (31 March 2020: ₹ 20.66 millions) against which the Company has taken possession of

the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and held such properties for disposal. The value of assets possessed against these loans is ₹ 2.43 millions (31 March 2020: ₹ 24.11 millions). Value of repossessed assets for loans written off is ₹10.14 millions (31 March 2020: ₹ 4.32 millions).

5 Investments

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
At fair value through profit and loss		
Unquoted: Mutual funds		
Sundaram money fund	280.95	-
Kotak liquid fund	137.73	115.04
SBI liquid fund	216.74	-
INVESCO India liquid fund	132.26	100.04
IDFC cash fund	131.38	40.02
Nippon India mutual fund	236.52	100.04
Tata liquid fund	176.66	150.06
UTI liquid plan	208.30	100.04
Axis liquid fund	213.35	150.06
HSBC liquid fund	155.16	50.02
L&T liquid fund	131.86	100.04
Mirae cash management fund	341.55	100.04
Baroda liquid fund	322.70	150.06
LIC liquid fund	335.50	150.06
SBI overnight fund	-	50.00
Aditya Birla Sunlife Liquid Fund	211.91	-
HDFC liquid fund	152.73	-
ICICI prudential liquid fund	183.26	100.06
DSP Liquidity Fund	181.59	
	3,750.15	1,455.58

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(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Investment in India	3,750.15	1,455.58
Investment outside India	-	-
	3,750.15	1,455.58

Number of Units

	As at 31 Mar 2021	As at 31 Mar 2020
Unquoted: Mutual funds		
- Sundaram money fund	6,474,421	-
- Kotak liquid fund	33,115	28,655
- SBI liquid fund	67,277	-
- INVESCO India liquid fund	46,801	36,667
- IDFC cash fund	52,847	16,660
- Nippon India mutual fund	46,997	20,625
- Tata liquid fund	54,397	47,911
- UTI liquid plan	61,801	30,769
- Axis liquid fund	93,377	68,074
- HSBC cash fund	75,731	25,294
- L&T liquid fund	46,776	36,758
- Mirae cash management fund	157,291	47,758
- Baroda liquid fund	136,201	65,548
- LIC liquid fund	89,782	41,640
- SBI overnight fund	-	15,367
- Aditya Birla Sunlife Liquid Fund	639,195	-
- HDFC Liquid Fund	37,752	-
- ICICI prudential liquid fund	601,367	340,582
- DSP Liquidity Fund	61,739	-
	8,776,867	822,308

Refer Note 30 B (iii) for price risk sensitivity

6 Other financial assets

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Interest receivable strip*	748.02	494.15
Less: provision for expected credit loss	(9.17)	(2.31)
Security deposits	18.90	18.31
Salary advance to employees	12.28	11.93
Other deposits	30.18	0.29
Other receivables **	211.44	140.90
	1,011.65	663.27

*With respect to assignment deals, Company has created an interest receivable strip, with corresponding credit to statement of profit and loss for the period, which has been computed by discounting excess interest spread to present value.

** Other receivables as at 31 March 2021 include ₹ 144.85 millions (including unutilised IPO proceeds) pertaining to expenses incurred towards securities offering which is receivable from the public offer account (escrow account) on settlement of all the expenses incurred towards the initial public offer.

Other receivables as at 31 March 2020 include expenses incurred towards securities offering and pending to be recovered from the selling shareholders as at 31 March 2020 ₹102.69 millions; since recovered.

The Company has paid an amount of ₹4.08 millions (31 March 2020: ₹19.98 millions) to the auditors in relation to IPO assignment and the proportionate expenses (Company's share) ₹0.94 millions is netted off from 'securities premium account' and the balance is included in above receivables.

7 Current tax assets (net)

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Advance tax (net of provisions)*	26.97	18.26
	26.97	18.26

*Net of provision for tax ₹ 292.28 millions (31 March 2020: ₹ 231.90 millions)

8. Property, plant and equipment and other intangible assets

(₹ in millions)

	Property, plant and equipment					Total tangible assets	Other intangible assets			Total other intangible assets
	Furniture & fixtures	Office equipment	Computers	Leasehold improvements	Right of use building		Computer software	Licenses	Scoring algorithm	
Gross carrying value										
As at 1 April 2019	58.98	14.16	33.49	28.59	108.32	243.54	16.00	0.06	0.30	16.36
Additions for the year ended 31 March 2020	3.82	2.76	12.45	17.97	69.88	106.88	2.24	-	-	2.24
Sale / deletion for the year ended 31 March 2020	(0.12)	(0.03)	-	-	(14.15)	(14.30)	-	-	-	-
As at 31 March 2020	62.68	16.89	45.94	46.56	164.05	336.12	18.24	0.06	0.30	18.60
Additions for the year ended 31 March 2021	0.76	4.88	7.28	13.35	74.57	100.84	1.08	-	-	1.08
Sale / deletion for the year ended 31 March 2021	(2.97)	(1.45)	(18.64)	(1.36)	(123.25)	(147.67)	-	-	-	-
As at 31 March 2021	60.47	20.32	34.58	58.55	115.37	289.29	19.32	0.06	0.30	19.68
Accumulated depreciation / amortisation										
As at 1 April 2019	10.84	5.01	14.71	4.79	40.60	75.95	9.29	0.06	0.30	9.65
Charge for the year ended 31 March 2020	5.81	2.58	10.29	14.08	35.85	68.61	3.78	-	-	3.78
Sale / deletion for the year ended 31 March 2020	(0.03)	(0.03)	-	-	(13.22)	(13.28)	-	-	-	-
As at 31 March 2020	16.62	7.56	25.00	18.87	63.23	131.28	13.07	0.06	0.30	13.43
Charge for the year ended 31 March 2021	5.91	2.90	10.43	15.25	38.18	72.67	3.57	-	-	3.57
Sale / deletion for the year ended 31 March 2021	(1.19)	(1.21)	(15.77)	(1.36)	(59.14)	(78.67)	-	-	-	-
As at 31 March 2021	21.34	9.25	19.66	32.76	42.27	125.28	16.64	0.06	0.30	17.00
Net carrying value										
As at 31 March 2020	46.06	9.33	20.94	27.69	100.82	204.84	5.17	-	-	5.17
As at 31 March 2021	39.13	11.07	14.92	25.79	73.10	164.01	2.68	-	-	2.68

9 Other non-financial assets

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Prepayments	59.08	44.57
Advance to creditors	10.12	38.73
Capital advances	4.24	5.12
Balance with government authorities	8.97	6.86
	82.41	95.28

10 Trade payables

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Total outstanding dues of micro enterprises and small enterprises	0.48	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	3.65	4.32
	4.13	4.32

The management has identified enterprises which qualify under the definition of micro enterprises and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, the disclosure in respect of the

amounts payable to such enterprises as at the year end has been made in the financial statement based on information received and available with the Company and has been relied upon by the statutory auditors.

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Principal amount remaining unpaid	0.48	-
<u>Interest due thereon</u>		
Interest paid by the Company in terms of Section 16 of MSMED Act, 2006, along with the amount of the payment made to the suppliers and service providers beyond the appointed day during the year	-	-
Interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the period) but without adding the interest specified under MSMED Act, 2006	-	-
Amount of interest accrued and remaining unpaid at the end of the year	-	-
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 MSMED Act, 2006	-	-

11 Debt securities

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
At amortised cost		
Debentures (Secured)	2,395.86	-
	2,395.86	-
Debt securities in India	2,395.86	-
Debt securities outside India	-	-
	2,395.86	-

Details of redeemable non convertible debentures

(₹ in millions)

	Redemption date	Rate of interest (p.a.)	Maturity	As at 31 Mar 2021 Secured	As at 31 Mar 2020 Secured
Series 3	23 December 2021	8.50%	1 - 5 years	1,200.00	-
Series 4	21 January 2022	8.50%		500.00	-
Series 1	9 June 2023	9.50%		450.00	-
Series 2	16 June 2023	9.50%		250.00	-
Total debt securities				2,400.00	-
Adjustment of unamortised processing fee (EIR)				(4.14)	-
Total adjusted debt securities				2,395.86	-

The Company had issued 2,400 debentures at a face value of ₹ 1.00 million which are listed on wholesale debt segment of Bombay Stock Exchange; and secured against the first pari-passu charge (along with banks, financial institutions and other lenders which provide credit facilities to the Issuer) by way of hypothecation

on Company's present and future receivables and book debts, cash and cash equivalents, bank balances other than cash and cash equivalents and liquid investments, as may be identified by the Company.

12 Borrowings (other than debt securities)

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Secured		
At amortised cost		
Term loans		
- from banks	16,746.37	17,692.89
- from National Housing Bank (NHB)	10,966.87	6,543.66
- from other parties	427.77	601.42
- working capital loan	-	100.00
Loans repayable on demand - from banks	0.02	0.08
	28,141.03	24,938.05
Borrowings in India	28,141.03	24,938.05
Borrowings outside India	-	-
	28,141.03	24,938.05

Notes:

- (i) All borrowings are secured against the loan assets, investments and cash and cash equivalents and bank balances other than cash and cash equivalents of the Company to the extent of required asset cover as per sanctioned terms.
- (ii) The repayment of the borrowing is done in monthly, quarterly, half - yearly and annual instalment as per the sanctioned terms.
- (iii) The Company has not made any default in

repayment of instalments due over the reporting year.

- (iv) Bank guarantees of ₹ 340.00 millions and ₹10.00 millions for term loans from NHB is provided by Axis Bank and Central Bank of India (31 March 2020: ₹ 90 millions and ₹ 10 millions) respectively on behalf of Company to NHB. Total outstanding balance as at 31 March 2021 for such loans is ₹ 5,755.30 millions (31 March 2020: ₹ 1,518.30 millions).

Terms of repayment of term loans

(₹ in millions)

Rate of interest (p.a.)	Maturity	As at	As at
		31 Mar 2021	31 Mar 2020
		Secured	Secured
3%-4%	1-5 Years	2,639.10	-
4%-5%		1,275.04	1,472.84
5%-6%		2,425.41	-
6%-7%		1,681.18	252.98
7%-8%		9,398.57	1,092.44
8%-9%		7,079.65	13,305.88
9%-10%		488.89	6,537.99
10%-11%		-	519.43
3%-4%	5-7 Years	1,064.60	-
4%-5%		150.25	219.12
5%-6%		719.28	
6%-7%		52.11	39.68
7%-8%		289.11	348.61
8%-9%		385.09	783.28
9%-10%		-	23.02
4%-5%	7-10 Years	-	48.89
5%-6%		441.60	-
7%-8%		-	242.40
8%-9%		102.00	106.00
Total borrowings (excluding loans repayable on demand)		28,191.88	24,992.56
Adjustment of unamortised processing fee (EIR)		(50.87)	(54.59)
Total adjusted borrowings (excluding loans repayable on demand)		28,141.01	24,937.97

13 Other financial liabilities

(₹ in millions)

	As at	As at
	31 Mar 2021	31 Mar 2020
Interest accrued but not due on borrowings	66.62	80.80
Interest accrued but not due on debt securities	160.80	-
Lease liability (also refer note 36)	82.20	109.47
Payable to Central Bank of India (CBoI) on account of direct assignment	136.40	84.04
Payable to NHB against credit linked subsidy scheme (CLSS)	0.93	7.52
Employee benefits payable	57.91	42.55
Other financial liabilities	29.92	31.45
	534.78	355.83

14 Provisions

(₹ in millions)

	As at	As at
	31 Mar 2021	31 Mar 2020
Provision for employee benefits - gratuity (also refer note 33.3)	20.51	13.13
Provision for employee benefits - compensated absences (refer note 33 C)	2.37	1.34
Provision for expected credit loss on undisbursed loan commitment (refer note 4.1(b))	9.48	9.11
Provision for expenses	44.34	42.81
	76.70	66.39

15 Other non-financial liabilities

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Deferred income	52.02	57.89
Statutory dues	12.02	14.20
	64.04	72.09

16 Share capital**Details of authorised, issued, subscribed and paid-up share capital**

	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount (₹ in millions)	No. of shares	Amount (₹ in millions)
Authorised share capital				
Equity shares of ₹ 2 each*	125,000,000	250.00	125,000,000	250.00
	125,000,000	250.00	125,000,000	250.00
Issued, subscribed and paid-up				
Equity shares of ₹ 2 each	87,399,727	174.80	78,297,715	156.60
	87,399,727	174.80	78,297,715	156.60

* The Company has altered the capital clause of Memorandum of Association during the year ended 31 March 2020 for which resolution was passed in general meeting on 12 July 2019 due to which the authorised

capital of the Company is increased from 15,000,000 equity shares of ₹10 each to 25,000,000 equity shares of ₹10 each. (post subdivision 125,000,000 shares, refer note (iii)).

i. The reconciliation of the number of shares outstanding and the amount of share capital as at 31 March 2021 and 31 March 2020 set out below:

Equity shares	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount (₹ in millions)	No. of shares	Amount (₹ in millions)
Shares outstanding at the beginning of the year	78,297,715	156.60	12,667,898	126.68
Add: Shares issued during the year (prior to subdivision) (also refer note 27.2)	-	-	2,991,645	29.92
Add: Shares issued during the year (refer note vi and vii below)	9,102,012	18.20	-	-
Add: Increase in shares on account of subdivision (refer note iii below)	-	-	62,638,172	-
Shares outstanding at the end of the year	87,399,727	174.80	78,297,715	156.60

ii. Shareholders holding more than 5% of the shares in the Company

Equity shares	As at 31 March 2021		As at 31 March 2020	
	No. of shares	% of Holding	No. of shares	% of Holding
Orange clove investments B.V.	25,191,802	28.82%	-	-
True North Value Fund V LLP (Formerly known as India Value Fund V LLP)	17,705,532	20.26%	35,997,070	45.97%
Aether (Mauritius) Limited	11,742,592	13.44%	23,998,045	30.65%
Bessemer India Capital Holdings II Limited	6,811,313	7.79%	12,744,235	16.28%

iii. Terms, rights, preferences and restrictions attached to shares

Equity shares:

The shareholders, vide a special resolution, have approved subdivision of equity shares of the Company in the ratio of five equity shares of ₹ 2 each against one equity share of ₹ 10 each respectively. Accordingly, 15,659,543 shares of ₹ 10 each, were subdivided to 78,297,715 shares of ₹ 2 each as at 30 October 2019. The requisite approvals for modification of the memorandum and article of association of the Company had been accorded by the shareholders on 30 October 2019 in extraordinary general meeting (EGM).

The Company has only one class of equity share having face value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share. The dividend proposed, if any, by the board of directors is subject to the approval of shareholders in the ensuing general meeting. In the event of liquidation of the Company, the holder of equity shares will be entitled to receive any of the remaining assets of the Company.

iv. Issue of bonus shares or buyback of shares

The Company has not issued / allotted any shares pursuant to contracts without payment being received in cash, nor issued any bonus shares nor there has been any buyback of shares during five years immediately preceding 31 March 2021.

- v. For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company and shares exercised under ESOP, refer note 34.
- vi. The Company has done a private placement/preferential allotment of 2,240,639 equity

shares to Orange Clove Investments B.V (Orange Clove) (an affiliate of Warburg Pincus) on 15 October 2020, for a consideration of ₹ 334.726 per share (i.e. having face value of ₹ 2 and premium of ₹ 332.726) aggregating to approximately ₹ 750.00 millions. Pursuant to the Share Subscription and Purchase Agreement (SSPA), Orange Clove purchased 18,810,719 equity shares from the existing shareholders in the month of October 2020 and further, on receipt of RBI approval, additionally purchased 4,140,444 equity shares from the existing shareholders in the month of January 2021. As at 31 March 2021, Orange Clove holds 28.82% of the paid up equity share capital of the Company.

vii. Initial public Offer

The Company has completed its Initial Public Offer (IPO) of 22,272,556 equity shares of face value of ₹ 2 each at an issue price of ₹ 518.00 per equity share, consisting of fresh issue of 5,115,830 equity shares and an offer for sale of 17,156,726 equity shares by the selling shareholder. The equity shares of the Company were listed on BSE limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 3 February 2021.

Out of the fresh issue of ₹ 2,650.00 millions, the net proceeds of ₹ 2,540.38 millions (post estimated offer expenses amounting to ₹ 97.18 millions) have been utilised towards augmenting capital base to meet our capital requirements and a balance of ₹ 12.44 millions remains unutilised as at 31 March 2021 which is maintained in IPO-Public Offer Account (escrow account).

17 Other equity

(₹ in millions)

	Notes	As at 31 Mar 2021	As at 31 Mar 2020
Share application money pending allotment*	-	0.11	-
Statutory reserve	17.2	541.94	341.54
Securities premium	17.3	10,971.67	7,539.75
Stock option outstanding account	17.4	96.16	74.37
Retained earnings	17.5	2,020.75	1,222.00
		13,630.63	9,177.66

* Share application money pending allotment as of 31 March 2021 represents amount received in March 2021 on account of exercise of ESOP options.

17.1 Particulars

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Statutory reserve		
Opening balance	341.54	179.19
Add: Current year transfer	200.40	162.35
	541.94	341.54
Securities premium		
Opening balance	7,539.75	4,288.56
Add: Premium received on allotment of shares*	3,529.10	3,254.28
Add: Transferred from employee stock option reserve pursuant to stock options exercised	8.92	0.27
Less: Share issue expenses adjusted in accordance with Section 52 of Companies Act, 2013*	(106.10)	(3.36)
	10,971.67	7,539.75
Stock options outstanding account		
Opening balance	74.37	41.75
Add: Charge for the year	31.72	32.89
Less: Transferred to securities premium pursuant to stock options exercised	(8.92)	(0.27)
Less: Transferred to retained earnings pursuant to stock options lapsed	(1.01)	-
	96.16	74.37
Retained earnings		
Opening balance	1,222.00	590.43
Add: Transferred from statement of profit and loss	998.14	793.92
Less: Transfer to statutory reserve	(200.40)	(162.35)
Add: Transferred from stock option outstanding account pursuant to stock options lapsed	1.01	-
	2,020.75	1,222.00
	13,630.52	9,177.66

* Addition during the year ended 31 March 2021 includes the premium received from IPO of ₹ 2,639.77 million reduced by the Company's share of IPO related expenses of ₹ 90.07 millions (net of GST of ₹ 7.11 millions).

17.2 Statutory reserve

As per Section 29C of National Housing Bank Act (NHB), 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. For this purpose, any Special Reserve created by the Company under Section 36(1)(viii) of the Income Tax Act, 1961 is considered to be an eligible transfer. Thus, during the year ended 31 March 2021 and 31 March 2020, the Company has transferred to Statutory Reserve, an amount arrived in accordance with Section 29C of the NHB Act, 1987.

17.3 Securities premium

Securities premium is credited when shares

are issued at premium. It can be used to issue bonus shares, to provide for premium on redemption of shares or debentures, share issue related expenses like underwriting costs etc. in accordance with Sec 52 of the Companies Act 2013.

17.4 Stock options outstanding account

The stock option outstanding account is used to recognise grant date fair value of options issued to employees under the Company's stock option schemes.

17.5 Retained earnings

Retained earnings represents the amount of accumulated earnings of the Company.

18 Interest income	(₹ in millions)	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
On financial assets measured at amortised cost		
Interest on term loans	4,026.01	3,424.98
Interest on bank deposits	124.47	70.17
Other interest income	86.50	53.24
	4,236.98	3,548.39

19 Other operating income	(₹ in millions)	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Processing fees on credit-linked subsidy scheme (CLSS)	16.74	10.37
Gain on modification of financial asset	28.90	7.58
Miscellaneous income	13.91	10.62
	59.55	28.57

20 Other income	(₹ in millions)	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Display income	-	87.50
Net gain on financial instruments (investment in mutual funds)	120.00	121.69
Other non-operating income	0.43	0.98
	120.43	210.17
Total net gain on fair value changes on financial instruments measured at fair value through profit and loss		
Fair value changes:		
- Realised	112.67	121.11
- Unrealised - MTM gain	7.33	0.58
Total net gain on fair value changes	120.00	121.69
*Fair value changes in this schedule are other than those arising on account of accrued interest income/expense.		

21 Finance cost	(₹ in millions)	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
On financial liabilities measured at amortised cost		
Interest on borrowings	2,003.07	1,912.23
Interest on debt securities	162.77	-
Interest on lease liability (refer note 36)	8.15	9.41
Bank charges and others	27.57	16.64
	2,201.56	1,938.28

22 Impairment on financial instruments (measured at amortised cost)

(₹ in millions)

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Impairment loss allowance on loans	185.90	142.36
Write-offs on loans	128.78	20.37
Impairment loss allowance on other financial instrument	6.85	2.31
	321.53	165.04

23 Employee benefit expenses

(₹ in millions)

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Salaries, wages and bonus	583.14	517.13
Contribution to provident and other funds (refer note 33 B)	22.10	21.59
Gratuity expenses (refer note 33.4)	3.64	3.05
Compensated absences expenses (refer note 33 C)	1.03	1.34
Expenses on employee stock options scheme (refer note 34.5(i))	31.72	32.89
Staff welfare expenses	19.63	34.81
	661.26	610.81

24 Other expenses

(₹ in millions)

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Power and fuel	3.41	5.07
Rent (refer note 36)	3.57	0.23
Repairs and maintenance	1.66	1.21
Telephone and communication expense	2.88	3.26
Office administrative expenses	7.10	11.16
Marketing and sales promotion expense	10.83	13.81
Net loss on foreign currency transaction and translation (other than considered as finance cost)	0.79	0.35
Auditor's remuneration (excluding GST)		
- Statutory audit and certification fees	4.30	3.80
- Tax audit fees	0.20	0.20
Legal and professional charges (refer note 27.2)	70.06	95.83
Travelling expense	27.47	48.04
Software license fees	49.98	46.25
Technology fees (refer note 27.2)	26.12	29.59
Rates and taxes	34.31	33.45
Corporate social responsibility (refer note 37)	13.70	7.45
Miscellaneous expenses	34.21	37.20
	290.59	336.90

25 Tax expense

(₹ in millions)

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Current tax expense		
Current tax for the year	292.28	231.90
	292.28	231.90
Deferred taxes (net)		
Change in deferred tax assets	(50.17)	(52.53)
Change in deferred tax liabilities	99.70	98.44
Net deferred tax expense	49.53	45.91
Excess provision for tax of earlier years written back	(2.80)	-
Total income tax expense	339.01	277.81

25.1 Tax Reconciliation

(₹ in millions)

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Profit before income tax expense	1,340.43	1,073.33
Income tax rate (refer para 1.6 - Taxes on income in accounting policy)	25.17%	25.17%
Tax at statutory income tax rate	337.36	270.14
<u>Tax effect of amounts which are not deductible / not taxable in calculating taxable income</u>		
Items disallowed (net)	11.91	(12.08)
Provision for special reserve [Sec 36 (1) (viii) and Sec 36 (1) (viiia) of Income tax Act, 1961]	(30.92)	(6.05)
Employee stock option plan (ESOP) expense	(7.98)	(8.27)
Impact on account of financial assets and other items	30.34	35.09
Deduction under section 80G	-	(1.56)
Tax on other comprehensive income	1.10	0.54
Excess provision for tax of earlier years written back	(2.80)	-
Income tax expense	339.01	277.81

25.2 Deferred tax movement related to the following:

(₹ in millions)

Deferred tax assets / (liability) (net)	As at 31 Mar 2021	Recognised in statement of profit and loss	Recognised in OCI	As at 31 Mar 2020
Deferred tax asset on account of:				
Provision for employee benefits	5.76	(1.02)	(1.10)	3.64
Expected credit loss	118.70	(48.51)	-	70.19
Unamortised processing fee	122.83	(10.00)	-	112.83
Lease liability	21.23	6.86	-	28.09
Employee stock option plan (ESOP)	7.94	2.50	-	10.44
	276.46	(50.17)	(1.10)	225.19

(₹ in millions)

Deferred tax assets / (liability) (net)	As at 31 Mar 2021	Recognised in statement of profit and loss	Recognised in OCI	As at 31 Mar 2020
Deferred tax liability on account of:				
Difference between tax depreciation and depreciation charged for the financial reporting	10.62	(11.91)	-	22.53
Special reserve u/s Sec 36 (1) (viii)	136.39	50.43	-	85.96
Unamortised borrowing cost	17.25	3.51	-	13.74
Interest income on non performing assets	7.08	(0.41)	-	7.49
Fair valuation of investment in mutual funds	1.83	1.68	-	0.15
Deduction claimed for provision for bad debts u/s 36(1)(viiia)	8.30	1.14	-	7.16
Gain on direct assignment of loans	174.57	55.26	-	119.31
	356.04	99.70	-	256.34
Deferred tax asset/ (liability) (net) and charge/ (credit) for the year	(79.58)	49.53	(1.10)	(31.15)

(₹ in millions)

Deferred tax assets / (liability) (net)	As at 31 Mar 2020	Recognised in statement of profit and loss	Recognised in OCI	As at 31 March 2019
Deferred tax asset on account of:				
Provision for employee benefits	3.64	(0.60)	(0.54)	2.50
Expected credit loss	70.19	(31.11)	-	39.08
Unamortised processing fee	112.83	(16.55)	-	96.28
Lease liability	28.09	(5.99)	-	22.10
Employee stock option plan (ESOP)	10.44	1.72	-	12.16
	225.19	(52.53)	(0.54)	172.12
Deferred tax liability on account of:				
Difference between tax depreciation and depreciation charged for the financial reporting	22.53	2.48	-	20.05
Special reserve u/s Sec 36 (1) (viii)	85.96	33.78	-	52.18
Unamortised borrowing cost	13.74	(0.41)	-	14.15
Interest income on non performing assets	7.49	3.77	-	3.72
Fair valuation of investment in mutual funds	0.15	(0.44)	-	0.59
Deduction claimed for provision for bad debts u/s 36(1)(viiia)	7.16	7.16	-	-
Gain on direct assignment of loans	119.31	52.10	-	67.21
	256.34	98.44	-	157.90
Deferred tax asset/ (liability) (net) and charge/ (credit) for the year	(31.15)	45.91	(0.54)	14.22

26 Earnings per share (EPS)

	As at 31 Mar 2021	As at 31 Mar 2020
Net profit after tax attributable to equity holders (₹ in millions)	1,001.42	795.52
Weighted average number of equity shares for calculating basic EPS (Face value ₹ 2)	80,981,744	73,583,973
Weighted average number of equity shares for calculating diluted EPS (Face value ₹ 2)	82,239,449	75,253,001
Earnings per share		
Basic earning per share (₹)	12.37	10.81
Diluted earning per share (₹)	12.18	10.57
Face value per share (₹)	2.00	2.00

27 Related party disclosures

Related party disclosures as required under Indian Accounting standard 24, " Related party disclosure" are given below.

27.1 List of related parties

Nature of relationship	Name of related party
Entity having significant influence	True North Fund V LLP
Entity having significant influence	True North Managers LLP
Entity having significant influence	True North Enterprises Private Limited
Entity having significant influence	Aether (Mauritius) Limited
Entity having significant influence	Orange Clove Investments B.V. (w.e.f. 15 October 2020)
Key Management Personnel (KMP)	Mr. Manoj Viswanathan - Managing Director & Chief Executive Officer
Key Management Personnel (KMP)	Mr. Shreyans Bachhawat - Company Secretary
Key Management Personnel (KMP)	Ms. Nutan Gaba Patwari - Chief Financial Officer
Key Management Personnel (KMP)	Mr. Sakti Prasad Ghosh - Independent Director
Key Management Personnel (KMP)	Ms Sujatha Venkatramanan - Independent Director
Key Management Personnel (KMP)	Mr. Deepak Satwalekar - Independent Director (w.e.f. 23 October 2019)
Key Management Personnel (KMP)	Mr. Rajagopalan Santhanam - Nominee Director
Key Management Personnel (KMP)	Mr. Divya Sehgal - Nominee Director
Key Management Personnel (KMP)	Mr. Maninder Singh Juneja - Nominee Director
Key Management Personnel (KMP)	Mr. Vishal Vijay Gupta - Nominee Director
Key Management Personnel (KMP)	Mr. Narendra Ostawal - Nominee Director (w.e.f. 15 October 2020)
Entity under common control	Actify Data Labs Private Limited

27.2 Transactions during the year with related parties :

(₹ in millions)

Transactions with	Nature of Transaction	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Mr. Manoj Viswanathan	Remuneration	14.59	12.10
Ms. Nutan Gaba Patwari	Remuneration	12.43	8.75
Mr. Shreyans Bachhawat	Remuneration	2.88	2.09
True North Managers LLP	Reimbursement of expenses	5.38	5.82
True North Enterprise Private Limited	Reimbursement of expenses	5.09	-
Mr. Manoj Viswanathan	Exercise of ESOP	42.64	-
Mr. Sakti Prasad Ghosh	Exercise of ESOP	-	6.29
Ms Sujatha Venkatramanan	Exercise of ESOP	-	5.70
Mr. Sakti Prasad Ghosh	Sitting fees paid	1.80	1.20
Ms Sujatha Venkatramanan	Sitting fees paid	1.60	1.10
Mr. Deepak Satwalekar	Sitting fees paid	1.00	0.30
True North Fund V LLP	Equity infusion	-	1,497.26
Aether (Mauritius) Limited	Equity infusion	-	998.18
Mr. Manoj Viswanathan	Equity infusion	10.04	5.00
Mr. Shreyans Bachhawat	Equity infusion	0.33	-
Ms. Nutan Gaba Patwari	Equity infusion	-	15.00
True North Fund V LLP	Reimbursement of expenses received	69.50	-
Aether (Mauritius) Limited	Reimbursement of expenses received	46.33	-
Mr. Manoj Viswanathan	Reimbursement of expenses received	5.01	-
Orange Clove Investments B.V.	Reimbursement of expenses received	0.37	-
Non executive directors (including independent directors)	Provision for commission	0.95	5.50
Actify Data Labs Private Limited	Technology fees	5.21	3.66
Actify Data Labs Private Limited	Legal and professional fees	-	3.81

Note:

The KMPs are covered under the Company's gratuity policy, compensated absences provision and ESOP scheme along with other eligible employees of the Company.

Proportionate amount of gratuity expenses, provision for compensated absences and ESOP expenses are not included in the aforementioned disclosures as it cannot be separately ascertained.

27.3 Amount due to related parties:

(₹ in millions)

Particulars	Nature	As at 31 Mar 2021	As at 31 Mar 2020
Mr. Sakti Prasad Ghosh	Payable	0.10	-
Non executive directors (including independent directors)	Payable	3.20	5.50
Actify Data Labs Pvt Ltd.	Payable	0.19	-
True North Enterprise Private Limited	Payable	4.34	-
True North Managers LLP	Payable	-	1.30

28 Capital management

The Company's capital management strategy is to effectively determine, raise and deploy capital to cover risk inherent in business and is meeting the capital adequacy requirements of Reserve Bank of India (RBI). The same is done through a mix of either equity and / or combination of short term / long term debt as may be appropriate. The Company determines the amount of capital required on the basis of operations and capital expenditure. The adequacy of the Company's capital is monitored using, among other measures, that includes the regulations issued by RBI.

The capital structure is monitored on the basis of net debt to equity and maturity profile of overall debt portfolio. The Company's policy is in line with Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 which currently permits HFCs to borrow up to 13 times of their net owned funds ("NOF").

The Company has complied in full with all its externally imposed capital requirements over the reported periods.

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Net total debt including interest accrued and not due thereon (net of cash and cash equivalents) (₹ in millions)	28,670.14	23,541.62
Total equity (₹ in millions)	13,805.43	9,334.26
Net debt to equity ratio	2.08	2.52

Loan covenants

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets the financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. The breach in meeting these

financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any borrowing in the reporting year.

Loan covenants mainly include minimum CRAR of 12%, the ratio of total outstanding liability to total net worth to be less than or equal to 12 times etc.

29 Fair value measurement

29.1 Financial instruments by category

(₹ in millions)

Particulars	Category	As at 31 Mar 2021	As at 31 Mar 2020
Financial assets:			
Cash and cash equivalents	Amortised Cost	2,094.17	1,477.23
Bank balance other than cash & cash equivalents	Amortised Cost	4,704.51	743.32
Loans	Amortised Cost	33,717.98	30,406.60
Less : Impairment loss allowance		(452.98)	(267.46)
Investments	FVTPL	3,750.15	1,455.58
Other financial assets	Amortised Cost	1,011.65	663.27
Total financial assets		44,825.48	34,478.54
Financial liabilities:			
Trade payables	Amortised Cost	4.13	4.32
Debt securities	Amortised Cost	2,395.86	-
Borrowings (other than debt securities)	Amortised Cost	28,141.03	24,938.05
Other financial liabilities*	Amortised Cost	452.58	246.36
Total financial liabilities		30,993.60	25,188.73

* Other financial liabilities exclude liability pertaining to lease liabilities covered under Indian accounting standard - 116 (31 March 2021: ₹ 82.20 millions, 31 March 2020: 109.47 millions).

29.2 Fair value hierarchy

The fair values of the financial assets and liabilities are included at the amount 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.

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 Indian Accounting standard. An explanation of each level follows underneath the table.

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. For example, listed equity instruments that have quoted market price.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. Open-ended mutual funds are valued at Net Asset Value (NAV) declared by respective fund house and are classified under Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

29.3 Financial assets and liabilities measured at fair value through profit or loss at each reporting date

(₹ in millions)

Particulars	Level 2	
	As at 31 Mar 2021	As at 31 Mar 2020
Financial assets measured at FVTPL		
Investments	3,750.15	1,455.58

29.4 Financial assets and liabilities measured at amortised cost at each reporting date

The carrying value of loans given, interest strip receivable, bank deposits and borrowings represents its fair value. Further, the carrying value of cash and cash equivalents, other financial assets, trade payables and other payables and other financial liabilities are considered to be approximately equal to the fair value due to their short term maturities.

The above mentioned financial assets and liabilities are classified under level 2 of the fair valuation hierarchy.

29.5 Valuation techniques

The fair value of the financial assets and liabilities is

the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Loans - The fair value of floating rate loans are deemed to be equivalent to the carrying value.

Borrowings (including debt securities) - The fair value of certain fixed rate borrowings and debt securities is determined by discounting expected future contractual cash flows using current market interest rates charged for similar new loans. The fair value of floating rate borrowings are deemed to be equivalent to the carrying value.

During the years mentioned above, there have been no transfers amongst the levels of hierarchy.

30 Financial risk management

The Company is exposed to certain financial risks namely credit risk, liquidity risk and market risk i.e. interest risk, foreign currency risk and price risk. The Company's primary focus is to achieve better predictability of financial markets and minimise potential adverse effects on its financial performance by effectively managing the risks on its financial assets and liabilities.

The principal objective in Company's risk management processes is to measure and monitor the various risks associated with the Company and to follow policies and procedures to address such risks. The Company's risk management framework is driven by its Board and its subcommittees including the Audit Committee, the Asset Liability Management Committee and the Risk Management Committee. The Company gives due importance to prudent lending practices and have implemented suitable measures for risk mitigation, which include

verification of credit history from credit information bureaus, personal verification of a customer's business and residence, valuation of collateral, technical and legal verifications, conservative loan to value, and required term cover for insurance.

A Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities - borrowing, trade payables and other financial liabilities. The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The tables below summarises the maturity profile of the undiscounted cash flows of the Company's financial liabilities:

	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	4.13	-	-	-	4.13
Debt securities	1,700.00	700.00	-	-	2,400.00
Borrowings (other than debt securities) (refer note (i) below)	6,505.41	18,482.45	3,204.04	-	28,191.90
Other financial liabilities (refer note (ii) below)	452.58	-	-	-	452.58
Total	8,662.12	19,182.45	3,204.04	-	31,048.61

	Within 1 year	1 - 5 years	5 - 10 years	Beyond 10 years	Total
Trade payables	4.32	-	-	-	4.32
Borrowings (other than debt securities) (refer note (i) below)	5,468.92	17,712.72	1,811.00	-	24,992.64
Other financial liabilities (refer note (ii) below)	246.36	-	-	-	246.36
Total	5,719.60	17,712.72	1,811.00	-	25,243.32

Notes:

- (i) Debt securities and borrowings (other than debt securities) do not carry adjustment of unamortised processing fee (EIR).
- (ii) Other financial liabilities exclude liability pertaining to lease liabilities covered under Indian accounting standard - 116 (31 March 2021: ₹ 82.20 millions; 31 March 2020: ₹ 109.47 millions).
- (iii) Amounts repayable on demand are included in 'within 1 year'.

B Market risk

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign currency rates. The Company's exposure to the risk of changes in foreign exchange rates relates primary to certain vendors in trade payables.

Foreign currency exposure risk

There were no foreign currency exposure as at 31 March 2021 and 31 March 2020.

(ii) Interest rate risk

The Company is subject to interest rate risk, since the rates of loans and borrowing might fluctuate over the tenure of instrument.

Interest rates are highly sensitive to many factors beyond control, including the monetary policies of the Reserve Bank of India, deregulation of the financial sector in India, domestic and international economic and political conditions, inflation and other factors. In order to manage interest rate risk, the Company seeks to optimise borrowing profile

between short-term and long-term loans. The liabilities are categorised into various time buckets based on their maturities and Asset Liability Management Committee supervise an interest rate sensitivity report periodically for assessment of interest rate risks.

Exposure to loans and borrowings

(₹ in millions)

Particulars	As at	As at
	31 Mar 2021	31 Mar 2020
Loans (variable)	33,717.98	30,406.60
Borrowings and debt securities		
Borrowings (variable)	22,328.42	22,788.50
Borrowings and debt securities (fixed rate)	8,208.47	2,149.55
Total borrowings and debt securities	30,536.89	24,938.05

Sensitivity analysis

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

(₹ in millions)

Interest rate	Impact on profit before tax	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Loans		
Increase by 50 basis points	168.59	152.03
Decrease by 50 basis points	(168.59)	(152.03)
Borrowings and debt securities		
Increase by 50 basis points	(111.64)	(113.94)
Decrease by 50 basis points	111.64	113.94

(iii) Price risk

The Company is exposed to price risk from its investment in mutual funds measured at fair value through statement of profit and loss

(₹ in millions)

Sensitivity	Impact on profit before tax	
	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Increase by 50 basis points	18.75	7.28
Decrease by 50 basis points	(18.75)	(7.28)

31 Credit risk management

Credit quality of assets

Credit risk is the risk that the Company will incur a loss because the counterparty might

fail to discharge their contractual obligations. The Company has a comprehensive framework for monitoring credit quality of its retail and other loans primarily based on number of days past due.

The Company manages credit risks by using a set of credit procedures and guidelines, laid down in our credit risk policy, to ensure effective credit risk management and health of our portfolio. The adherence to the policy and various process is monitored and appraised in credit committee meetings on a quarterly basis. The policy is amended periodically and to ensure compliance with the guidelines of NHB as well as other regulatory bodies.

We have implemented a structured credit approval process, including multi-step customer verification and comprehensive credit risk assessment, which encompasses analysis of relevant quantitative and qualitative information to ascertain the credit worthiness of a potential customer. As part of

our multi-step customer verification, we have established a process by which separate set of verifications are conducted by a customer relationship manager and customer service officer to ensure the quality of customers acquired as well as eliminate misuse of borrowing practices.

Portfolio quality, credit limits, collateral quality and credit exposure limits are regularly monitored at various levels.

The following table sets out information about credit quality of loans and investments measured at amortised cost based on days past due information. The amount represents gross carrying amount. (Also refer note 4 - Loans for detailed disclosure on gross carrying value and ECL amount on loans).

(₹ in millions)

Loans	As at 31 Mar 2021			Total
	Stage 1	Stage 2	Stage 3	
Home loan	29,289.80	700.46	587.34	30,577.60
Loan against property	2,204.42	63.20	19.62	2,287.24
Commercial loan	362.24	9.68	3.19	375.11
Construction finance	466.52	-	11.51	478.03
Total	32,322.98	773.34	621.66	33,717.98

(₹ in millions)

Loans	As at 31 Mar 2020			Total
	Stage 1	Stage 2	Stage 3	
Home loan	26,914.67	251.60	298.54	27,464.81
Loan against property	1,808.90	21.16	4.65	1,834.71
Commercial loan	340.46	2.71	1.43	344.60
Construction finance	745.89	5.85	10.74	762.48
Total	29,809.92	281.32	315.36	30,406.60

(₹ in millions)

Loan commitments	As at 31 Mar 2021			Total
	Stage 1	Stage 2	Stage 3	
Home loan	5,391.01	21.21	23.44	5,435.66
Loan against property	213.11	0.41	-	213.52
Commercial loan	31.79	-	0.12	31.91
Construction finance	149.24	-	9.63	158.87
Total	5,785.15	21.62	33.19	5,839.96

(₹ in millions)

Loan commitments	As at 31 Mar 2020			Total
	Stage 1	Stage 2	Stage 3	
Home loan	5,387.57	13.49	48.31	5,449.37
Loan against property	146.13	-	-	146.13
Commercial loan	26.30	-	-	26.30
Construction finance	204.19	45.00	9.63	258.82
Total	5,764.19	58.49	57.94	5,880.62

Customer type

(₹ in millions)

	As at 31 Mar 2021			Total
	Stage 1	Stage 2	Stage 3	
Salaried	23,807.54	506.42	393.45	24,707.41
Self employed	8,515.44	266.92	228.21	9,010.57
Total	32,322.98	773.34	621.66	33,717.98

(₹ in millions)

	As at 31 Mar 2020			Total
	Stage 1	Stage 2	Stage 3	
Salaried	21,726.59	161.98	154.45	22,043.02
Self employed	8,083.33	119.34	160.91	8,363.58
Total	29,809.92	281.32	315.36	30,406.60

32 Transfers of assets**Assignment deal:**

The Company has sold some loans and advances measured at amortised cost as per assignment deals during the year. As per the terms of these deals, since substantial risk and rewards related to these assets were transferred to the buyer, the assets have been derecognised from the Company's balance sheet.

The management has evaluated the impact of assignment transactions done during the period for its business model. Based on the future business plan, the Company 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 on derecognition, per type of asset.

(₹ in millions)

Loans measured at amortised cost	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Carrying amount of derecognised financial assets as at year ended	7,655.86	5,760.90
Carrying amount of derecognised financial assets during the year	3,003.03	3,611.51
Gain from derecognition	439.35	371.22

33 Employee benefits**(A) Defined benefit obligation**

The Company has an unfunded defined benefit plan i.e., Gratuity, for its employees. Under the gratuity plan every employee who has completed at least five years of service gets a gratuity on departure at 15 days of salary for each year of service.

Contribution to gratuity fund (unfunded scheme)

In accordance with Indian Accounting Standard 19 'Employee benefits', actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

33.1 Actuarial assumptions

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Discount rate (% p.a.)	5.58%	5.21%
Rate of salary increase (% p.a.)	5.00%	10.00%
Rate of employee turnover (% p.a.)	20.00%	35.00%

33.2 Changes in the present value of defined benefit obligation

(₹ in millions)

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Present value of obligation at the beginning of the year	13.13	8.58
Interest expense	0.68	0.57
Current service cost	2.96	2.48
Benefit paid directly by the employer	(0.64)	(0.64)
Actuarial loss on obligations - due to change in demographic assumptions	5.67	-
Actuarial gains on obligations - due to change in financial assumptions	(5.30)	(1.05)
Actuarial losses on obligations - due to experience	4.01	3.19
Present value of obligation at the end of the year	20.51	13.13

33.3 Assets and liabilities recognised in the balance sheet

(₹ in millions)

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Present value of the defined benefit obligation at the end of the year	(20.51)	(13.13)
Net liability recognised in the balance sheet	(20.51)	(13.13)

33.4 Expenses recognised in the statement of profit and loss

(₹ in millions)

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Current service cost	2.96	2.48
Past service cost	-	-
Net interest expense	0.68	0.57
Expenses recognised in the statement of profit and loss for the year	3.64	3.05

33.5 Expenses recognised in the statement of other comprehensive income (OCI)

(₹ in millions)

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Actuarial loss on post employment defined benefit obligation	4.38	2.14
Expenses recognised in the statement of OCI	4.38	2.14

33.6 Reconciliation of net liability recognised:

(₹ in millions)

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Opening net liability	13.13	8.58
Expenses recognised at the end of year in profit and loss	3.64	3.05
Amount recognised in other comprehensive income	4.38	2.14
Benefit paid directly by the employer	(0.64)	(0.64)
Net liability recognised in the balance sheet	20.51	13.13

33.7 Sensitivity analysis:

(₹ in millions)

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Delta effect of +1% change in rate of discounting	(0.85)	(0.34)
Delta effect of -1% change in rate of discounting	0.93	0.36
Delta effect of +1% change in rate of salary increase	0.84	0.31
Delta effect of -1% change in rate of salary increase	(0.80)	(0.30)
Delta effect of +1% change in rate of employee turnover	(0.18)	(0.19)
Delta effect of -1% change in rate of employee turnover	0.18	0.20

33.8 Maturity analysis of projected benefit obligation

(₹ in millions)

Year	As at 31 Mar 2021	As at 31 Mar 2020
1	2.55	2.85
2	2.58	2.50
3	2.96	2.13
4	3.09	2.03
5	2.67	1.71
Sum of years 6 to 10	8.19	3.38
Sum of years 11 and above	5.10	0.70

(B) Defined contribution plan

The Company contributes towards provident fund for employees which is the defined contribution plan for qualifying employees. Under this Scheme, the Company is required to contribute specified percentage of the payroll cost to fund the benefits. The Company recognised ₹ 22.07 millions (31 March 2020: ₹ 21.53 millions) for provident fund contributions in the statement of profit and loss.

(C) Compensated absence expenses

The Company has accounted for provision for compensated absences from 1 April 2019. An employee is eligible to carry forward 30 to 90 days of leaves basis their work location to the next period from the balance leaves pending utilisation in the current year; however these leaves are non-encashable. Provision for compensated absence

for current year is ₹ 1.03 millions (31 March 2020: ₹ 1.34 millions).

34 Employee stock options**34.1 The Company has an Employee Share based payment scheme, under which grants were made as per details provided below:**

The Board has granted 581,636 options, convertible into 581,636 equity shares of the Company, under the Employee Stock Option Scheme (ESOP) 2012 and the Board Resolutions dated 14 March 2012, 25 March 2013, 19 March 2014, 30 March 2015 and 4 January 2016 which is in accordance with the provisions of the law and/or guidelines issued by the relevant authority applicable at the date of the grant.

The Company has further issued 687,548 options vide board resolution dated 28 February 2018 under a new Policy termed as ESOP scheme II which is in accordance with the provisions of the law and/or guidelines issued by relevant authority applicable at the date of the grant.

The Company has further approved 137,510 options via board resolution dated 13 May 2019 under ESOP scheme II.

Particulars	ESOP I (Scheme 2012)				
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
No. of options approved			581,636 options		
No. of options approved (post subdivision) (refer note 34.5(ii))			2,908,180 options		
No. of options granted	115,000	125,000	170,000	103,136	68,500
No. of options granted (post subdivision) (refer note 34.5(ii))	575,000	625,000	850,000	515,680	342,500
Date of grant	14 March 2012	25 March 2013	19 March 2014	30 March 2015	4 January 2016
Exercise price per option	₹ 239.13	₹ 239.13	₹ 281.13	₹ 281.13	₹ 281.13
Exercise price per option (post subdivision) (refer note 34.5(ii))	₹ 47.83	₹ 47.83	₹ 56.23	₹ 56.23	₹ 56.23

Particulars	ESOP Scheme II				
	Tranche 1*	Tranche 2	Tranche 3*	Tranche 4*	Tranche 5*
No. of options approved			825,058 options*		
No. of options approved (post subdivision) (refer note 34.5(ii))			4,125,290 options*		
No. of options granted	484,444	58,359	331,700	8,150	NA
No. of options granted (post subdivision) (refer note 34.5(ii))	2,422,220	291,795	1,658,500	40,750	154,500
Date of grant	1 April 2017	1 April 2018	1 April 2019	1 October 2019	1 October 2020
Exercise price per option	₹ 586.21	₹ 586.21	₹ 696.48	₹ 1,116.00	NA
Exercise price per option (post subdivision) (refer note 34.5(ii))	₹ 117.24	₹ 117.24	₹ 139.30	₹ 223.20	₹ 334.73

***Notes:**

- 57,595 options lapsed in Tranche 1 of ESOP scheme II and was reissued in Tranche 3 (49,445 options) and Tranche 4 (8,150 options).
- 287,975 options lapsed in Tranche 1 of ESOP scheme II and was reissued in Tranche 3 (247,225 options) and Tranche 4 (40,750 options) (post subdivision) (refer note 34.5(ii))
- 1,31,150 and 23,350 options lapsed in Tranche 1 and Tranche 3 of ESOP scheme II

respectively, was reissued in Tranche 5 (1,54,500) (post subdivision) (refer note 34.5(ii))

34.2 Vesting condition :

ESOP I: Vesting of options would be subject to continued employment with the Company and thus the options would vest on passage of time. Options vest in four instalments - 15% each in first two instalments, 30% in third instalment and balance 40% in the last instalment. All the management options are time based and also exit linked, i.e. they shall vest in four instalments as described above or on exit of promoters/ investors, whichever is earlier.

ESOP I Scheme 2012

Particulars	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Vesting start period	31 March 2012	31 March 2013	31 March 2014	31 March 2015	31 March 2016
1st Year (post subdivision) (refer note 34.5(ii))	86,250	93,750	127,500	77,350	51,375
2nd Year (post subdivision) (refer note 34.5(ii))	86,250	93,750	127,500	77,350	51,375
3rd Year (post subdivision) (refer note 34.5(ii))	172,500	187,500	255,000	154,705	102,750
4th Year (post subdivision) (refer note 34.5(ii))	230,000	250,000	340,000	206,275	137,000

ESOP II :

Management option: Vesting will be in two parts- 66% will be performance plus time based which will vest in 6 equal instalments; and 34% will be vested as follows:

Particulars	Vesting on					
	15 October 2020	01 April 2021	01 April 2022	01 April 2023	01 April 2024	01 April 2025
Tranche 1	9.39%	8.20%	8.20%	8.21%	NA	NA
Tranche 2	9.39%	6.15%	6.15%	6.15%	6.16%	NA
Tranche 3	9.39%	4.92%	4.92%	4.92%	4.92%	4.93%
Tranche 5	Vesting will be in 6 equal instalments starting from 1 October 2021.					

Note: The Board at their meeting held on 15 October, 2020 amended the ESOP II (the Scheme) leading to change in the vesting period of management exit linked options - wherein these options would now be vested as per the schedule

stated above.

Non Management option: Vesting will be in 6 equal instalments starting from 1 April 2018. If the grant is after 1 April 2018, then the vesting will start from 1 April 2019 and so on.

ESOP Scheme II

Particulars	Tranche 1*	Tranche 2	Tranche 3*	Tranche 4*	Tranche 5**
Vesting start period	1 April 2018	1 April 2019	1 April 2020	1 October 2020	1 October 2021
Management					
1st Year (post subdivision) (refer note 34.5(ii))	2,09,000	27,500	96,853	-	17,680
2nd Year (post subdivision) (refer note 34.5(ii))	2,09,000	50,975	75,620	-	17,680
3rd Year (post subdivision) (refer note 34.5(ii))	3,87,410	42,875	75,620	-	17,680
4th Year (post subdivision) (refer note 34.5(ii))	3,64,800	42,875	75,620	-	17,680
5th Year (post subdivision) (refer note 34.5(ii))	3,64,800	42,875	75,620	-	17,680
6th Year (post subdivision) (refer note 34.5(ii))	3,64,990	42,900	75,668	-	15,600
Non- Management					
1st Year (post subdivision) (refer note 34.5(ii))	88,777	7,105	2,01,195	6,928	8,585
2nd Year (post subdivision) (refer note 34.5(ii))	88,777	7,105	2,01,195	6,928	8,585
3rd Year (post subdivision) (refer note 34.5(ii))	88,777	7,105	2,01,195	6,928	8,585
4th Year (post subdivision) (refer note 34.5(ii))	88,777	7,105	2,01,195	6,928	8,585
5th Year (post subdivision) (refer note 34.5(ii))	88,777	7,105	2,01,195	6,928	8,585
6th Year (post subdivision) (refer note 34.5(ii))	78,333	6,269	1,77,525	6,113	7,575

*287,975 options lapsed in Tranche 1 of ESOP scheme II and was reissued in Tranche 3 (247,225 options) and Tranche 4 (40,750 options) (post subdivision) (refer note 34.5(ii)).

**1,31,150 and 23,350 options lapsed in Tranche 1 and Tranche 3 of ESOP scheme II respectively, was reissued in Tranche 5 (1,54,500) (post subdivision) (refer note 34.5(ii)).

34.3 Contractual life

ESOP I: The contractual life (vesting period plus exercise period) ranges from 11 to 14 years i.e. vesting period ranging from 1 to 4 years and exercise period of 10 years from the date of vesting of the option. In case of resignation/ termination of any employee, the exercise period shall be 6 months from the last working day of the employee.

ESOP II: The contractual life (vesting period plus exercise period) ranges from 11 to 16 years i.e. vesting period ranging from 1 to 6 years and exercise period of 10 years from the date of vesting of the option. In case of resignation/ termination of any

employee, the exercise period shall be 6 months from the last working day of the employee.

Method of settlement: ESOP I and ESOP scheme II is to be settled through issue of equity shares.

34.4 Computation of fair value of options granted

Particulars	ESOP I (Scheme 2012)				
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Share price (post subdivision) (refer note 34.5(ii)) (Amount in ₹)	47.83	47.83	49.00	56.00	56.00
Exercise price (post subdivision) (refer note 34.5(ii)) (Amount in ₹)	47.83	47.83	56.23	56.23	56.23
Volatility	37.05%	35.51%	34.95%	34.17%	33.51%
Risk free rate	1st year- 8.06%	1st year- 7.73%	1st year- 8.66%	1st year- 7.88%	1st year- 7.05%
	2nd year- 7.93%	2nd year- 7.66%	2nd year- 8.58%	2nd year- 7.84%	2nd year- 7.22%
	3rd year- 8.01%	3rd year- 7.74%	3rd year- 8.72%	3rd year- 7.79%	3rd year- 7.32%
	4th year- 8.10%	4th year- 7.84%	4th year- 8.88%	4th year- 7.75%	4th year- 7.43%
Dividend yield	-	-	-	-	-
Fair value of options (post subdivision) (refer note 34.5(ii)) (Amount in ₹)*	1st year- 8.80	1st year- 8.40	1st year- 5.80	1st year- 9.60	1st year- 9.20
	2nd year- 13.00	2nd year- 12.60	2nd year- 10.20	2nd year- 14.40	2nd year- 13.80
	3rd year- 16.60	3rd year- 16.00	3rd year- 14.00	3rd year- 18.20	3rd year- 17.80
	4th year- 19.60	4th year- 19.00	4th year- 17.40	4th year- 21.60	4th year- 21.00

Particulars	ESOP Scheme II				
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
Share price (post subdivision) (refer note 34.5(ii)) (Amount in ₹)	117.24	117.21	139.30	222.32	334.73
Exercise price (post subdivision) (refer note 34.5(ii)) (Amount in ₹)	117.24	117.21	139.30	223.20	334.73
Volatility	30.00%	30.00%	31.29%	20.88% to 24.47%	25.61% to 37.90%
Risk free rate	1st year- 6.63%	1st year- 6.79%	1st year- 6.43%	1st year- 5.49%	1st year- 3.82%
	2nd year- 6.66%	2nd year- 7.33%	2nd year- 6.52%	2nd year- 5.71%	2nd year- 4.39%
	3rd year- 6.79%	3rd year- 7.57%	3rd year- 6.66%	3rd year- 5.92%	3rd year- 4.86%
	4th year- 6.93%	4th year- 7.74%	4th year- 6.85%	4th year- 6.10%	4th year- 5.24%
	5th year- 7.05%	5th year- 7.78%	5th year- 6.93%	5th year- 6.27%	5th year- 5.55%
	6th year- 6.92%	6th year- 7.89%	6th year- 7.17%	6th year- 6.42%	6th year- 5.80%
	7th year- 7.08%	-	-	-	-
Dividend yield	-	-	-	-	-
Fair value of options (post subdivision) (refer note 34.5(ii)) (Amount in ₹)*	1st year- 17.60	1st year- 17.80	1st year- 21.40	1st year- 27.00	1st year- 55.88
	2nd year- 26.60	2nd year- 27.40	2nd year- 32.40	2nd year- 38.80	2nd year- 72.09
	3rd year- 34.20	3rd year- 35.40	3rd year- 41.40	3rd year- 50.40	3rd year- 85.42
	4th year- 41.00	4th year- 42.60	4th year- 49.60	4th year- 61.80	4th year- 99.63
	5th year- 47.00	5th year- 48.80	5th year- 56.60	5th year- 74.40	5th year- 114.22
	6th year- 52.00	6th year- 54.40	6th year- 63.60	6th year- 84.40	6th year- 131.13
	7th year- 57.00	-	-	-	-

*The fair value of option has been determined based on Black - Scholes - Merton formula.

34.5 Reconciliation of outstanding share options:

Particulars (No. of options)	As at 31 March 2021		As at 31 March 2020	
	ESOP I	ESOP II	ESOP I	ESOP II
Options outstanding at beginning of year (refer note ii below)	1,855,505	3,886,636	2,193,005	2,340,741
Options vested at beginning of year (refer note ii below)	1,855,505	542,236	2,091,005	253,810
Number of options granted during the year (refer note ii below)	-	154,500	-	1,699,250
Number of options vested during the year (refer note ii below)	-	894,798	82,000	288,426
Lapsed (refer note ii below)	7,500	131,008	20,000	153,354
- Forfeited (vested - lapsed)	7,500	38,869	-	-
- Lapsed (unvested - lapsed)	-	92,139	20,000	153,354
Exercised (refer note ii below)	1,323,005	302,538	317,500	-
Options outstanding at end of the year (refer note ii below)	525,000	3,607,590	1,855,505	3,886,636
Options vested and exercisable at end of the year (refer note ii below)	525,000	1,095,626	1,855,505	542,236
Weighted average exercise price per option of options outstanding (Amount in ₹) (refer note ii below)	55.43	135.87	53.05	127.12
Weighted average remaining contractual life of options	5.89 years	10.63 years	6.82 years	11.92 years

Notes:

- (i) Amortisation of option cost for the year ended 31 March 2021 is ₹ 31.72 millions (31 March 2020: ₹ 32.89 millions).
- (ii) The shareholders, vide a special resolution, have approved sub-division of equity shares of the Company in the ratio of five equity shares of ₹ 2 each against one equity share of ₹ 10 each respectively resulting to change in share price and exercise price proportionately. (refer note 16(iii)).

35 Segment information**35.1 Operating segment**

The Company's main business is financing by way of loans towards affordable housing segment in India. All other activities of the Company revolve around the main business. As such, there are no separate reportable segments, as per the Indian Accounting Standard (Ind AS) 108 on 'Segment Reporting'. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

35.2 Entity wide disclosures

No revenue from transactions with a single external customer or counter party amounted to 10% or more of the Company's total revenue in the year ended 31 March 2021 and 31 March 2020.

The Company operates in single geography i.e. India and therefore geographical information is not required to be disclosed separately.

36 Lease disclosure**Where the Company is the lessee:**

The Company has entered into agreements for taking its office premises under lease and license arrangements. These agreements are for tenures between 1 year and 9 years and majority of the agreements are renewable by mutual consent on mutually agreeable terms, lease rentals have an escalation ranging between 5% to 15%. Some of the leases for which the lease term is less than 12 months has been accounted as short term leases.

(₹ in millions)

Lease liability	As at	As at
	31 Mar 2021	31 Mar 2020
Not later than one year	36.52	46.25
Later than one year and not later than five years	53.16	75.09
Later than five years	4.93	7.36
Total undiscounted lease liabilities	94.61	128.70
Lease liabilities included in the balance sheet		
Total lease liabilities	82.20	109.47

(₹ in millions)

Amount recognised in the statement of profit and loss account	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Interest on lease liabilities	8.15	9.41
Depreciation charge for the year	38.18	35.85
Expenses relating to short term leases	3.57	0.23

(₹ in millions)

Amount recognised in statement of cashflow	Year ended 31 Mar 2021	Year ended 31 Mar 2020
Cash outflow towards lease liability	44.57	42.05

37 Corporate social responsibility expenses

(₹ in millions)

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
(a) Total amount to be spent during the year	13.70	7.45
(b) Total amount spent during the period pertaining to previous year	-	-
(c) Total amount spent during the period pertaining to current year	13.70	7.45
(d) Amount unspent, if any	-	-

*Unspent amount disclosed above were not spent by the Company during the year and the provisions are created basis the annual estimate for CSR spend

38 The COVID-19 pandemic has affected several countries across the world, including India. The pandemic and consequent lockdown imposed by the Government led to a short term slowdown on the Company's business operations during the first half of Financial year 2020-21. However, the Company experienced a linear increase in its disbursement activities post Q2 FY 2020-21 and a significant improvement in its collections.

The impact of Covid-19 pandemic, including the current 'second wave' (that has significantly increased the number of cases in India), on the Company's operations and financial metrics will depend on future developments, which are highly uncertain. The Company's capital and liquidity position is strong and would continue to be a focus area during this period. Also, the Company has created a total ECL provision of Rs 462.46 millions on its loans which amounts to 1.4% of the total loans. The Company will continue to monitor for any material changes on account of future economic conditions.

39. Hon'ble Supreme Court vide order dated 23 March 2021 in the matter of Small Scale Industrial Manufacturers Associations vs UOI & Others has stated that interim relief granted vide an interim order dated 3 September 2020 stands vacated. Accordingly the Company has classified non-performing assets as per extant RBI guidelines.

40. The Company has not invoked or implemented resolution plan under the "Resolution Framework for COVID-19 related Stress" as per RBI circular dated 6 August 2020 for any of its borrower accounts.

41. In accordance with the instructions stated in RBI circular dated 7 April 2021, the Company shall refund / adjust 'interest on interest' to the eligible borrowers where interest on interest has been charged during the moratorium period and who were not covered under ex-gratia benefit. Pursuant to above said circular and Indian Banks Association's (IBA) suggestive methodology, the Company has estimated the said amount and recognised a charge in its statement of profit and loss for the year ended Mar'21.

42 Maturity analysis of assets and liabilities

(₹ in millions)

Assets	As at 31 March 2021			As at 31 March 2020		
	Within 1 year	After 1 year	Total	Within 1 year	After 1 year	Total
Financial assets						
Cash and cash equivalents	2,094.17	-	2,094.17	1,477.23	-	1,477.23
Bank balance other than cash and cash equivalents	4,564.51	140.00	4,704.51	590.35	152.97	743.32
Loans	1,075.43	32,189.57	33,265.00	787.26	29,351.88	30,139.14
Investments	3,750.15	-	3,750.15	1,455.58	-	1,455.58
Other financial assets	479.32	532.33	1,011.65	302.13	361.14	663.27
Non-financial assets						
Current tax assets (net)	-	26.97	26.97	-	18.26	18.26
Property, plant and equipment	-	164.01	164.01	-	204.84	204.84
Other intangible assets	-	2.68	2.68	-	5.17	5.17
Other non-financial assets	74.47	7.94	82.41	86.20	9.08	95.28
Total assets	12,038.04	33,063.51	45,101.55	4,698.75	30,103.34	34,802.09
Liabilities						
Financial liabilities						
Trade payables	4.13	-	4.13	4.32	-	4.32
Debt securities	1,698.92	696.94	2,395.86	-	-	-
Borrowings (other than debt securities)	6,491.30	21,649.73	28,141.03	5,455.38	19,482.72	24,938.05
Other financial liabilities	489.10	45.68	534.78	292.61	63.22	355.83
Non financial-liabilities						
Current tax liabilities (net)	-	-	-	-	-	-
Deferred tax liabilities	-	79.58	79.58	-	31.15	31.15
Provisions	47.47	29.23	76.70	46.09	20.30	66.39
Other non-financial liabilities	64.04	-	64.04	72.09	-	72.09
Total liabilities	8,794.96	22,501.16	31,296.12	5,870.44	19,597.39	25,467.83
Net	3,243.08	10,562.35	13,805.43	(1,171.69)	10,505.95	9,334.26

43 Public disclosure on Liquidity Risk of Home First Finance Company India Limited as on 31 March 2021 in accordance with RBI circular No. RBI/2019-20/88 DOR.NBFC (PD) CC. No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management

Framework for Non-Banking Financial Companies (NBFCs) including Core Investment Companies and RBI circular No. RBI/2020-21/60 DOR.NBFC (HFC).CC.No.118/03.10.136/2020-21 dated 22 October 2020 for regulatory framework for Housing Finance Companies (HFCs)

43.1 Funding Concentration based on significant counterparty (borrowings)

Number of Significant Counterparties #	Amount* (₹ in millions)	% of Total Deposits	% of Total liabilities**
13	29,740.36	-	95.03%

#Significant counterparty is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

Accordingly, Company has considered lender with

more than 1% of total outstanding borrowing as significant counter-parties.

* Borrowings amount exclude the interest accrued but not due

**Total liabilities has been computed as sum of all liabilities (balance Sheet figure) less equities and other equities.

43.2 Top 20 large deposits

Not applicable. The Company is registered with National Housing Bank to carry on the business of housing finance institution without accepting public deposits.

43.3 Top 10 borrowings

Sr. No.	Amount* (₹ in millions)	% of Total Borrowings
1	11,951.48	39.14%

* Borrowings amount excludes the interest accrued but not due
Top 10 borrowings have been identified considering the type of facility availed.

43.4 Funding Concentration based on significant instrument/product

Sl. No.	Name of the instrument /product*	Amount (₹ in millions)	% of Total Liabilities**
1	NCD	2,395.86	7.66%
2	Term Loans from Banks & Financial Institutions	17,174.14	54.88%
3	NHB	10,966.87	35.04%

*Significant instrument/product is as defined in RBI Circular RBI/2019-20/88 DOR.NBFC (PD) CC.No.102/03.10.001/2019-20 dated 4 November 2019 on Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies.

**Total liabilities has been computed as sum of all liabilities (balance Sheet figure) less equities and other equities.

43.5 Stock Ratios

Sl. No.	Stock Ratio	Percentage (%)
1	Commercial papers as a % of total liabilities	-
2	Commercial papers as a % of total assets	-
3	Non-convertible debentures (original maturity of less than one year) as a % of total liabilities.	-
4	Non-convertible debentures (original maturity of less than one year) as a % of total assets.	-
5	Other short-term liabilities as a % of total liabilities*	1.93%
6	Other short-term liabilities as a % of total assets	1.34%
7	Other short-term liabilities as a % of public funds	-

*Total liabilities has been computed as sum of all liabilities (balance Sheet figure) less equities and other equities.

43.6 Institutional set-up for liquidity risk management

Company's Board of Directors monitors all the risks, including liquidity risk. Governance structure, Policies and risks limits are prescribed by the Board.

Board Constituted Asset Liability Committee (ALCO) ensures effective asset-liability management, market risk management, liquidity and interest rate risk management and also adherence to risk tolerance/limits set up by the Board. ALCO provides

guidance and directions in terms of interest rate, liquidity, funding sources, and investment of surplus funds.

The Risk Management Committee constituted by the Board of Directors is primarily responsible for the effective supervision, evaluation, monitoring and review of various aspects and types of risks, including liquidity risk, faced by the Company.

Disclosures required by the RBI circular on Implementation of Indian Accounting Standards dated 13 March 2020

44 A comparison between provisions required under IRACP & impairment allowances made under Ind AS 109

As at 31 March 2021

(₹ in millions)

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
(1)	(2)	(3)	(4)	(5)= (3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	32,322.98	121.00	32,201.98	97.86	23.14
	Stage 2	773.34	108.45	664.89	2.50	105.95
Subtotal		33,096.32	229.45	32,866.87	100.36	129.09
Non-Performing Assets (NPA)						
Substandard	Stage 3	495.77	135.11	360.66	81.25	53.86
Doubtful - up to 1 year	Stage 3	107.14	77.41	29.73	75.84	1.57
1 to 3 years	Stage 3	18.75	11.01	7.74	10.77	0.24
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		125.89	88.42	37.47	86.61	1.81
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		621.66	223.53	398.13	167.86	55.67
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	-	9.48	(9.48)	-	9.48
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	9.48	(9.48)	-	9.48
Total	Stage 1	32,322.98	130.48	32,192.50	97.86	32.62
	Stage 2	773.34	108.45	664.89	2.50	105.95
	Stage 3	621.66	223.53	398.13	167.86	55.67
	Total	33,717.98	462.46	33,255.52	268.22	194.24

As at 31 March 2020

(₹ in millions)

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
(1)	(2)	(3)	(4)	(5) = (3)-(4)	(6)	(7) = (4)-(6)
Performing assets						
Standard	Stage 1	29,809.92	151.83	29,658.09	92.59	59.24
	Stage 2	281.32	34.40	246.92	1.06	33.34
Subtotal		30,091.24	186.23	29,905.01	93.65	92.58
Non-Performing Assets (NPA)						
Substandard	Stage 3	213.46	51.02	162.44	34.61	16.41
Doubtful - up to 1 year	Stage 3	83.57	24.42	59.15	23.12	1.30
	1 to 3 years	18.33	5.79	12.54	6.85	(1.06)
More than 3 years	Stage 3	-	-	-	-	-
Subtotal for doubtful		101.90	30.21	71.69	29.97	0.24
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		315.36	81.23	234.13	64.58	16.65
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	-	9.11	(9.11)	-	9.11
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	9.11	(9.11)	-	9.11
Total	Stage 1	29,809.92	160.94	29,648.98	92.59	68.35
	Stage 2	281.32	34.40	246.92	1.06	33.34
	Stage 3	315.36	81.23	234.13	64.58	16.65
	Total	30,406.60	276.57	30,130.03	158.23	118.34

45 Disclosures required by the RBI vide Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021

(₹ in millions)

Liabilities		As at 31 March 2021	
		Amount outstanding	Amount overdue
1	Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:		
a)	Debtures : Secured	2,556.66	-
	Debtures : Unsecured	-	-
b)	Deferred credits		
c)	Term Loans	28,207.63	-
d)	Inter-corporate loans and borrowing		
e)	Commercial Paper	-	-
f)	Public Deposits	-	-
g)	Other Loans (specify nature)	0.02	-
2	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
a)	In the form of Unsecured debtures	-	-
b)	In the form of partly secured debtures i.e. debtures where there is a shortfall in the value of security	-	-
c)	Other public deposits	-	-

Assets		Amount outstanding
3	Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:	
a)	Secured*	33,421.64
b)	Unsecured	-
4	Break up of Leased Assets and stock on hire and other assets counting towards asset financing activities	
i)	Lease assets including lease rentals under sundry debtors	-
a)	Financial 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 asset financing activities	-
a)	Loans where assets have been repossessed	-
b)	Loans other than (a) above	-

(₹ in millions)

Assets		Amount outstanding
5	Break-up of Investments	
	Current Investments**	
1	Quoted	
i)	Shares	
	(a) Equity	-
	(b) Preference	-
ii)	Debentures and Bonds	-
iii)	Units of mutual funds	3,750.15
iv)	Government Securities	-
v)	Others (please specify)	-
2	Unquoted	
i)	Shares	
	(a) Equity	-
	(b) Preference	-
ii)	Debentures and Bonds	-
iii)	Units of mutual funds	-
iv)	Government Securities	-
v)	Others (please specify)	-
	Long Term investments	
1	Quoted	
i)	Share	
	(a) Equity	-
	(b) Preference	-
ii)	Debentures and Bonds	-
iii)	Units of mutual funds	-
iv)	Government Securities	-
v)	Others (please specify)	-
2	Unquoted	
i)	Shares	
	(a) Equity	-
	(b) Preference	-
ii)	Debentures and Bonds	-
iii)	Units of mutual funds	-
iv)	Government Securities	-
v)	Others (please specify)	-

6 Borrower group-wise classification of assets financed as in (3) and (4) above:

Category	Amount net of provisions		
	Secured	Unsecured	Total
1			
a)			
b)			
c)			
2			
Total	33,421.64	-	33,421.64

(₹ in millions)

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1	Related Parties		
a)	Subsidiaries	-	-
b)	Companies in the same group	-	-
c)	Other related parties	-	-
2	Other than related parties	3,750.15	3,742.82
Total		3,750.15	3,742.82

8 Other information

Particulars		Amount
i)	Gross Non-Performing Assets	
a)	Related parties	-
b)	Other than related parties	593.53
ii)	Net Non-Performing Assets*	
a)	Related parties	-
b)	Other than related parties	425.67
iii)	Assets acquired in satisfaction of debt	-

Note: Loan Portfolio includes gross loans amounting to ₹ 2.57 millions against which the Company has taken possession of the properties under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 and held such properties for disposal. The value of assets possessed against these loans is ₹ 2.43 millions . Value of repossessed assets for loans written off is ₹ 10.14 millions.

* Amount of loans net of provision is as per the RBI directions wherein the amount of provisions considered is as per IRAC norms.

**Current investment means an investment which is by its nature readily realizable and is intended to be held for not more than one year from the date on which such investment is made.

Disclosures required by the RBI vide Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021

46 Capital to risk assets ratio ('CRAR')

The following table sets forth, for the year indicated, the details of capital to risk assets ratio:

	As at 31 Mar 2021	As at 31 Mar 2020
i) CRAR (%)	56.19%	48.97%
ii) CRAR – Tier I Capital (%)	55.23%	47.72%
iii) CRAR – Tier II Capital (%)	0.96%	1.25%
iv) Amount of subordinated debt raised as Tier - II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

The following table sets forth, for the years indicated, the details of capital to risk assets ratio under RBI Guidelines:

	As at 31 Mar 2021	As at 31 Mar 2020
i) CRAR (%)	56.21%	48.80%
ii) CRAR – Tier I Capital (%)	55.81%	48.03%
iii) CRAR – Tier II Capital (%)	0.40%	0.77%
iv) Amount of subordinated debt raised as Tier - II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

47 Reserve fund under section 29C of NHB Act, 1987

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Balance at the beginning of the year		
a) Statutory reserve u/s 29C of NHB Act, 1987	25.20	0.71
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	316.34	178.48
	341.54	179.19
Addition/ Appropriation/ Withdrawal during the year		
Add:		
a) Amount transferred u/s 29C of NHB Act, 1987	5.91	24.49
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve under Section 29C of the NHB Act, 1987	194.49	137.86
Less:		
a) Amount appropriated from Statutory reserve u/s 29C of the NHB Act, 1987	-	-
b) Amount withdrawn from the special reserve u/s 36(1) (viii) of Income Tax Act, 1961 which has been taken into account for the purposes of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of NHB Act, 1987	31.11	25.20
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory reserve under Section 29C of the NHB Act, 1987	510.83	316.34
Total	541.94	341.54

48 Investments

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Value of investments		
i) Gross value of investments		
(a) In India	3,750.15	1,455.58
(b) Outside India	-	-
ii) Provision for depreciation		
(a) In India	-	-
(b) Outside India	-	-
iii) Net value of investments		
(a) In India	3,750.15	1,455.58
(b) Outside India	-	-
Movement of provision held towards depreciation on investments		
i) Opening balance	-	-
ii) Add: Provision made during the year	-	-
iii) Less: write off / written back of excess provision during the year	-	-
iv) Closing balance	-	-

48 Investments (cont...)

The following table sets forth, for the years indicated, the details of investment under RBI Guidelines: (₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Value of investments		
i) Gross value of investments		
(a) In India	3,742.82	1,455.00
(b) Outside India		
ii) Provision for depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
iii) Net value of investments	-	-
(a) In India	3,742.82	1,455.00
(b) Outside India	-	-
Movement of provision held towards depreciation on investments		
i) Opening balance	-	-
ii) Add: Provision made during the year		
iii) Less: write off / written back of excess provision during the year	-	-
iv) Closing balance	-	-

49 Derivatives**49.1 Forward rate agreement (FRA) / Interest rate swap (IRS)**

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
i) The notional principal of swap agreements	-	-
ii) Losses which would be incurred if counter parties failed to fulfil their obligations under the agreements	-	-
iii) Collateral required by the HFC upon entering into swaps	-	-
iv) Concentration of credit risk arising from the swaps	-	-
v) The fair value of the swap book	-	-

49.2 Exchange traded interest rate (IR) derivative

(₹ in millions)

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
i) Notional principal amount of exchange traded IR derivatives undertaken during the year (instrument-wise)	-	-
ii) Notional principal amount of exchange traded IR derivatives outstanding (instrument-wise)	-	-
iii) Notional principal amount of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-
iv) Mark-to-market value of exchange traded IR derivatives outstanding and not "highly effective" (instrument-wise)	-	-

49.3 Disclosures on Risk Exposure in Derivatives :
Not applicable

A. Qualitative Disclosure

Since the Company has not involved in derivatives transactions, risk management policy of the Company does not cover any such disclosure

B. Quantitative Disclosure

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
i) Derivatives (Notional Principal Amount)	-	-
ii) Marked to Market Positions [1]	-	-
(a) Assets (+)	-	-
(a) Liability (-)	-	-
iii) Credit Exposure [2]	-	-
iv) Unhedged Exposures	-	-

50. Securitisation

(Amount in
₹ millions)

	As at 31 Mar 2021	As at 31 Mar 2020
(1) No of SPVs sponsored by the HFC for securitisation transactions	-	-
(2) Total amount of securitised assets as per books of the SPVs sponsored	-	-
(3) Total amount of exposures retained by the HFC towards the MRR as on the date of balance sheet	-	-
(I) Off-balance sheet exposures towards Credit Enhancements	-	-
(II) On-balance sheet exposures towards Credit Enhancements	-	-
(4) Amount of exposures to securitisation transactions other than MRR	-	-
(I) Off-balance sheet exposures towards Credit Enhancements	-	-
(a) Exposure to own securitisations	-	-
(b) Exposure to third party securitisations	-	-
(II) On-balance sheet exposures towards Credit Enhancements	-	-
(a) Exposure to own securitisations	-	-
(b) Exposure to third party securitisations	-	-

50.1 Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction

(Amount in
₹ millions)

	As at 31 Mar 2021	As at 31 Mar 2020
(i) No. of accounts	-	-
(ii) Aggregate value (net of provisions) of accounts sold to SC / RC	-	-
(iii) Aggregate consideration	-	-
(iv) Additional consideration realized in respect of accounts transferred in earlier years	-	-
(v) Aggregate gain / loss over net book value	-	-

50.2 Details of assignment transactions

Particulars	Year ended 31 Mar 2021	Year ended 31 Mar 2020
(i) Number of accounts	4,543	7,397
(ii) Aggregate value (net of provisions) of accounts assigned* (₹ in millions)	3,003.03	3,611.51
(iii) Aggregate consideration (₹ in millions)	3,003.03	3,611.51
(iv) Additional consideration realised in respect of accounts transferred in earlier years (₹ in millions)	-	-
(v) Aggregate gain / loss over net book value (₹ in millions)	-	-

* The aggregate value excludes minimum retention ratio (MRR) retained by the Company

50.3 Details of Non-performing financial assets purchased / sold**A. Details of non-performing financial assets purchased:**

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
(a) No. of accounts purchased during the year	-	-
(b) Aggregate outstanding (₹ in millions)	-	-
(a) Of these, number of accounts restructured during the year	-	-
(b) Aggregate outstanding (₹ in millions)	-	-

B. Details of non-performing financial assets sold:

	Year ended 31 Mar 2021	Year ended 31 Mar 2020
(i) No. of accounts purchased during the year	-	-
(ii) Aggregate outstanding (₹ in millions)	-	-
(iii) Aggregate consideration received (₹ in millions)	-	-

51 Gold loan

The Company does not provide any loans on collateral of gold and gold jewelleryes.

52 Exposure**52.1 Exposure to real estate sector**

(₹ in millions)

Category	As at 31 Mar 2021	As at 31 Mar 2020
A) Direct exposure		
(i) Residential mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;	30,882.69	27,677.04
Individual housing loans up to ₹ 1.50 millions (included in above)	23,491.65	21,016.86
(ii) Commercial real estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose 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 (NFB) limits	2,835.29	2,729.56
(iii) Investments in Mortgage Backed Securities (MBS) and other securities exposures		
a) Residential	Nil	Nil
b) Commercial real estate	Nil	Nil
B) Indirect exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

52.2 Exposure to capital market

Category	As at	As at
	31 Mar 2021	31 Mar 2020
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	Nil	Nil
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	Nil	Nil
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	Nil	Nil
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	Nil	Nil
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	Nil	Nil
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	Nil	Nil
(vii) bridge loans to companies against expected equity flows / issues	Nil	Nil
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
Total exposure to capital market	Nil	Nil

52.3 Details of financing of parent company products: Not applicable.

by RBI guidelines during the year ended 31 March 2021 and 31 March 2020.

52.4 Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the Company

The Company has not exceeded single or group borrower exposure limit as prescribed

52.5 Unsecured advances

There are no unsecured advances against intangible securities such as rights, licenses, authority as collateral security during the year ended 31 March 2021 and 31 March 2020.

52.6 Exposure to group companies engaged in real estate business .

	As at 31 March 2021		As at 31 March 2020	
	Amount (₹ in millions)	% of owned funds	Amount (₹ in millions)	% of owned funds
Exposure to any single entity in a group engaged in real estate business	-	-	-	-
Exposure to any all entity in a group engaged in real estate business	-	-	-	-

53 Miscellaneous

53.1 Registration obtained from other financial sector regulators

The Company is registered with RBI and has all its operations in India, it has not obtained registration from any other financial sector regulators during the year.

53.2 Disclosure of penalties imposed by NHB and other regulators

Details of penalty imposed by NHB/other regulators on account of contravention of certain provisions/ regulations - and which has been paid by the Company

(Amount in ₹)

Provisions in contravention	31 Mar 2021	31 Mar 2020
Paragraph 29 of the Housing Finance Companies (NHB) Directions, 2010 Policy Circular No. 18 & 40	5,000	-
Paragraph 28 of the Housing Finance Companies (NHB) Directions, 2010	5,000	-
Paragraph 2(1) (zg) and paragraph 30 of the Housing Finance Companies (NHB) Directions, 2010.	-	10,000
	15,000	10,000

53.3 Rating assigned by credit rating agency and migration of rating

As at 31 March 2021

Instrument	Rating	Rating Agency	Comments
Commercial paper	ICRA A1+	ICRA	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Commercial paper	IND A1+	India Ratings & Research	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Term loans	ICRA A+ (stable)	ICRA	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
Non-convertible debentures	ICRA A+ (stable)	ICRA	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
Term loans	Care A+ (stable)	CARE	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

Instrument	Rating	Rating Agency	Comments
Commercial paper	ICRA A1+	ICRA	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Commercial paper	IND A1+	India Ratings & Research	Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.
Term loans	ICRA A+ (stable)	ICRA	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
Non-convertible debentures	ICRA A+ (stable)	ICRA	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.
Term loans	Care A+ (stable)	CARE	Instruments with this rating are considered to have adequate degree of safety regarding timely servicing of financial obligations. Such instruments carry low credit risk.

53.4 Group structure: Not Applicable. The Company does not have any holding, subsidiary or associate company.

53.5 Net Profit or Loss for the period, prior period items and changes in accounting policies

The Company does not have any prior period items / change in accounting policies during the current year other than disclosed in financials

53.6 Revenue Recognition

There have been no circumstances in which revenue recognition has been postponed pending the resolution of significant uncertainties.

53.7 Consolidated Financial Statements (CFS):

The Company does not have any subsidiary, associate or joint venture accordingly CFS is not applicable.

54 Provisions and commitments

54.1 Break up of 'Provisions and Contingencies' shown under the head expenditure in the statement of profit and loss

(₹ in millions)

	Year ended 31 March 2021	Year ended 31 March 2021
i) Provisions for depreciation on investment	-	-
ii) Provision made towards income tax	292.28	231.90
iii) Provision towards non performing assets (NPA)	142.30	38.82
iv) Provision for standard assets		
-Commercial real estate	(1.81)	2.45
-Commercial real estate - RH	(7.22)	4.14
-Others	52.25	102.35
v) Other Provisions and Contingencies		
- Provision for gratuity and compensated absences (including Other Comprehensive Income)	9.05	6.53

54.2 Break up of loan and advances and provisions thereon

(₹ in millions)

	Housing loan		Non Housing loan	
	As at 31 Mar 2021	As at 31 Mar 2020	As at 31 Mar 2021	As at 31 Mar 2020
Standard assets				
a) Total outstanding amount	27,891.22	25,810.06	5,205.09	4,281.18
b) Provisions made	143.09	133.87	86.36	52.36
Sub - Standard assets				
a) Total outstanding amount	422.36	201.81	73.42	11.65
b) Provisions made	100.82	43.16	34.29	7.87
Doubtful Assets – Category-I				
a) Total outstanding amount	104.00	80.79	3.14	2.78
b) Provisions made	74.85	21.63	2.56	2.78
Doubtful Assets – Category-II				
a) Total outstanding amount	18.30	16.15	0.45	2.18
b) Provisions made	10.56	4.64	0.45	1.15
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	28,435.88	26,108.81	5,282.10	4,297.79
b) Provisions made	329.32	203.30	123.66	64.16

54.2 The following table sets forth, for the years indicated, the break up of loans and advances under RBI Guidelines: (₹ in millions)

	Housing loan		Non Housing loan	
	As at 31 Mar 2021	As at 31 Mar 2020	As at 31 Mar 2021	As at 31 Mar 2020
Standard assets				
a) Total outstanding amount	27,891.24	25,810.06	5,205.09	4,281.18
b) Provisions made	76.35	72.89	24.01	20.76
Sub - Standard assets				
a) Total outstanding amount	403.89	186.71	71.30	11.27
b) Provisions made	69.96	32.66	11.29	1.95
Doubtful Assets – Category-I				
a) Total outstanding amount	98.64	70.13	3.10	2.78
b) Provisions made	75.02	22.26	0.82	0.86
Doubtful Assets – Category-II				
a) Total outstanding amount	16.15	12.88	0.45	1.84
b) Provisions made	10.59	5.95	0.18	0.90
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	28,409.92	26,079.78	5,279.94	4,297.07
b) Provisions made	231.92	133.76	36.30	24.47

Note: The total outstanding amount includes accrued interest and reduced by the unamortised net processing fee pertaining to loans.

54.3 Commitments

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Other commitments - Undisbursed amount of housing and other loans	5,839.96	5,880.62

55 Draw down reserves

The Company has not made any draw down from reserves during the year ended 31 March 2021 and 31 March 2020.

56 Concentration of public deposits, advances, exposures and NPA's

56.1 Concentration of public deposits (for public Deposit taking/holding HFCs)

The Company does not accept any public deposits and hence the same is not applicable.

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Total Deposits of twenty largest depositors	Not Applicable	Not Applicable
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	Not Applicable	Not Applicable

56.2 Concentration of loans and advances

	As at 31 Mar 2021	As at 31 Mar 2020
Total loans and advances to twenty largest borrowers (₹ in millions)	562.16	796.54
Percentage of Loans and Advances to twenty largest borrowers to total advances of the HFC	1.67%	2.62%

56.3 Concentration of all exposures (including off - balance sheet exposure)

	As at 31 Mar 2021	As at 31 Mar 2020
Total exposure to twenty largest borrowers / customers (₹ in millions)	712.05	1,030.32
Percentage of exposures to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers	1.80%	2.84%

56.4 Concentration of Non performing assets (NPA)

(₹ in millions)

	As at 31 Mar 2021	As at 31 Mar 2020
Total exposure to top ten NPA accounts*	27.09	43.58

* The exposure is disclosed at customer level.

56.5 Sector wise Non performing assets (NPAs)

Sector wise percentage of NPAs to total advances in that sector	As at 31 Mar 2021	As at 31 Mar 2020
A Housing loans :		
1 Individuals	1.90%	1.13%
2 Builders/Project loans	3.00%	1.93%
3 Corporates	-	-
4 Others	-	-
B Non housing loans :		
1 Individuals	1.49%	0.41%
2 Builders/Project loans	-	-
3 Corporates	-	-
4 Others	-	-

56.6 Movement of Non performing assets (NPAs)

	As at 31 Mar 2021	As at 31 Mar 2020
(I) Net NPAs to net advances (%)	1.18%	0.77%
(II) Movement of NPAs (Gross)		
a) Opening balance (₹ in millions)	315.36	170.45
b) Additions during the year (net) (₹ in millions)	478.95	211.89
c) Reductions during the year (₹ in millions)	172.65	66.98
d) Closing balance (₹ in millions)	621.66	315.36
(III) Movement of Net NPAs		
a) Opening balance (₹ in millions)	234.13	128.05
b) Additions during the year (net) (₹ in millions)	287.23	153.59
c) Reductions during the year (₹ in millions)	123.23	47.51
d) Closing balance (₹ in millions)	398.13	234.13
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance (₹ in millions)	81.23	42.40
b) Provision made during the year (net) (₹ in millions)	191.72	58.30
c) Reductions during the year (₹ in millions)	49.42	19.47
d) Closing balance (₹ in millions)	223.53	81.23

57 Disclosure as required by RBI circular dated 17 April 2020 'Covid-19 Regulatory package asset classification and provisioning' are given below:

(₹ in millions)

Particulars	31 March 2021
Principal outstanding of loans where the moratorium deferment was extended (refer note (i) below)	7,124.42
Principal outstanding in SMA/overdue categories*, where the moratorium deferment was extended (refer note (ii) and (iii) below)	245.96
Principal outstanding where asset classification benefit is extended (refer note (iii) below)	-
Provisions made in terms of paragraph 5 of the circular (refer note (iv)(a) below)	159.41
Provisions adjusted during respective accounting periods against slippages (refer note (iv)(b) below)	10.03
Residual provisions in terms of paragraph 6 of the circular (refer note (v) below)	149.38

* Special mention account (SMA) /overdue status includes cases having 1-90 DPD as of 31 August 2020.

(i) Represents outstanding balance as at 31 March 2021 of loan accounts where moratorium benefit was extended by the Company up to 31 August 2020.

(ii) Represents outstanding balance as at 31 March 2021 of loan account in SMA/ overdue categories where moratorium benefit was extended by the Company up to 31 August 2020.

(iii) There are NIL accounts where asset classification benefit is extended till 31 March 2021. Post the moratorium period, the movement of aging has been at actuals.

(iv) (a) This represents the additional ECL provision (as per para 4 of the RBI circular dated 17 April 2020 applicable to HFCs covered under Ind AS) as at 30 September 2020 for loans who availed moratorium as of 31 August 2020. Further, the Company had created an additional general provision for regulatory submission during the year amounting to ₹ 27.16 millions. The residual provisions had been written back/

adjusted by the Company in March 2021 as per the circular.

- (iv) (b) This represents adjustment to additional ECL provision on loans that were closed in between 31 August 2020 till 31 March 2021 from (iv)(a) above.
- (v) The total ECL provision as at 31 March 2021 for active loans who availed moratorium as of 31 August 2020 is ₹ 267.01 millions including this residual provision of ₹ 149.38 millions.

58 Overseas assets and off-balance sheet special purpose vehicle (SPVs) sponsored

The Company does not own any assets overseas during the year ended 31 March 2021 and 31 March 2020.

59 Off-Balance Sheet SPVs sponsored (which are required to be consolidated as per accounting norms)

There are no off-balance sheet SPVs sponsored during the year ended 31 March 2021 and 31 March 2020.

60 Disclosure of complaints

	As at 31 Mar 2021	As at 31 Mar 2020
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	184	132
c) No. of complaints redressed during the year	182	132
d) No. of complaints pending at the end of the year	2	-

61 Principal business criteria

61.1

	As at 31 Mar 2021	As at 31 Mar 2020
Housing Loan (₹ in millions)	28,435.88	26,108.81
Construction Finance - Residential (₹ in millions)	357.12	557.40
Housing Finance (clauses a to k of para 4.1.16)	63.05%	75.03%
Housing finance for individuals (clauses a to e of para 4.1.16)	62.26%	73.43%

61.2 Principal business criteria's per RBI guidelines

	As at 31 Mar 2021	As at 31 Mar 2020
Housing Loan (₹ in millions)	28,409.91	26,079.76
Construction Finance - Residential (₹ in millions)	356.76	557.03
Housing Finance (clauses a to k of para 4.1.16)	62.39%	74.48%
Housing finance for individuals (clauses a to e of para 4.1.16)	61.61%	72.89%

62 Asset liability management (Maturity pattern of certain items of assets and liabilities)

(₹ in millions)

	As at 31 Mar 2021			
	Bank borrowings	Market borrowings	Loans*	Investments
1 to 7 Days	53.66	-	100.44	540.00
8 to 14 days	75.00	-	100.44	300.00
15 Days to one month	215.66	-	229.57	600.00
Over 1 month and up to 2 months	549.99	-	430.45	3,131.58
Over 2 months and up to 3 months	458.83	-	430.45	1,708.71
Over 3 months and up to 6 months	1,882.99	-	1,291.35	2,135.40
Over 6 months and up to 1 year	3,269.26	1,700.00	2,582.71	-
Over 1 year and up to 3 years	12,002.87	700.00	10,330.83	50.00
Over 3 years and up to 5 years	6,479.58	-	10,518.02	13.00
Over 5 years and up to 7 years	2,660.44	-	7,316.76	187.50
Over 7 years and up to 10 years	543.60	-	149.73	152.50
Over 10 years	-	-	7.01	-
Total	28,191.88	2,400.00	33,487.76	8,818.69

Asset liability management (Maturity pattern of certain items of assets and liabilities)

(₹ in millions)

	As at 31 Mar 2020		
	Bank borrowings	Loans*	Investments
1 to 7 Days	53.69	-	500.00
8 to 14 days	75.00	15.25	-
15 Days to one month	194.63	6.54	300.00
Over 1 month and up to 2 months	167.96	28.40	680.00
Over 2 months and up to 3 months	494.05	180.63	1,893.00
Over 3 months and up to 6 months	1,610.45	541.90	50.00
Over 6 months and up to 1 year	2,873.06	2,167.61	-
Over 1 year and up to 3 years	11,073.34	8,670.44	-
Over 3 years and up to 5 years	6,639.38	8,734.21	-
Over 5 years and up to 7 years	1,413.71	8,733.75	13.00
Over 7 years and up to 10 years	397.29	1,161.80	90.00
Over 10 years	-	25.00	-
Total	24,992.56	30,265.53	3,526.00

*Classification of assets and liabilities under different maturity buckets is based on the same estimates and assumptions as used by the Company.

Note: The Company does not have foreign currency liabilities, deposits, foreign currency assets and investments as at 31 March 2021 and 31 March 2020. The Company does not have any market

borrowings as at 31 March 2020.

63 There were no instances of fraud reported during the year ended 31 March 2021.

64 Figures for the previous year have been regrouped/ re-arranged wherever considered necessary to confirm to the figures presented in the current year.

For and on behalf of the Board of Directors

For Walker Chandlok & Co LLP
Chartered Accountants
Firm registration no.: 001076N/N500013

Sudhir N. Pillai
Partner
Membership No.: 105782
Place: Mumbai
Date: 3 May 2021

Manoj Viswanathan
Managing Director &
Chief Executive Officer
DIN No. : 01741612
Place: Mumbai
Date: 3 May 2021

Rajagopalan Santhanam
Director
DIN No. : 00025669
Place: Mumbai
Date: 3 May 2021

Nutan Gaba Patwari
Chief Financial Officer
Place: Mumbai
Date: 3 May 2021

Shreyans Bachhawat
Company Secretary
Place: Mumbai
Date: 3 May 2021

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE 12th ANNUAL GENERAL MEETING (“AGM”) OF HOME FIRST FINANCE COMPANY INDIA LIMITED (“COMPANY”) SCHEDULED TO BE HELD ON THURSDAY, AUGUST 5, 2021 AT 11.00 AM INDIAN STANDARD TIME (“IST”) THROUGH VIDEO CONFERENCING (“VC”) / OTHER AUDIO-VISUAL MEANS (“OAVM”) FACILITY TO TRANSACT THE FOLLOWING BUSINESS:

Ordinary Business:

1. Adoption of the Audited Financial Statements:

To receive, consider and adopt the Audited Balance Sheet, Statement of Profit and Loss and Cash Flow Statement with notes forming part thereof, the Directors' Report (along with all the annexures) and Auditor's Report for the financial year ended March 31, 2021.

2. Appointment of Statutory Auditors of the Company:

“RESOLVED THAT in accordance with the provisions of Sections 139 and 142 of the Companies Act, 2013, Messrs. Deloitte Haskins and Sells, Chartered Accountants (Registration No.117365W), be and are hereby appointed as the Statutory Auditors of the Company from the conclusion of this Meeting to hold such office for a period of three years till the conclusion of the Annual General Meeting to be held in the year 2024, at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors payable in one or more instalments plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred.”

3. Rotation of Director:

To appoint a Director in place of Mr. Divya Sehgal (DIN: 01775308) who retires by rotation and, being eligible, offers himself for re-appointment.

Special Business

4. To ratify the ESOP 2012 Scheme pursuant to SEBI (Share Based Employee Benefit) Regulations, 2014.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the Regulation 12 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Securities and Exchange Board of India (Listing Obligations and Disclosure Require

ments) Regulations, 2015 and applicable provisions of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as per the provisions of Memorandum of Association and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, “the **ESOP-2012 scheme**” of Home First Finance Company India Limited, last amended by the Members at the Extraordinary General Meeting of the Company held on March 18, 2020 be and is hereby ratified.

RESOLVED FURTHER THAT the Board or any committee as authorized by the Board be and is hereby authorized to issue and allot equity shares upon exercise of stock options, from time to time, granted under ESOP 2012 scheme and such equity shares allotted shall in all respects rank pari passu inter-se and with the then existing equity shares of the Company;

RESOLVED FURTHER THAT for giving effect to the above resolution, the Board of Directors of the Company including the Nomination and Remuneration Committee or any other committee of Directors duly authorised by the Board or the Chief Financial Officer or the Company Secretary, be and is hereby individually authorized to do all such acts, deeds, matters and things as may be considered necessary or expedient in this regard.”

5. To ratify the ESOP II Scheme pursuant to SEBI (Share Based Employee Benefit) Regulations, 2014.

To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the Regulation 12 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Securities and Exchange Board of India

(Listing Obligations and Disclosure Requirements) Regulations, 2015 and applicable provisions of the Companies Act, 2013 read with the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), as per the provisions of Memorandum of Association and Articles of Association of the Company, and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed while granting such approvals, permissions and sanctions, “the **ESOP-II scheme**” of Home First Finance Company India Limited, last amended by the Members at the Extraordinary General Meeting of the Company held on October 15, 2020 be and is hereby ratified.

RESOLVED FURTHER THAT the Board or any committee as authorized by the Board be and is hereby authorized to issue and allot equity shares upon exercise of stock options, from time to time, granted under ESOP II scheme and such equity shares allotted shall in all respects rank pari passu inter-se and with the then existing equity shares of the Company;

RESOLVED FURTHER THAT for giving effect to the above resolution, the Board of Directors of the Company including the Nomination and

Remuneration Committee or any other committee of Directors duly authorised by the Board or the Chief Financial Officer or the Company Secretary, be and is hereby individually authorized to do all such acts, deeds, matters and things as may be considered necessary or expedient in this regard.”

6. To consider and approve Article 18.1 to 18.12 of the Articles of Association of the Company

To consider, and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to Articles of Association of the Company and applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the members of the Company be and is hereby accorded to approve Article 18.1 to Article 18.12 of the Articles of Association.

RESOLVED FURTHER THAT the Board of Directors or the Chief Financial Officer or the Company Secretary be and are hereby individually authorized to do all acts and to take all such steps as may be considered necessary, proper and/or expedient to give effect to this resolution.”

By order of the Board of Directors,
For **Home First Finance Company India Limited**

Shreyans Bachhawat
Company Secretary
Mem No: A26700

Place: Mumbai
Date: July 7, 2021

Notes:

- In view of the current extraordinary circumstances due to COVID-19 pandemic requiring social distancing, Ministry of Corporate Affairs, Government of India (the "MCA") vide its General Circular No. 20/2020 dated 5th May, 2020 and Circular No. 02/2021 dated January 13, 2021 read together with General Circular Nos. 14/2020 & 17/2020 dated 8th April, 2020 and 13th April, 2020, respectively, (collectively referred to as "MCA Circulars"), and the Securities and Exchange Board of India ("SEBI") vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May, 2020, permitted the holding of the Annual General Meeting (AGM) through Video Conferencing ('VC')/Other Audio Visual Means ('OAVM'), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the registered office of the Company.
- Further pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) and the MCA and SEBI Circulars, the Company is holding its Annual General Meeting (AGM) through Video Conferencing ('VC')/Other Audio-Visual Means ('OAVM'), without the physical presence of the Members at a common venue. For the said purpose the Company has engaged the services of National Securities Depository Limited (NSDL) for conducting AGM through VC/OAVM. Further, NSDL has also been engaged for facilitating e-voting to enable the members to cast their votes electronically using remote e-voting system as well as e-voting during the AGM. The procedure for participating in the meeting through VC/OAVM is explained in the notes below.
- An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 ("the Act") setting out material facts relating to the special business(es) to be transacted at the AGM is annexed hereto.
- Brief profile and other additional information pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2) issued by The Institute of Company Secretaries of India, in respect of the Directors seeking appointment/re-appointment at the AGM, is also annexed to the Notice.
- All documents referred to in the Notice will be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. August 5, 2021. Members seeking to inspect such documents can send an email to corporate@homefirstindia.com.

The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013 ("Act"), the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and the Certificate from the Statutory Auditors pursuant to Regulation 13 of the SEBI (Share Based Employee Benefits) Regulations, 2014, will be available electronically for inspection by the members during the AGM.

Further, members seeking any information with regard to the accounts or any other matter to be placed at the AGM, are requested to write to the Company latest by July 28, 2021 through email on corporate@homefirstindia.com. Such questions shall be taken up during the meeting or replied by the Company suitably.
- Pursuant to the Section 105 of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA and SEBI circulars through VC/OAVM, the requirement of physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form is not annexed hereto. Since, the AGM will be held through VC, the route map, and attendance slip are also not annexed to this Notice. However, the Body Corporates are entitled to appoint authorized representatives to attend the AGM through VC/OAVM Facility and participate there at and cast their votes through e-voting.

7. Pursuant to the abovementioned Circulars the Company will send the Annual report for FY21 and AGM notice in electronic form only. The Notice of AGM and Annual report for FY21 are also placed on the website of the Company i.e. www.homefirstindia.com and the website of National Securities Depository Limited i.e. www.evoting.nsdl.com and at the relevant sections of the websites of the stock exchanges on which the shares of the Company are listed i.e. BSE Ltd. (www.bseindia.com) and National Stock Exchange of India Ltd. (www.nseindia.com)
8. The Notice is being sent to all the Members/Beneficiaries electronically, whose names appear on the Register of Members/Record of Depositories as on Friday, July 2, 2021 in accordance with the provisions of the Companies Act, 2013, read with Rules made thereunder and MCA and SEBI Circulars.
9. The facility for electronic voting system, shall also be made available at the AGM. The Members attending the AGM, who have not cast their votes through remote e-voting and are otherwise not barred from doing so, shall be able to exercise their voting rights at the AGM. The Members who have already casted their votes through remote e-voting may attend the meeting but shall not be entitled to cast their votes again at the AGM.
10. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. There will be one e-vote for every Folio/ Client ID irrespective of the number of joint holders. Voting Rights shall be reckoned on the paid-up value of shares registered in the name of the Member(s) as on the cut-off date and any person who is not a member as on that date should treat this Notice for information purposes only.
11. Members may join the AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 10:30 a.m. (IST) i.e. 30 minutes before the time scheduled to start the AGM and the Company may close the window for joining the VC/OAVM facility, 15 minutes after the scheduled time to start the AGM. The facility of participation at the General Meeting through VC/OAVM will be made available for at least 1000 members on first come first served basis. However, the said restriction on account of first come first served principle shall not be applicable on large shareholders (shareholders holding 2% or more shareholding), promoters, institutional investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders' Relationship Committee, Auditors, etc.
12. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
13. Members who would like to express their views or ask questions during the AGM may register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and client ID/Folio no, No. of shares, PAN, mobile number at corporate@homefirstindia.com on or before July 31, 2021. Only those Members who have registered themselves as a speaker will be allowed to express their views, ask questions during the AGM. The Company reserves the right to restrict the number of speakers as well as the speaking time depending upon the availability of time at the AGM.
14. The Board of Directors have appointed Mr. Aashish K Bhatt (Certificate of Practice no.7023) Designated Partner of M/s Bhatt & Associates, Company Secretaries LLP as the Scrutiniser to scrutinize the remote e-voting process and voting through electronic voting system at the AGM in a fair and transparent manner.

15. The Scrutiniser will, after the conclusion of e-voting at the Meeting, scrutinise the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutiniser's Report and submit the same to the Chairman or a person authorised by him in writing, who shall countersign the same and declare results (consolidated) within 48 hours from the conclusion of the meeting and the same, along with the consolidated Scrutiniser's Report, will be placed on the website of the Company (www.homefirstindia.com) and the website of NSDL (www.nsdl.co.in) immediately after the declaration of result by the Chairman and in his absence, any Director/officer of the Company authorised by the Chairman and the same will also be communicated to BSE Limited and the National Stock Exchange of India Limited. It shall also be displayed on the Notice Board at the Registered Office and the Corporate office of the Company.
16. With a view to using natural resources responsibly, we request shareholders to update their contact details including e-mail address, mandates, nominations, power of attorney, Company details covering name of the Company and branch details, Company account number, MICR code, IFSC code, etc. with their depository participants and with RTA if shares are held in physical form to enable the Company to send all the communications electronically including Annual Report, Notices, Circulars, etc.
17. The Securities and Exchange Board of India has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN details to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
18. Members are requested to notify the change in address if any, with Pin Code numbers immediately to the RTA i.e. Kfin Technologies Private Limited, Selenium Building, Tower B, Plot No 31 & 32, Financial District, Nanakramguda, Hyderabad, Telegana- 500 0032. Tel No: +91 40- 6716 2222, Website: www.kfintech.com.
19. Non-Resident Indian Members are requested to inform RTA of the Company any change in their residential status on return to India for permanent settlement, particulars of their Company account maintained in India with complete name, branch account type, account number and address of Company with pin code number, if not furnished earlier. Members holding shares in electronic form may contact their respective Depository Participants for availing this facility.

THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING GENERAL MEETING ARE AS UNDER:-

The remote e-voting period begins on August 2, 2021 at 9.00 A.M. and ends on August 4, 2021 at 5.00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. July 30, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 30, 2021.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> 1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under “IDeAS” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2. If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com/. Select “Register Online for IDeAS” Portal or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp 3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Existing users who have opted for Easi / Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. 2. After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote. 3. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.

Individual Shareholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider-NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e., NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 or 022-23058542-43

B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsd.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical

Your User ID is:

- a) For Members who hold shares in demat account with NSDL.

8 Character DP ID followed by 8 Digit Client ID
For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.

- B) For Members who hold shares in demat account with CDSL.

16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****

- C) For Members holding shares in Physical Form.

EVEN Number followed by Folio Number registered with the company
For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you

from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**

6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on on **"Forgot User Details/ Password?"** (If you are holding shares

in your demat account with NSDL or CDSL) option available on www.evoting.nsd.com.

b) **Physical User Reset Password?** (If you are holding shares in physical mode) option available on www.evoting.nsd.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.

d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Step 2: Cast your vote electronically and join General Meeting on NSDL e-Voting system.

How to cast your vote electronically and join General Meeting on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.

6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional / Corporate shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer by e-mail to aashish@aashishbhatt.in with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on www.evoting.nsd.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the down load section of www.evoting.nsd.com or call on toll free no.: 1800 1020 990 and 1800 22 44 30 or send a request to Ms. Pallavi Mhatre at pallavid@nsdl.co.in

Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:

1. In case shares are held in demat mode, please provide DPID-CLID (16-digit DPID + CLID or 16-digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to corporate@homefirstindia.com. If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at step 1 (A) i.e., **Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
2. Alternatively, shareholder/members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing above mentioned documents.
3. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.

3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join General meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

5. Shareholders who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at corporate@homefirstindia.com. The same will be replied by the company suitably.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 (“the Act”)

The following Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 (“Act”), sets out all material facts relating to the business mentioned in the accompanying Notice dated July 7, 2021:

Item No. 2

The Members of the Company at the Annual General Meeting ('AGM') held on July 25, 2016 approved the appointment of M/s. Walker Chandiook & Co LLP, Chartered Accountants ('WCC'), as the Auditors of the Company for a period of five years from the conclusion of the said AGM. WCC will complete their present term on conclusion of this AGM in terms of the said approval and Section 139 of the Companies Act, 2013 ('the Act') read with the Companies (Audit and Auditors) Rules, 2014. The present remuneration of WCC for conducting the Statutory Audit for the FY21, as approved by the Members, is INR 4.5 million plus goods and services tax as applicable, and reimbursement of out-of-pocket expenses incurred.

Pursuant to the Notification dated 27th April, 2021 issued by the Reserve Bank of India and applicable to entities including Housing Finance Companies from FY22 onwards and in order to maintain the independence of audit firms, Companies are required to appoint the Statutory auditors for a continuous period of 3 years, subject to the firms satisfying the eligibility norms each year.

In conformity with the above guidelines, the Board of Directors of the Company ('the Board'), on the recommendation of the Audit Committee ('the Committee'), recommended for the approval of the Members, the appointment of Messrs. Deloitte Haskins and Sells, Chartered Accountants ('DHS'), as the Statutory Auditors of the Company for a

period of three years from the conclusion of this AGM till the conclusion of the AGM to be held in the year 2024. Subject to the approval of the Members and Board and on the recommendation of the Audit Committee, the MD & CEO or the CFO are authorized to decide the remuneration of the Statutory Auditors in consultation with them.

Pursuant to the Regulation 36 (5) of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015, The Committee considered various parameters like capability to serve a diverse and complex business landscape as that of the Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found DHS to be best suited to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company and there is no material change in the fee payable to the new auditor from that paid to the outgoing auditor.

DHS have given their consent to act as the Statutory Auditors of the Company and have confirmed that the said appointment, if made, will be in accordance with the conditions prescribed under Sections 139 and 141 of the Act and as per the RBI guidelines on appointment of Statutory Auditors.

The Board recommends the Ordinary Resolution set out at Item No. 2 of the Notice for approval of the Shareholders.

None of the Directors / Key Managerial Personnel of the Company and their relatives is/are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 2 of the Notice.

Item No. 4

Pursuant to the resolution of the Board passed on March 14, 2012 and the subsequent Shareholders' resolutions dated September 7, 2017, November 22, 2019 and March 18, 2020, the Company had established the ESOP 2012 (herein after referred as “ESOP 2012” or “Scheme”). Under the said ESOP 2012, 29,08,180 options have been granted as on the date of this notice out of total authorization of 29,08,180 options. Each option granted under ESOP 2012 is convertible into one equity share.

As per Regulation 12 of the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations'), no company shall make any fresh grant of ESOPs which involves allotment or transfer of shares to its employees under any ESOP Schemes formulated prior to its IPO and prior to the listing of its equity shares (Pre-IPO Scheme) unless (i) such pre-IPO scheme is in conformity with SBEB Regulations; and (ii) such pre-IPO scheme is ratified by its shareholders subsequent to IPO.

Considering, that the Company came out with a Public Issue of its Equity shares in February, 2021

and its equity shares are listed at BSE and NSE with effect from February 3, 2021, the Company's ESOP 2012 is required to be ratified by the shareholders of the Company pursuant to Regulation 12 of the SBEB Regulations for making any fresh grant of ESOPs under this Scheme. Accordingly, same is referred to the shareholders for their ratification in terms of Regulation 12 and other applicable provisions of the SBEB Regulations. The said Scheme is in conformity with the SBEB Regulations and the Company has not granted any fresh grant of options to employees as on date after the public issue of the Company.

The Broad features of the ESOP 2012 are:

The total number of stock options to be granted.	Upto 29,08,180 shares subject to adjustments as may be required due to any corporate action as stated in the scheme
Identification of classes of employees entitled to participate in the ESOP 2012.	<ol style="list-style-type: none"> 1) Permanent Employees of the Company working in India or out of India. 2) Director of the company, whether a whole time Director or otherwise as decided by the Board/ the Nomination and Remuneration Committee
Appraisal process for determining the eligibility of employees.	As decided by the Board/ Nomination and Remuneration Committee from time to time in accordance to the ESOP 2012.
Requirements of vesting and vesting period.	Subject to conditions mentioned in the ESOP 2012 there has to be a minimum period of one year between grant of options and vesting of options.
Maximum period within which the options shall be vested.	All the options in this scheme have been vested.
Exercise price or the formula for arriving at the exercise price.	As decided by the Board in accordance with the ESOP 2012.
Exercise period and Exercise Process.	Vested Options can be exercised within 10 years of date of vesting of the options while in employment. In case of any other Events in accordance with ESOP 2012.
Lock-in period.	As determined by the Board/Nomination and Remuneration Committee in accordance with the ESOP 2012.

Maximum number of options to be granted /quantum of benefit per employee and in aggregate.	To be determined by the Board.
Method which the company shall use to value its options.	The Company is using fair value method to value its options and the same is calculated using Black Scholes–Merton formula.
Conditions under which options vested in employee(s) may lapse.	As per the ESOP 2012
Specified Time Period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee.	Subject to the conditions mentioned in various clauses of the ESOP 2012, Within six months from last working day.
Implementation and administration of ESOP 2012.	The Company shall directly implement and administer the ESOP 2012 through the Board / the Nomination and Remuneration Committee.
Issue of new shares.	Company shall issue new shares on exercise of stock options under the ESOP 2012.
The amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.	Not Applicable
Maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s).	Not Applicable
Statement to the effect that the company shall conform to the accounting policies specified in regulation 15 and applicable accounting standards.	The Company shall conform to the Accounting Policies specified in Regulation 15 and Applicable Accounting standards.

All relevant documents referred to in the AGM Notice and Explanatory Statement will be available for inspection to the Members up to the date of the Annual General Meeting and during the continuance of the Annual General Meeting.

Your Directors recommend the resolution set out at Item no. 4 for approval of the Members by way of Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to

the extent of the stock options that are granted to them under the said Scheme.

Item No. 5

Pursuant to the resolution of the Board passed on February 28, 2018 and the subsequent to the Shareholders' resolutions dated June 12, 2019, November 22, 2019, March 18, 2020 and October 15, 2020, the Company had established the ESOP II Scheme (herein after referred as "ESOP II" or "Scheme"). Under the said ESOP II, 45,67,765 options have been granted as on the date of this

notice out of total authorization of 41,25,290 options as the lapse options have been re-issued. Each option granted under ESOP II is convertible into one equity share.

As per Regulation 12 of the SEBI (Share Based Employee Benefits) Regulations, 2014 ('SBEB Regulations'), no company shall make any fresh grant of ESOPs which involves allotment or transfer of shares to its employees under any ESOP Schemes formulated prior to its IPO and prior to the listing of its equity shares (Pre-IPO Scheme) unless (i) such pre-IPO scheme is in conformity with SBEB Regulations; and (ii) such pre-IPO scheme is ratified by its shareholders subsequent to IPO. Considering, that the Company came out

with a Public Issue of its Equity shares in February, 2021 and its equity shares are listed at BSE and NSE with effect from February 3, 2021, the Scheme is required to be ratified by the shareholders of the Company pursuant to Regulation 12 of the SBEB Regulations for making any fresh grant of ESOPs under this Scheme. Accordingly, same is referred to the shareholders for their ratification in terms of Regulation 12 and other applicable provisions of the SBEB Regulations. The said Scheme is in conformity with the SBEB Regulations and the Company has not granted any fresh grant of options to employees as on date after the public issue of the Company.

The Broad features of the ESOP II are:

The total number of stock options to be granted	Up to 41,25,290 shares subject to adjustments as may be required due to any corporate action as stated in the scheme or re-issue of options that are lapsed.
Identification of classes of employees entitled to participate in the ESOP II	As decided by the Board/ Nomination and Remuneration Committee from time to time in accordance with the ESOP II.
Appraisal process for determining the eligibility of employees.	As decided by the Board/ Nomination and Remuneration Committee from time to time in accordance with the ESOP II.
Requirements of vesting and vesting period	Subject to conditions mentioned in the ESOP II provided there has to be a minimum period of one year between grant of options and vesting of options.
Maximum period within which the options shall be vested	Subject to conditions mentioned in the ESOP II not more than six instalments from the date of grant of such options subject to meeting certain conditions.
Exercise price or the formula for arriving at the exercise price	As decided by the Board/Nomination and Remuneration Committee in accordance with the ESOP II.

Exercise period and Exercise Process	Vested Options can be exercised within 10 years of date of vesting of the options while in employment. In case of any other Events in accordance with ESOP II.
Lock-in period	As determined by the Board/Nomination and Remuneration Committee in accordance with the ESOP II.
Maximum number of options to be granted /quantum of benefit per employee and in aggregate	To be determined by Nomination and Remuneration Committee.
Method which the company shall use to value its options	The Company is using fair value method to value its options and the same is calculated using Black Scholes – Merton formula.
Conditions under which options vested in employee(s) may lapse	As per the ESOP II
Specified Time Period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee	It is subject to the conditions mentioned in various clauses of the ESOP II, Within six months from last working day.
Implementation and administration of ESOP II	The Company shall directly implement and administer the ESOP II through the Board / the Nomination and Remuneration Committee.
Issue of new shares	Company shall issue new shares on exercise of stock options under the ESOP II.
the amount of loan to be provided for implementation of the scheme(s) by the company to the trust, its tenure, utilization, repayment terms, etc.;	Not Applicable
maximum percentage of secondary acquisition (subject to limits specified under the regulations) that can be made by the trust for the purposes of the scheme(s);	Not Applicable
Statement to the effect that the company shall conform to the accounting policies specified in regulation 15 and applicable accounting standards;	The Company shall conform to the Accounting Policies specified in Regulation 15 and applicable Accounting Standards.

All relevant documents referred to in the AGM Notice and the Explanatory Statement will be available for inspection to the Members up to the date of the Annual General Meeting and during the continuance of the Annual General Meeting.

Your Directors recommend the resolution set out at Item no.5 for approval of the Members by way of Special Resolution.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested, financially or otherwise, in this resolution, except to the extent of the stock options that are granted or may be granted to them under the said Scheme.

Item No. 6

Your Company had adopted new set of Articles of Association ("AOA") vide special resolution dated October 15, 2020. The AOA was amended to reflect the requirements of stock exchanges where Company intends to list its Equity Shares and requirements of the Companies Act, 2013 and to align the same with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 including the requirements of the Promoters and Investor Shareholders.

These Articles of Association of the Company comprised of two parts, Part A and Part B. Further, it was stated that with effect from the commencement of listing and trading of the Company's equity shares on any recognized stock exchange(s) in India, Part B shall automatically terminate, be deleted and cease to have any force and or effect, and be deemed to be removed from the Articles of Association and simultaneously, Part A shall come into immediate force and effect, without requiring any further corporate or other action by the Company or its shareholders. The equity shares of the Company were listed on the BSE Limited and National Stock Exchange of India Limited w.e.f. February 3, 2021.

In accordance with the amended Articles of Association of the Company, approval of the shareholders of the Company through a special resolution in the First General Meeting of the Company post the date on which the Equity Shares of the Company are listed on the Stock Exchange is required for Article 18.1 to 18.12 of the Articles of

Association.

The extracts of the Article 18.1 to Article 18.12 are reproduced below:

18. BOARD OF DIRECTORS

18.1 The Board shall comprise up to 9 (nine) Directors.

18.2 Subject to the other provisions of these Articles,

a) TN shall have the right to appoint and continue to have on the Board, 2 (two) Directors for as long as it owns at least 16% of the Company's equity share capital on a Fully Diluted Basis and 1 (one) Director if TN's shareholding falls below 16% but is at least 10% of the Company's equity share capital on a Fully Diluted Basis;

(b) Aether shall have the right to appoint and continue to have on the Board, 1 (one) Director for so long as it own(s) at least 10% of the Company's equity share capital on a Fully Diluted Basis;

c) BVP shall have the right to appoint and continue to have on the Board, 1 (one) Director for so long as it own(s) at least (I) 10% of the Company's equity share capital on a Fully Diluted Basis in case the equity shares of the Company are listed on any of the Stock Exchanges; or (II) 7% of the Company's equity share capital on a Fully Diluted Basis in other cases;

d) Orange Clove shall have the right to appoint, and continue to have on the Board 2 (two) Directors for as long it (I) own(s) at least 16% of the Company's equity share capital on a Fully Diluted Basis and 1 (one) Director if Orange Clove's shareholding falls below 16% but is at least 10% of the Company's equity share capital on a Fully Diluted Basis, provided that until the RBI Approval has been obtained, Orange Clove shall be entitled to appoint no more than 1 (one) Director.

e) The Chief Executive Officer of the Company shall be appointed and shall hold office as a whole time Director. The Chief Executive Officer shall, at the option of TN, be considered as one of its nominees on the Board, provided that if Orange Clove appoints a second Director pursuant to its right under (d) above and communicates this to the other Parties in writing, for the purposes of Article 18.2, the Chief Executive Officer shall be deemed to be a nominee

of TN for so long as TN continues to hold at least 16% of the Company's equity share capital on a Fully Diluted Basis; and

(f) Any Investor, who has been classified as the "promoter" of the Company, under the SEBI regulations, and as long as it continues to be classified as the "promoter" and has any subsisting obligations as a promoter of the Company, shall even if such Investor's shareholding falls below 10% of the Company's equity share capital on a Fully Diluted Basis, continue to have the right to appoint 1 (one) Director on the Board.

18.3 A minimum of 3 (three) independent Directors shall be appointed to the Board in accordance with applicable Law.

18.4 Any Shareholder shall exercise its rights under Article 18.2 above only subject to the receipt of an approval from the RBI, to the extent such an approval is required under Change of Control Guidelines ("RBI Approval"). In the event Orange Clove intends to exercise its right under Article 18.2 to appoint the second director on the Board, TN, Aether and the Company shall make commercially reasonable efforts to ensure that the RBI Approval is obtained for appointment of second director by Orange Clove.

18.5 Quorum for a Board Meeting shall be as prescribed under the Act. Provided however that, subject to this Article 18, the presence of at least 1 (one) Director appointed by (a) TN, (b) Aether, and (c) Orange Clove, provided that (A) it is then entitled to appoint 1 (one) or more Directors under Article 18.2 above, and (B) it has exercised its right to appoint at least 1 (one) Director under the said Article 18.2, at the beginning and throughout the meeting shall be necessary for the purpose of forming a valid quorum for a Board Meeting.

18.6 If a quorum is not present within 30 (thirty) minutes of the scheduled time for any Board Meeting or ceases to exist at any time during the meeting, the meeting shall be adjourned, to the same day, place and time in the next succeeding week, or such other day, place and time as the Board may determine after the approval of each Investor who is then entitled to appoint 1 (one) or more

Directors under Article 18.2 above, and has exercised its right to appoint at least 1 (one) Director under the said Article 18.2, (it being understood that the agenda for such adjourned Board Meeting shall remain unchanged and the quorum for such adjourned Board Meeting shall be the same as required for the original Board Meeting)

18.7 If the quorum (as described in Article 18.5) is not present at the Board Meeting, adjourned pursuant to Article 18.6 above, within 30 (thirty) minutes of the scheduled time, the members present shall, subject to the provisions of the Act, constitute a quorum.

18.8 For as long as Orange Clove is entitled to appoint 1 (one) or more Director(s) under Article 18.2 above, it shall also be entitled to appoint, and to have remain, 1 (one) Director on every Board committee of the Company. For as long as TN is entitled to appoint 1 (one) or more Director(s) under Article 18.2 above, it shall be entitled to appoint, and to have remain, 1 (one) Director on every Board committee of the Company.

18.9 Quorum for a Board committee meeting shall be as prescribed under the Act. Provided however, that the presence of at least 1 (one) Director appointed by a Party that is then entitled to appoint 1 (one) or more Directors under Article 18.2 above, and has exercised its right to appoint 1 (one) nominee to the Board committee under the Article 18.8, at the beginning and throughout the meeting shall be necessary for the purpose of forming a valid quorum for a committee meeting.

18.10 If a quorum is not present within 30 (thirty) minutes of the scheduled time for any Board committee meeting or ceases to exist at any time during the meeting, the meeting shall be adjourned, to the same day, place and time in the next succeeding week, or such other day, place and time as the Board may determine after approval of each Investor who has its nominee Director appointed on such committees of the Company, (it being understood that the agenda for such adjourned committee meeting shall remain unchanged and the quorum for such adjourned committee meeting shall be the same as required for the original

committee meeting).

18.11 If the quorum (as described in Article 18.9) is not present at the committee meeting, adjourned pursuant to Article 18.10 above, within 30 (thirty) minutes of the scheduled time, the members present shall, subject to the provisions of the Act, constitute a quorum.

18.12 In the event, the shareholding of any Shareholder falls below 10% of the Company's equity share capital on a Fully Diluted Basis, such Shareholder and Company shall undertake its best efforts to ensure, and other Shareholders shall provide reasonable assistance, that such

Shareholder is de-classified as the 'promoter' of the Company.

Your Directors recommend the resolution set out at Item no. 6 for approval of the Members by way of Special Resolution.

None of the Directors or Key Managerial Personnel of the Company or their relatives, are in any way, concerned or interested, financially or otherwise, in the resolution as set out at Item No. 6 of this Notice except to the extent of their employment/nomination by Promoter/Investor Shareholder, if any.

Item No.3

Details of Director seeking re-appointment vide this Annual General Meeting Notice (pursuant to Regulation 36 (3) of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015 and Secretarial Standard on General Meetings issued by Institute of Company Secretaries of India (ICSI):

Sr	Particular	Details
1.	Name of Director	Divya Sehgal
2.	Date of Birth	20-10-1972
3.	DIN	01775308
4.	Age	48
5.	Qualification	He holds a bachelor' of technology degree in electrical engineering from Indian Institute of Technology, Delhi and a post graduate diploma in management from Indian Institute of Management, Bengaluru.
6.	Brief resume and experience	Divya is a Partner at True North and leads their investments in the financial services industry. In his professional journey, he started with McKinsey & Company and worked briefly at ANZ Grindlays Bank. As an entrepreneur, he and his co-founders started E Medlife.com which was merged into Apollo Health Street, a leading healthcare outsourcing firm. Owing to his 25 years of professional experience, he adds value to the Board in the areas of leadership, strategic thinking and treasury and finance.
7.	Terms and conditions of appointment	As per the appointment letter.
8.	Remuneration proposed to be paid	NIL
9.	Date of first appointment on Board, last drawn remuneration and number of board meetings attended	He was appointed as Nominee Director on the Board of our Company with effect from June 10, 2017. Last drawn remuneration is NIL. He has attended 8 Board Meetings in FY21.
10.	Relationships with other directors and Key Managerial Personnel inter-se	None
11.	Directorship or Membership/ Chairmanship held in other Companies Boards.	Mr. Divya does not hold Directorship in any other listed Companies. Other Directorship: 1. Fincare Business Services Limited. 2. Max Bupa Health Insurance Company Limited. 3. Trivitron Healthcare Private Limited.
12.	No. of Equity shares held in the Company (As on March 31, 2021)	NIL

By order of the Board of Directors,
For **Home First Finance Company India Limited**

Shreyans Bachhawat
Company Secretary
Mem No: A26700

Place: Mumbai
Date: July 7, 2021



Home First Finance Company India Ltd.

CIN: U65990MH2010PLC240703

Registered Office: 511, Acme Plaza,
Andheri - Kurla Road, Andheri East, Mumbai - 400 059

www.homefirstindia.com

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