

RESPONSIBLE GROWTH

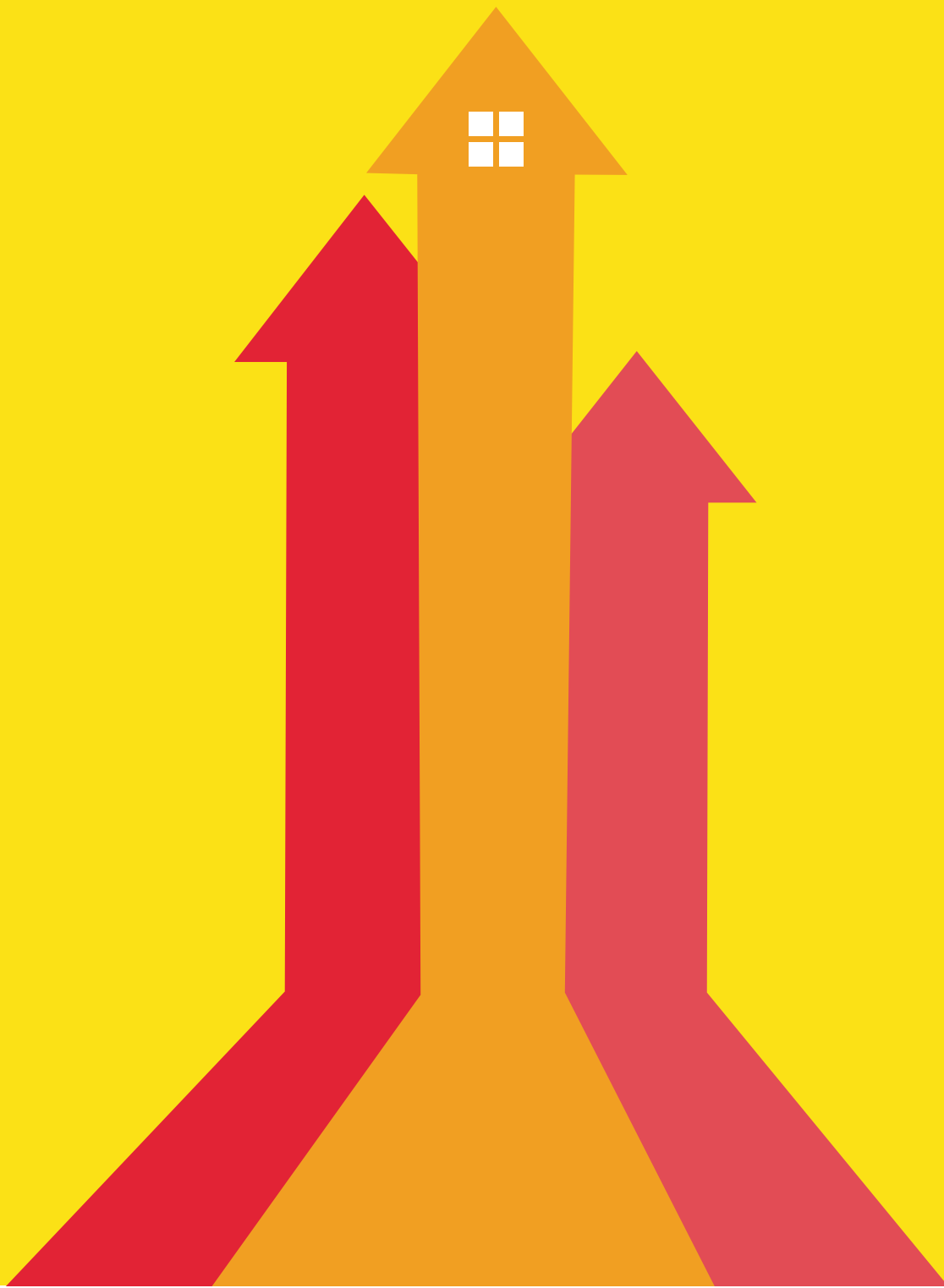


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RESPONSIBLE GROWTH

Growth without alignment to business objectives is detrimental in the long term. Responsible Growth, on the other hand, is one where growth is combined with the responsibility of profitability. At Motilal Oswal Home Finance we have combined with the power of digital with robust processes to ensure we continue to grow in a profitable way; thus aligning with the objectives of the business, employees, partners and other stakeholders.

Corporate Information



Board of Directors

Mr. Motilal Oswal – Chairman & Non-Executive Director
 Mr. Raamdeo Agarawal – Non-Executive Director
 Mrs. Divya Momaya – Independent Director
 Mr. P. H. Ravikumar – Independent Director

Details of Committees of the Board

AUDIT COMMITTEE

Mrs. Divya Momaya - Chairperson
 Mr. Motilal Oswal - Member
 Mr. P. H. Ravikumar - Member

NOMINATION AND REMUNERATION COMMITTEE

Mrs. Divya Momaya - Chairperson
 Mr. Motilal Oswal - Member
 Mr. P. H. Ravikumar - Member

STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. Motilal Oswal - Chairman
 Mr. Raamdeo Agarawal - Member
 Mrs. Divya Momaya - Member

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Mrs. Divya Momaya – Chairperson
 Mr. Motilal Oswal - Member
 Mr. Raamdeo Agarawal - Member

RISK MANAGEMENT COMMITTEE

Mr. P. H. Ravikumar - Chairman
 Mr. Motilal Oswal - Member
 Mr. Raamdeo Agarawal - Member

IT STRATEGY COMMITTEE

Mr. P. H. Ravikumar (Independent Director) – Chairman
 Mr. Pankaj Purohit (Chief Technology Officer) - Member
 Mr. Sehul Shah (Chief Information Officer) - Member
 Mr. Tahir Shah (Head IT) - Member

Chief Financial Officer

Mr. Shalibhadra Shah

Company Secretary & Compliance officer

Mr. Ritin Mawani

Banks/FIs

US International	ICICI Bank
Development Finance Corporation (DFC)	ICICI Prudential Mutual Fund
Axis Bank	IDBI Bank
Bajaj Finance	Indian Bank
Bank of Baroda	Indian Overseas Bank
Bank of India	IndusInd Bank
Bank of Maharashtra	International Finance Corporation (IFC)
Baroda BNP Mutual Fund	Karnataka Bank
Canara Bank	NHB
Central Bank of India	Punjab National Bank
CSB Bank	SBI Life Insurance
HDFC Bank	South Indian Bank
HDFC Mutual Fund	State Bank of India
	Union Bank of India

Auditor

Statutory Auditors

M/s. Singhi & Co., Chartered Accountants

Internal Auditors

M/s. Aneja Associates, Chartered Accountants

Debenture Trustees

MILESTONE TRUSTESHIP SERVICES PVT. LTD.

CoWrks Worli, PS 56, 3rd Floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 030
 Direct: +91 22 62886119,
 Mobile: +91 9029969213
 Website: www.milestonetrustee.in

BEACON TRUSTESHIP LIMITED.

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

Registrar & Transfer Agent (For Equity & Debentures)

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

Registered Office

Motilal Oswal Tower, Rahimtullah Sayani Rd, Opp. Parel ST Depot, Prabhadevi, Mumbai - 400 025.



Dear Shareholders,

We entered into FY22 with Covid-19 induced lockdown in place due to rising number of cases because of 2nd wave. With the implementation of lockdown, disbursements were halted, collection moderated and asset quality started worsening. RBI was quick to respond to this crisis and announced measures under "Resolution Framework 2.0". Under this framework, lenders were allowed to carry out a fresh round of restructuring of loan accounts, which provided a major relief. The industry started gradually moving back on growth track. The 3rd wave of Covid, which started around January 2022, had limited impact on health, thanks to large scale vaccination drive and the economy was not much affected as government did not implement stringent lockdown. The healthy demand in the industry and increasing level of economic activity in the country are expected to result in a steady growth in disbursements going forward.

Favorable demographic drivers like urbanization,

nuclearisation of families, rising disposable income and working age population paves the way for strong growth in housing segment. Affordable housing space, in which we operate, continued to emerge out as a winner even in the midst of various crisis. Rising demand of housing, smoothening of liquidity issues, and likely positive regulatory measures will continue to be beneficial for the housing finance space.

During the year, we continued our efforts in strengthening our organization in terms of processes, systems, manpower, culture and structure to create foundation for strong and sustainable growth. I am very happy to announce that in FY22 we reported highest ever PAT at Rs. 95 cr, with a growth of 136% YoY. We witnessed a strong growth in both ROA and ROE at 2.6% and 10.0%, respectively.

Disbursements remained muted for the first few months of FY22, owing to lockdown, but we gradually picked up and our full year disbursement stood at Rs. 643 cr, which was up 136% YoY. We have expanded our sales force in FY22 with 600+ sales employees currently in place. During the financial year, we entered into three new geographies- Haryana, Delhi and Uttar Pradesh. Incremental contribution from new states is rising and expected to increase further due to productivity gains. The loan book stood at Rs. 3,485 cr across 48,142 families as of March 2022. Our in-house collection team comprises of ~580 officers. We have strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138 and arbitration cases.

In FY22, we received rating upgrades from all three rating agencies (CRISIL, ICRA and India Ratings). We have joined hands with U.S. International Development Finance Corporation (DFC), world's largest development finance institution during the course of FY22. DFC has committed USD 50 mn as a long term loan under ECB route. Apart from that, we continued to have strong Liability Mobilizations from various Banks & Institutions at

competitive rates. Our cost of borrowings for FY22 stood at 8.2%, down by 105 bps YoY. As a result, spread and NIM have improved during the year and is now at 5.7% and 7.3%, respectively. We believe that our cost of funds will further trend lower and improve NIMs in coming years. We have successfully completed our first Direct Assignment transaction during the year. In FY21, we completed our first securitization transaction and there is still an ample opportunity to further assign the pool and diversify liabilities; we would peruse this route in future to improve ROA. Company has strong liquidity on balance sheet and sanctioned lines to pursue growth.

As per guidelines issued by RBI, we restructured assets of some of the customers to help them in these difficult times. Our collection efficiency in March 2022 month was at 98%. As of March 2022, our GNPA stood at 1.6% and NNPA at 0.9%. Company created strong PCR of 149% resulting in higher credit cost.

On the digital side, we are committed towards digital initiatives in order to improve our customer experience. Our PMAY portal, which was launched in FY21, has

proven beneficial to customers and we have started onboarding partners through our Digital MO Partner app. I believe the year gone by is a proof that we are on the right path to success, with strong foundation in place, which is very much required for sustainable growth. I sincerely thank all the employees for their utmost commitment towards employer in the thick and thin of the journey. I also thank all the stakeholders who have shown support and rendered well-wishes for the Company. I have no doubts that the new financial year will bring its own challenges and opportunities and that this fine team will be up and running to face them.

With best wishes,

Motilal Oswal
Chairman



MR. MOTILAL OSWAL

Chairman and Non-Executive Director

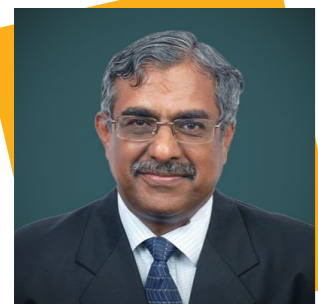
Mr. Motilal Oswal is the Managing Director & Chief Executive Officer of Motilal Oswal Financial Services Limited ("MOFSL"). He is an Associate Member of Institute of Chartered Accountants of India and started the business along with co-promoter, Mr. Raamdeo Agarawal in 1987. Mr. Oswal has served on the Governing Board of the BSE, Indian Merchant's Chamber (IMC) and has also served on various committees of BSE, NSE, SEBI and CDSL. For his work and contribution to the capital markets, Mr. Oswal has been felicitated with several awards.



MR. RAAMDEO AGARAWAL

Non-Executive Director

Mr. Raamdeo Agarawal is a Chairman of Motilal Oswal Financial Services Limited ("MOFSL"). He is the man behind the strong research capabilities at MOFSL. He is an Associate Member of Institute of Chartered Accountants of India and also a member of the National Committee on Capital Markets of the Confederation of Indian Industry. A keen believer and practitioner of the QGLP philosophy, his wealth creation insights and decades-rich experience have played a pivotal role in MOFSL, transforming it from a small stock broking firm to a well-diversified financial services company.



MR. P. H. RAVIKUMAR

Independent Director

Mr. P. H. Ravikumar is a commerce graduate and is also an 'Honorary Fellow' of the Chartered Institute for Securities & Investment, UK. He is a seasoned Banker having over 48 years of Financial Sector Professional experience with exposure at Top/Senior Management Levels. He has served on the Board of many well-known organisations like the Bank of India, the ICICI group, National Commodity & Derivatives Exchange, Bharat Forge, Eveready Industries, Bharat Financial Inclusion Limited, I.G. Petrochemicals, L&T Investment Management, BOB Capital Markets, Vastu Housing Finance, SICOM Investments & Finance, Birla Capital Advisors, etc.

He is a member of several national level policy/ regulatory committees set up by the Government of India and an associate member of the Indian and British Institute of Bankers. He is the first Indian to receive a CISI Honorary Fellowship.



MRS. DIVYA MOMAYA

Independent Director

Mrs. Divya Momaya is a qualified member of the Institute of Company Secretaries of India (ICSI) and Qualified Independent Director from IICA and a member of Institute of Directors (IOD).

Mrs. Momaya is a founder mentor of D. S. Momaya & Co. and possess more than 17 years of industry experience. She has been into Whole-time Company Secretarial Practice for more than 13 years and is also a Board Mentor. Her Corporate Journey includes experience with Companies like BSEL Infrastructure Realty Limited, BSE Limited, GTPL Hathway Limited, Motilal Oswal Financial Services Limited, etc.



MR. SHALIBHADRA SHAH

Chief Financial Officer

Mr. Shalibhadra Shah is a qualified Chartered Accountant from Institute of Chartered Accountants of India and graduated from R.A. Podar College of Commerce & Economics. Mr. Shah has more than 20 years of experience spanning the entire gamut of Finance, Accounts, Taxation & Compliance. Prior to joining Motilal Oswal group, he was leading the Taxation Role at an eminent CA Firm.

Key Highlights

- ▶ Highest ever PAT recorded in FY22 at Rs. 95 cr registering a growth of 136% YoY.
- ▶ Disbursements in FY22 grew by 136% YoY to Rs. 643 cr; Business is further geared up for growth in disbursements.
- ▶ India Ratings assigned AA rating; CRISIL upgraded rating to AA from AA-; ICRA upgraded rating to AA- from A+.
- ▶ Expanded reach into three new geographies- Delhi, Haryana and Uttar Pradesh.
- ▶ We have Independent Sales, Credit, Collection & Operations: 1,569 employees (Sales : 625, Collections : 578, Credit : 139 & Ops/corporate/others: 227).
- ▶ Cost of borrowing for us has come down by 105 bps YoY in FY22 at 8.2%. We raised Rs. 1,433 cr in FY22 at 7%.
- ▶ We have strong Liability Mobilizations from various Banks & Institutions at competitive rates; unutilized sanction limit of Rs. 1,268 cr as of March 2022.
- ▶ We joined hands with U.S. Development Finance Corporation, world's largest development finance institution and has received commitment of USD 50 mn .
- ▶ We completed first direct assignment transaction in FY22.
- ▶ There was strong support from parent (Motilal Oswal Financial Services), total cumulative capital infusion from sponsor at Rs. 8.5 bn resulting into lower net leverage (Debt/Equity ratio) of 2.3x and robust CRAR at 52%.
- ▶ In-house LMS (Loan Management System) developed and launched with integrated customer accounting

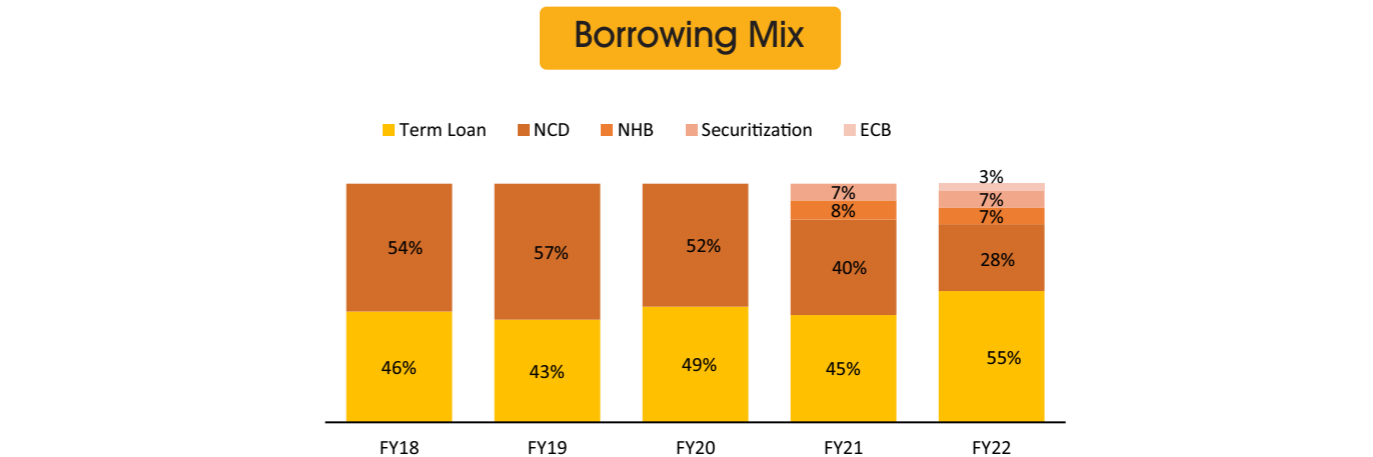
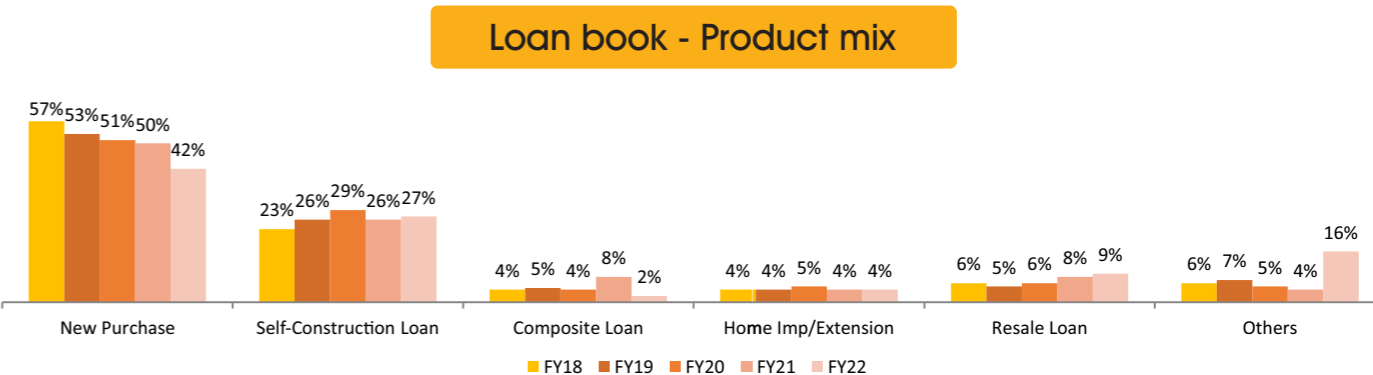
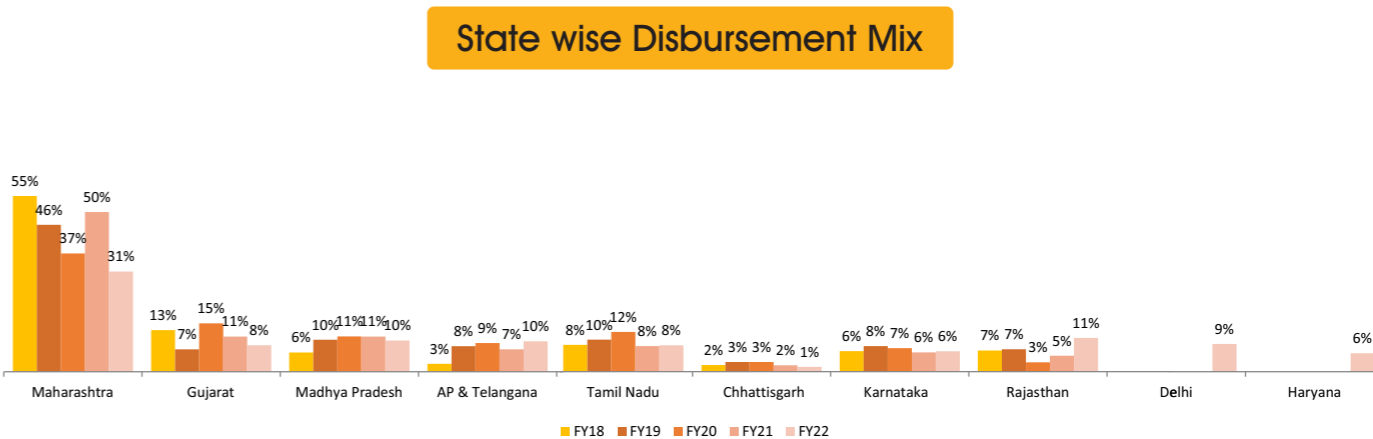
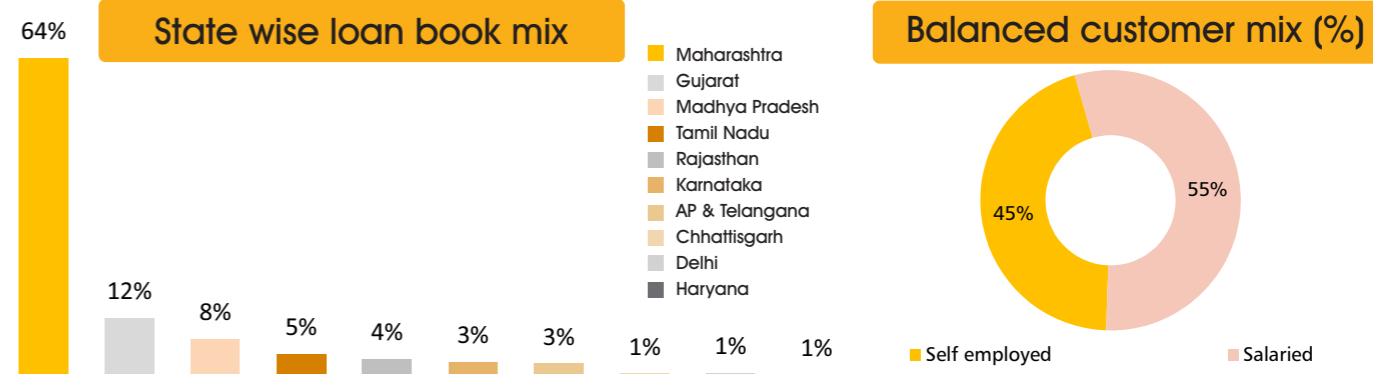
Business Performance

- ▶ MOHFL has disbursed Rs. 643 cr during FY22
- ▶ Average loan size of Rs. 8.6 lakhs
- ▶ Geographical reach across 12 states/UTs with 104 branches
- ▶ Collection team of 570+ members along with robust legal team
- ▶ Catering to 48,100+ families
- ▶ Average LTV of 58% and FOIR of 43% for FY22
- ▶ Collection efficiency reached pre-Covid levels at 98% in March 2022
- ▶ Total staff count of 1,569 employees

Financial Performance

- ▶ Loan book stood at Rs. 3,485 cr as on March 2022
- ▶ Net Worth of Rs. 1,007 cr as on March 2022
- ▶ Profit stood at Rs. 95 cr during FY22
- ▶ NIM – 7.3%, Spread – 5.7%
- ▶ GNPA – 1.6% and NNPA – 0.9%
- ▶ Stage 3 Provision coverage – 45%
- ▶ Net Debt to Equity – 2.3x
- ▶ Cost to Income – 36%
- ▶ Capital adequacy – 52%

Loan Book & Borrowing Analysis



Environmental

- ▶ We do take special care to not to disturb the ecology in our areas of operation while lending to our customers. During loan counselling, we advise the customer on acquiring properties which have been built or are located in such a way that they do not hurt the ecology and environment at large.
- ▶ We ensure that we fund to projects which are on non-agriculture & non-forest land and having all environmental clearance.
- ▶ We ensure while funding proper sanitation/hygiene /safety standards are maintained. We obtain construction plan and estimate to review that properties do not violate the environmental norms.
- ▶ Judicial use to fund on Affordable Housing Projects, which are environment friendly projects, vide AHF Refinance scheme at comparatively lower rates to encourage customer and sales ecosystem towards environment safe properties.
- ▶ Company follows norms issued by National Disaster Management Authority which help us in avoiding funding environmentally sensitive areas.
- ▶ Focus on enabling home ownership in tier 2 & tier 3 cities thereby helping in reducing the strain and load on resource in tier 1 cities.
- ▶ Planted & maintaining trees in & around the office premises.
- ▶ Food wastage awareness drive is conducted in head office.
- ▶ Dry and wet waste segregation.
- ▶ Paper, tissue and cardboard waste are recycled
- ▶ Use of LED lights which consumes less electricity; office space is provided with motion sensors to save electricity.
- ▶ Use of sensors in water taps to reduce wastage in hand washing.
- ▶ No single-use plastics: use of glass bottles & mugs.
- ▶ Adopted digitalized operational processes to drastically reduce paper use. We have become paperless till the stage of loan sanction and aim to become paperless in disbursal documentation as well
- ▶ Adaption of E-Receipts and usage of app for customer request reduces paper flow and customer transportation to our branches.



Social

- ▶ Company follows International Finance Corporation (IFC) Performance Standards.
- ▶ Organised a free health check-up event for all associates PAN India through Dr Lal Path Labs.
- ▶ Conducted vaccination drive for both doses for associates and their family members.
- ▶ Designated Covid support desk for Employees.
- ▶ Hiring from premier campus, Dedicated Talent Development Program for developing High Potentials, fast-tracking for Hi-Pos
- ▶ Paid paternity, maternity leave, work from Home.
- ▶ Employee engagement programs- sports events, Summer Camp, festival celebrations, online talent search.
- ▶ Virtual yoga, health, diet tips, fitness challenge.
- ▶ Offers home loan at concessional rate to women borrowers working in private companies and self-employed women running their own businesses.
- ▶ Dedicated Customer Service department to resolve requests, queries and complaints from customers.
- ▶ Dedicated Learning App (Paathshala)- continuous learning through existing and new modules.

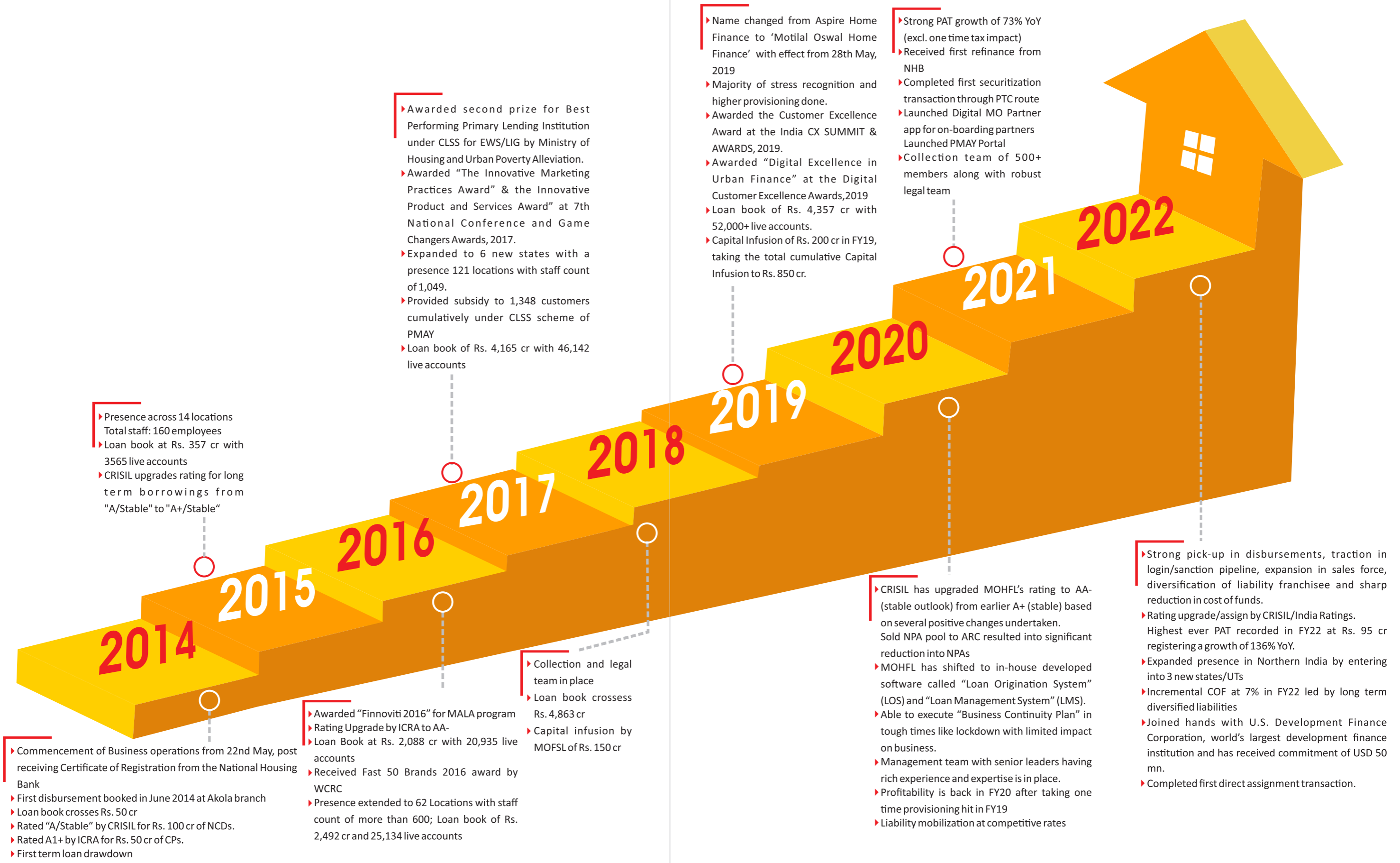


TOWN HALL 21st March' 2022



Governance

- ▶ Company has diversified Board which bring in a wide range of skills and experience.
- ▶ Board consist of 50% of Independent Directors including independent woman director.
- ▶ The Company, being high value debt listed entity, has ensured compliance of corporate governance provisions of SEBI Listing Regulations to the extent possible.
- ▶ Board follows regulatory norms of "Fit & Proper Criteria" in selection process of directors & also evaluation of annual performance of Board is carried out.
- ▶ Board has adopted Remuneration policy & details of all managerial remuneration is provided in Board's Report.
- ▶ Company has IT Strategy Committee chaired by an Independent Director for ensuring overall compliance of Information Technology Systems.
- ▶ Company has Risk Management framework and risk awareness is created through Training, workshop, E-mailers, seminars, conferences, etc.
- ▶ Policy on Prevention of Sexual Harassment at workplace & also creating awareness of the same through e-mailers
- ▶ Corporate Governance Policy is in place which helps in ensuring highest level of corporate governance practice.
- ▶ Participated responsibly in GOI's initiative towards Covid Relief Package to customers vide Covid Restructuring –II in FY22 to all eligible customer.

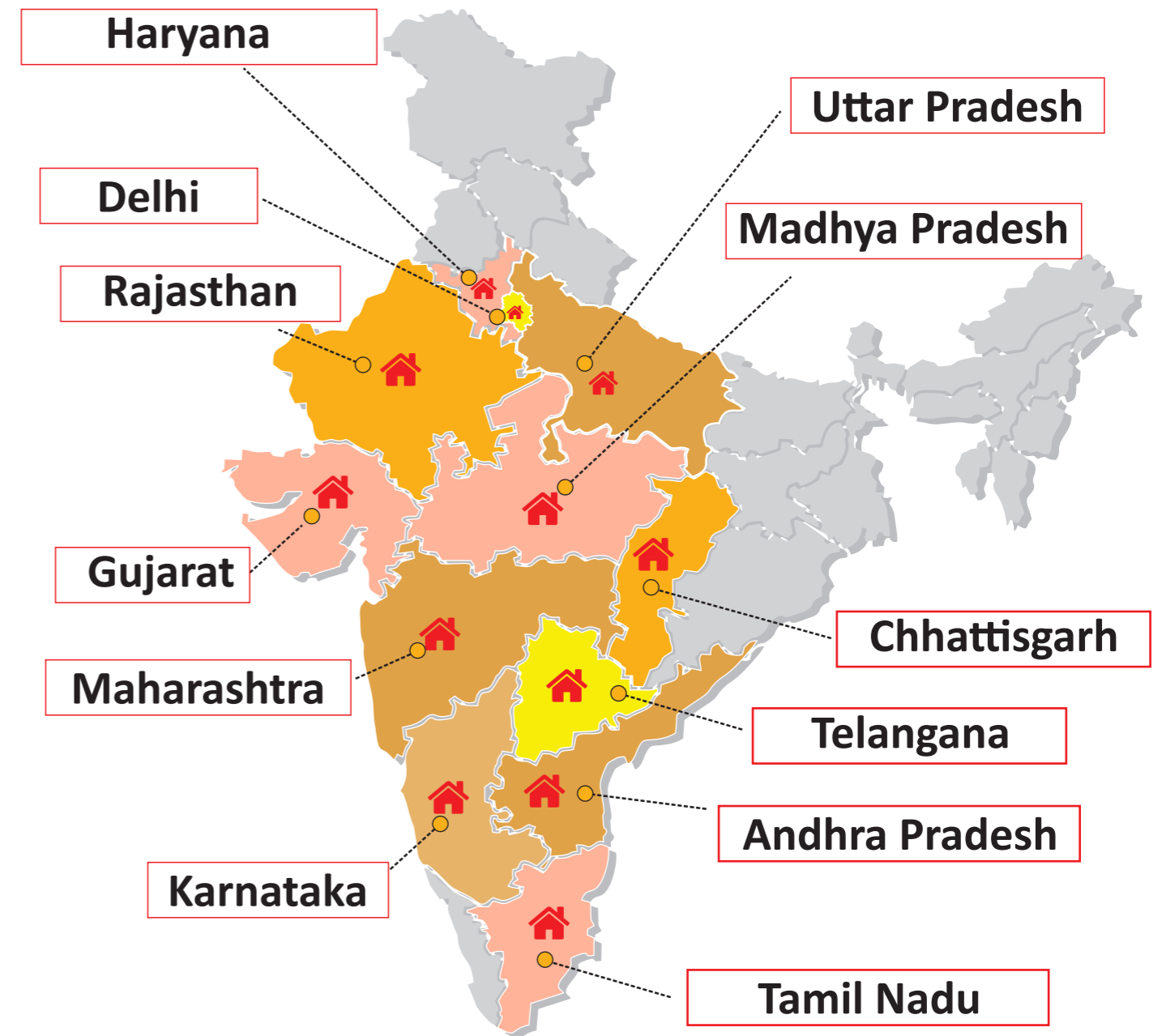


Key Strategic Initiatives

- ▶ Focus on scaling up loan book and disbursements
- ▶ Ramping up of Sales team underway, robust in-house collection, credit, legal & technical team already in place, in line with the maker-checker philosophy
- ▶ Extending our footprints to few new geographies and penetration in existing markets to leverage our well spread and diversified geographical reach
- ▶ Focus on Self Employed Assessed Income borrowers along with Salaried
- ▶ Focus on Self-construction (lower delinquency) loans as compared to new purchase
- ▶ Focus on first time home buyers and self-occupied residential properties
- ▶ Focus on completed properties (minimum construction stage to be at 85%)
- ▶ Extending our product bouquet by offering high yielding non housing loan products to low risk customers
- ▶ Extending our penetration and reach by on-boarding MO Partners (connectors) to more than double the current count
- ▶ Diversifying liability mix and strengthening ALM
- ▶ Focus on bringing down cost of funds and maintaining spread
- ▶ Further strengthen independent credit structure, along with independent business legal, technical (valuation) & ops teams
- ▶ Focus on improving TAT and enhancing customer delight through digital intervention and implementation of credit (decision) score cards and integrated rule engine
- ▶ Relevant and focused digitization and automation is the way-forward – technology first HFC

Our Presence

104 Locations
across 12 States/UT





FY2022 Overview

India stepped into FY2022 with rising number of Covid cases and lockdown due to 2nd wave of the pandemic. India was on the path of economic recovery post the 1st wave of Covid-19 but the 2nd wave played spoilsport. The government announced measures to support sectors hit hard by the pandemic, including new credit guarantee schemes for healthcare, tourism and small borrowers, besides a Rs. 23,220 crores plan to strengthen the country's medical infrastructure. RBI, on its part, allowed lenders to carry out a fresh round of restructuring of loan accounts under "Resolution Framework 2.0" which provided a sigh of relief and much needed cushion to declining asset quality. The Monetary Policy Committee (MPC) of RBI had decided to keep repo rate and reverse repo rate unchanged for the eleventh time in a row at 4% and 3.35%, respectively. The rates were last revised in May 2020. The Marginal Standing Facility was also kept unchanged at 4.25%. The regulator had decided to hold key lending rates steady at record low levels to support a durable recovery of the economy. The Russia-Ukraine conflict has impacted the economy by disrupting the supply chain which led to increase in prices of various food items and fuel. As India's retail inflation, as measured by the Consumer Price Index (CPI), rose 16 months high to 6.95% in the month of March 2022, breaching the RBI's inflation tolerance level, it is expected that the regulator will raise policy interest rates in the future to keep inflation in check.

GDP, which contracted in Q1FY2021 and Q2FY2021, made a turnaround and returned to positive territory in Q3FY2021. GDP grew by a staggering 20.3% in Q1FY2022 compared with corresponding period last year when nationwide lockdown had nearly halted all economic activities. The growth rate was 8.5% and 5.4% in Q2FY2022 and Q3FY2022, respectively.

International Monetary Fund slashed India's growth forecast to 8.2% for FY2023 from its earlier estimate of 9% citing the negative impact of higher oil prices led by the Ukraine war on domestic consumption and private investment. Despite downward revision in estimates, India will still retain its tag as the fastest growing major global economy. Global economy growth is expected to moderate from 6.1% in 2021 to 3.6% in 2022 and 2023. RBI had slashed its growth projections for FY2023 from 7.8% to 7.2%. IMF put the forecast for FY2024 GDP growth at 6.9% from earlier estimates of 7.1%.

Housing Finance Industry Overview

As per ICRA's report, the total outstanding housing finance credit for NBFC-HFC as on December 2021 stood at Rs. 11.9 lakh crores. Disbursements were impacted in Q1FY2022 due the second wave of the pandemic and the industry registered nil sequential growth in the on-book portfolio. However, with easing of the pandemic and opening of the economy, there was a sharp recovery in Q2FY2022 which continued for rest of the year as well. Increasing level of economic activity coupled with healthy demand in the industry are expected to result in a steady growth of disbursements going forward. Within HFCs, the affordable housing segment is expected to grow at a faster pace than the overall industry supported by robust demand and liquidity support from NHB. According to ICRA's estimate, the HFC portfolio is expected to grow by 8-10% in FY2022 and 9-11% in FY2023.

The industry had an outstanding restructured book of 2.3% of the AUM as on September 30, 2021 as compared to 1.1% as on March 31, 2021 and the same was expected to have been improved to 2.0% as on December 31, 2021.

RBI's notification providing clarification on the income recognition and asset classification (IRAC) norms had led to HFCs reporting an increase in the GNPA's in Q3FY2022. However, RBI extended the applicability of the same to October 1, 2022, which is expected to allow for smoother adoption of the same.

Encouraging demand to pull more suppliers: The government's focus on 'Housing for All by 2022' has been undeterred in the last few years despite several headwinds. This has made the housing finance space a center for traction with many new players entering the market. The affordable housing space has seen a special traction mainly on account of robust demand, absence of big players and large untapped market. Pradhan Mantri Awas Yojana Urban (PMAY) which was launched in 2015 targeted the creation of 50 million houses by 2022. Under the same, 'Credit Linked Subsidy Scheme' (CLSS) for economically weaker sections and lower income groups, opened the doors for customers who remained away from owning a house. Resultantly, there have been large numbers of new entrants in the market. Of late, Banks too have increased their focus in the retail housing finance space which has increased the competition in Rs. 25-75 lakh home loan segment of the market. Compared to this, HFCs operating in affordable housing space (sub Rs. 25 lakh loan category) have been growing well and are expected to outpace the industry.

To better leverage the respective comparative advantages of the banks and NBFCs in a collaborative effort, RBI in its circular dated November 05, 2020 has decided to provide greater operational flexibility to the lending institutions, while requiring them to conform to the regulatory guidelines on outsourcing, KYC, etc. The primary focus of the revised scheme, rechristened as "Co-Lending Model" (CLM), is to improve the flow of credit to the unserved and underserved sector of the economy and make available funds to the ultimate beneficiary at an affordable cost, considering the lower cost of funds from banks and greater reach of the NBFCs. This would further help in creating a broader market for the housing finance industry.

Governments' impetus on housing space to further open up the market: The government continued to focus on adding to more benefits for boosting housing and affordable housing space. The Union government in its budget allocated Rs. 48,000 crores to PMAY. Other incentives announced during the budget includes availing of tax benefit by both spouses in case of joint ownership of home, no additional liability on taxable income in case of purchase of second self-occupied property etc.

Management Discussion & Analysis

(Contd...)



The government implemented cut in GST rates in FY2019 after the one which took place in FY2018. The GST rate for premium houses was slashed to 5% from 12% whereas for affordable houses, the rates have dropped down to 1% from 8%. Although, there are no benefits of input credit tax for developers under these rates, the overall cuts on the consumer side stands positive.

Regulator Initiatives Regulatory Authority on HFCs Shifted from NHB to the RBI. The Union Budget 2019-2020 announced the transfer of regulatory power on HFCs from NHB to the RBI. This is expected to result in more streamlined regulations and implementation as well as better risk management framework for HFCs.

RBI issued a master circular on February 17, 2021 providing a consolidated regulatory framework applicable to HFCs. This circular supersedes the previously issued directions by NHB and RBI. Some of the key regulations include:

- **Maintenance of Liquidity buffer in terms of LCR:** RBI has provided timelines for maintenance of liquidity buffer starting from December 1, 2021 till December 1, 2025. All non-deposit taking HFCs with asset size of Rs. 100 bn and above and all deposit taking HFCs (irrespective of their asset size) should maintain a minimum Liquidity Coverage Ratio (LCR) of 50% by December 1, 2021, which would then gradually increase to 100% by December 1, 2025. All non-deposit taking HFCs with asset size between Rs. 50-100 bn should maintain a minimum LCR of 30% by December 1, 2021, which would then gradually increase to 100% by December 1, 2025.
- **Fresh Registration and Net Owned Requirement:** Companies intending to function as HFCs should register with RBI under Section 29A of NHB Act, 1987 and the minimum Net Owned Funds (NOF) should be Rs. 20 crores. For existing HFCs, whose NOF is less than Rs. 20 crores, they have to achieve the target of Rs. 15 crores by March 31, 2022 and Rs. 20 crores by March 31, 2023.
- **CRAR Requirement:** Every housing finance company shall maintain a minimum capital ratio on an ongoing basis consisting of Tier-I and Tier-II capital which shall not be less than 13% as on March 31, 2020; 14% on or before March 31, 2021; and 15% on or before March 31, 2022 and thereafter of its aggregate risk weighted assets and of risk adjusted value of off-balance sheet items. The Tier-I capital, at any point of time, shall not be less than 10%.
- **Risk Weight on Home Loans:** As per latest circular, housing loans shall attract a risk weight of 35%, if their loan-to-value ratio is at 80% or lower. In cases, where the LTV ratio is higher than 80% but less than or equal to 90%, the risk weights will be at 50%. In April 2022, RBI extended the lower risk weightage on housing loans by one year, saying that it would boost credit flow to the sector. In October 2020, the RBI had decided to rationalise the risk weights by linking them only with LTV (Loan to Value) ratios for all new housing loans sanctioned up to March 31, 2022. Now, this has been extended to March 31, 2023.

With a view to ensuring uniformity across all lending institutions in the implementation of Income Recognition, Asset Classification and Provisioning pertaining to Advances (IRACP norms), RBI issued a circular on November 12, 2021. Earlier, some lending institutions upgraded accounts classified as NPAs to 'standard' asset category upon payment of only interest overdues, partial overdues, etc. In order to avoid any ambiguity in this regard, RBI clarified that loan accounts classified as NPAs may be upgraded as 'standard' asset only if entire arrears of interest and principal are paid by the borrower. Earlier the regulator had set March 31, 2022 deadline but later on extended the deadline to September 30, 2022 to put in place necessary systems to implement the provision.

Progress under PMAY since 2014 (Major states)

States	Project Proposal Considered	Investment in Projects (Rs crores)	Central Assistance Sanctioned (Rs crores)	Central Assistance Released (Rs crores)	Houses Sanctioned	Houses Grounded for Construction	Houses Completed
Andhra Pradesh	1,134	88,602	31,555	12,559	20,71,776	17,43,613	4,92,247
Bihar	520	20,545	5,791	2,545	3,68,221	2,77,824	1,05,770
Chhattisgarh	1,845	14,074	5,006	2,899	3,18,440	2,43,846	1,52,701
Goa	10	658	72	68	3,097	2,865	2,864
Gujarat	1,717	1,06,173	21,061	15,257	10,54,790	8,98,648	7,27,737
Haryana	457	15,510	2,945	1,349	1,65,427	87,420	51,160
Himachal Pradesh	308	863	236	172	13,053	12,460	7,239
Jharkhand	453	11,546	3,682	2,520	2,34,114	2,00,836	1,12,544
Karnataka	2,760	51,193	11,494	5,408	7,00,578	5,68,526	2,70,049
Kerala	699	8,271	2,612	1,819	1,57,430	1,31,112	1,06,023
Madhya Pradesh	1,854	53,896	15,986	11,239	9,76,547	7,95,420	4,97,601
Maharashtra	1,556	1,90,648	28,620	13,917	16,34,553	9,12,447	6,68,363
Odisha	976	9,728	3,351	1,886	2,12,950	1,44,921	1,04,809



States	Project Proposal Considered	Investment in Projects (Rs crores)	Central Assistance Sanctioned (Rs crores)	Central Assistance Released (Rs crores)	Houses Sanctioned	Houses Grounded for Construction	Houses Completed
Punjab	885	8,387	2,165	1,294	1,24,022	1,05,112	53,041
Rajasthan	422	21,857	5,040	3,313	2,66,692	1,92,283	1,63,458
Tamil Nadu	4,708	48,598	11,258	8,510	6,91,236	6,37,455	4,73,780
Telangana	303	30,099	4,396	3,044	2,47,079	2,50,591	2,17,983
Uttar Pradesh	4,539	85,530	27,727	19,341	17,63,900	15,28,813	10,62,076
Uttarakhand	243	5,289	1,209	636	66,473	35,016	25,548
West Bengal	656	37,501	11,070	5,582	6,93,436	4,76,927	2,94,823
Total	26,045	8,08,969	1,95,276	1,13,358	1,17,63,814	92,46,135	55,89,816

Source: MHUPA as on 31st March, 2022

CLSS, GST, RERA, Benami Act provided standardization and accountability

GST and RERA has been so far successful in bringing standardization with respect to the taxes in relation to real estate transactions and increase the accountability for developers respectively. Under RERA, builders need to register themselves and projects which have more than 8 apartments. Consumers are also charged by carpet area. Moreover, buyers now have access to publications about project details, development plan, financial details etc. through the RERA website. The amendment to RERA further prevented builders from pre-selling or selling units without first getting clearance from all channels, such as financing.

On the demand side, the Government proposed a **credit-linked subsidy** capital, which could be as high as 44% (Rs. 2,67,000) for a loan of up to Rs. 6,00,000. On December 31, 2016, two new middle income categories were introduced under the scheme, loans of up to Rs. 9,00,000 and Rs. 12,00,000 with subvention of 4% and 3%, respectively. The income eligibility criteria for the two categories are overall household incomes of Rs. 12,00,000 and Rs. 18,00,000, respectively. The last date to avail the CLSS scheme was March 31, 2020 for the two middle income categories but government first extended it till March 31, 2021 and then to March 31, 2022.

Developers can have easier access to institutional credits through the infrastructure status. The infrastructure status has enabled to reduce the borrowing costs, thereby enabling the government's goals of affordable housing by 2022.

Another positive introduction was the amendment to the **Benami Act**, which prevents the hoarders of black money from registering their properties and assets under other people's names, such as poorer family members/servants etc. The benami owners of the property and other assets would have to provide source of income for the said acquisition and if the person was unable to name the source of income (even if gifted), then the property/asset would be sealed. An added prevention method of linking Aadhaar card further demotivates benami properties from being registered. These steps will decrease cash component into the real estate sector.

Housing Credit Growth: The overall on-book portfolio growth of NBFC-HFC was 10% till period ended December 2021, driven by the steady growth in disbursements. The total HFC credit in India is estimated at Rs. 11.9 lakh crores as on December 31, 2021. Given the buoyancy in disbursements, as per ICRA, loan book portfolio is expected to grow by 8-10% in FY2022 and 9-11% in FY2023.

Asset Quality: Asset quality which had started improving towards the end of FY2022 faced additional strain due to the second wave in Q1FY2022. The GNPA's increased significantly in Q1FY2022 followed by a recovery in Q2FY2022. However, tighter regulations by RBI led to an increase in the GNPA's to 3.3% in Q3FY2022. With the expectation of some recovery in Q4FY2022, driven by continuing healthy collections, ICRA has revised its estimate of reported GNPA's to 3.0-3.3% as on March 31, 2022 from earlier estimate of 3.6-3.8% as on March 31, 2022. GNPA is expected to recover further in FY2023 to 2.7-3.0%

Funding and Liquidity: Capital and liquidity remain silver linings for the sector. Considering the growth rate going forward, any sizeable equity infusion is not the need of the hour. However, the sector would require Rs. 1.2 lakh crores of additional funding for the envisaged growth in FY2023.

Outlook: FY2021 was a challenging year for housing finance industry in terms of muted disbursement, low collections and worsening of asset quality during the first half of the financial year. With gradual opening of the economy, business was slowly getting back on its track but it faced another headwind in the beginning of FY2022 with the 2nd wave of pandemic. The challenges posed by the 2nd wave led to lower collections and deterioration of asset quality in Q1FY2022, though the industry saw a sharp recovery in Q2FY2022 which continued going forward as well. With the introduction of new RBI NPA recognition norm, asset quality indicators are estimated to remain elevated in the near term, nevertheless it is expected to revive almost to the pre-Covid level in FY2023.



Motilal Oswal Home Finance Limited

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

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

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

MOHF 1.0: Initial scale up and consolidation:

MOHF's AUM and disbursements grew at a CAGR of 138% and 59%, respectively between FY2015 and FY2018, largely driven by branch expansion from zero branches in FY2015 to 120 branches in FY2018.

During this period, the Company was able to precisely define its customer segment, create brand awareness through a wide network and demonstrate a viable business model.

The Company was on track to deliver strong profitability and growth post FY2018, however, Demonetization was announced which impacted the earnings of the Company's customer base leading to a spike in delinquencies – the company had to absorb higher credit costs and focus on resolving asset quality concerns before restoring its focus on growth.

During FY2019, the management decided to slow down growth to focus on strengthening the credit policies, creating a strong collection, legal and technical verticals, and curating a strong second line of management – all fundamental building blocks required to operate a lending business at scale. In FY2019 & FY2020, disbursements were lower and hence AUM de-grew, the profitability and hence the ROAs could not keep pace because of underutilization of infrastructure and high delinquencies.

MOHF 2.0: Profitable Growth through Productivity improvements and Risk Mitigation

Coming to FY2021, even in a Covid year, the Company has recorded its strong growth in disbursements, profitability in absolute as well as relative terms. FY2022 was a landmark year for us as we recorded highest ever profitability. PAT for FY2022 stood at Rs. 95 crores, registering a staggering growth of 136% YoY. Disbursements grew by 136% YoY to Rs. 643 crores. AUM was marginally lower than FY2021 on account of Direct Assignment transaction done in the first quarter. ROA improved by 87 bps to 2.6% largely driven by start of better utilization of existing infrastructure, control over delinquencies and lowest ever cost of funds. In FY2022, cost of funds was down by 105 bps YoY to 8.2%, resulting in improvement in spread and NIM at 5.7% and 7.3%, respectively as compared to 5.1% and 6.1% in FY2021. MOHF looks forward to a linear growth in AUM and improved profitability/ROA/ROEs.

Business Presence

During FY2022, MOHFL expanded its base in northern part of India by entering into 3 new geographies- Haryana, Delhi and Uttar Pradesh. MOHFL have 104 Branches across 12 states/UTs as of March 2022.

Disbursements

Due to Covid induced lockdown, MOHFL's disbursements remained muted for the month of April and May in FY2022. However, disbursements gradually picked up and highest monthly disbursement in last 36 months was witnessed in March 2022. During FY2022, MOHFL disbursed loans amounting to Rs. 643 crores, a jump of 136% YoY. The disbursements are made with collateral first policy and after passing through several stringent checks and balances. We have expanded the sales force in FY2022 which will eventually help in ramping up disbursements going forward. Incremental contribution from new states is rising and expected to increase further due to hiring / productivity gains. The foundations necessary for strong growth like independent collection and legal organization are now well in place. These efforts are expected to fructify supporting sustainable growth, going forward.

Loans

MOHFL's total outstanding loans in FY2022 stood at Rs. 3,485 crores. The loan book reduction was on account of Direct Assignment transaction coupled with repayments led by voluntary foreclosure and accrual of CLSS subsidy. Loans to total assets stood at 93% as at March 31, 2022 with average LTV of the book is ~58%. Yield for FY2022 stood at 13.9%. Average ticket size



is Rs. 8.6 lacs, with loans extended to more than 48,100 families, as MOHFL is focused on the affordable housing segment. The overall FOIR during the year remained at a comfortable level of 43%.

Credit underwriting

The loan approval at MOHFL is in 4 layers of approval process based on ticket size of the loan. Approvals of lending proposals are carried out by various authorities from Cluster Credit Head to National Credit Head. Approvals beyond certain limits are referred to the CRO and CEO. Additional layer of in-house legal and technical makes underwriting process more robust. There is a Dedicated Risk Containment Unit (RCU) in the company to minimize fraud related to income documents, profile and collateral. We have now credit underwriting done based on application score card and risk based pricing. Credit function is fully automated which ensures faster and accurate paperless processing resulting into better TAT for customers and better productivity for employees. MOHFL's strengthening of its underwriting, systems and processes resulted in robust performance of new loan book sourced from April'2018 onwards.

Recoveries and Provision for Contingencies

MOHFL NPAs as at March 31, 2022 were Rs. 57 crores. MOHFL carries NPA provisions of Rs. 26 crores. MOHFL gross NPAs are 1.6% and Net NPAs are 0.9% on total outstanding loans of Rs. 3,485 crores as at March 31, 2022 as compared to 2.2% and 1.5%, respectively as at March 31, 2021. Company has created strong PCR of 149%.

During FY2021, due to pandemic related challenges and impact on cash flows of the customers, most of the customers faced difficulties in paying their dues on time especially during initial part of the year. However, prudent measures from RBI by announcing moratorium facility offered some breather to these customers and helped them to regularize their loan account without impacting their credit history. Further, RBI had also allowed restructuring under "**Resolution Framework 1.0**" where customers who were coming out of moratorium and still had difficulties in paying their dues on time, for such customers RBI had directed to offer restructuring by either reducing their EMI by way of extending the loan tenure by 2 years or by offering top-up loans.

With rising no. of cases in 2nd wave of pandemic during the beginning of FY2022, RBI had allowed lenders to carry out a fresh round of restructuring of loan accounts under "**Resolution Framework 2.0**". The last day for invocation was September 30, 2021. Thereafter, the resolution plan was allowed to be implemented within 90 days or latest by December 31, 2021.

Considering situation of the customers in these trying times, we have offered restructuring to some of the customers whose cash flows were genuinely impacted. During the year, we restructured loans to the tune of Rs. 174 crores. Our collection efficiency, which was subdued in first few months in FY2022 due to the pandemic, stood at 98% (1 EMI collected/1 EMI Due) and including pre-payment it was at 138% in March 2022. This has helped us in reducing our GNPA to 1.6% as of March, 2022 from 2.2% as of March, 2021.

MOHFL now has robust legal and collection unit in place. MOHFL has around 580 member in-house collection team across all buckets (dedicated teams for each bucket) with vertical organization structure. Further, we have 30 members legal team comprising of lawyers to take legal action against delinquent customers via SARFAESI, section 138 and arbitration route. As the effect of pandemic on the economy has diminished over time, we have witnessed accelerating pace of recovery.

Liability Management

Rating upgrade: MOHFL received credit rating upgrade in FY2022 based on several positive changes undertaken. CRISIL initially upgraded MOHFL's rating to AA- (positive outlook) from earlier AA- (stable outlook) and then further upgraded it to AA (stable outlook). India Ratings assigned AA (stable outlook) to long term borrowings of MOHFL and ICRA upgraded rating from A+ (stable outlook) to AA- (stable outlook). This rating upgrade is driven by MOHFL's ability and positive developments of Management depth and experience, strengthening of collections and recovery apparatus, enhancing credit appraisal and risk monitoring system, strengthening of capital position and greater integration of the MOHFL with those of its parent including the change of name of the company has improved the credit profile of MOHFL and enabled to bring down cost of funds in FY2022 and over longer run.

MOHFL has been raising funds for its lending activities from banks by way of term loans from banks and refinance facility from NHB, by private placement of non-convertible debentures (NCDs), by securitisation through PTC route. Further in FY2022, MOHFL has joined hands with U.S. International Development Finance Corporation, world's largest development finance institution. DFC has committed USD 50 mn as a long term loan under ECB route. MOHFL has maintained a prudent mix of fixed rate borrowings and variable rate borrowings with a view to minimize the weighted average cost of borrowings and maintain a healthy spread on its lending activities.

To minimize the risk arising on account of mismatches if any, MOHFL has set internal norms on the quantum of short term borrowings so that a prudent balance is maintained in keeping the cost of funds low to an extent that the risk arising from the mismatch could be managed.

MOHFL continued to borrow for both long and short-term from the banking sector at competitive rates. MOHFL raised fresh loans from banks/NBFCs aggregating to Rs. 615 crores during the year and repaid loans aggregating to Rs. 434 crores. Term



loans are secured by way of hypothecation over loan receivables. Outstanding balance of term loans was Rs. 1,466 crores as at March 31, 2022.

The outstanding balance of NCDs as at March 31, 2022 was Rs. 750 crores. Out of which Rs. 425 crores NCDs are secured by way of hypothecation over loan receivables. MOHFL NCDs are rated with "IND AA", "CRISIL AA" & "ICRA AA-" with Stable outlook indicating adequate degree of safety regarding timely servicing of financial obligations.

In FY2022, MOHFL has joined hands with U.S. International Development Finance Corporation, world's largest development finance institution. We received first tranche of Rs. 75.5 crores in Q4FY2022.

In FY2021, MOHFL received first refinance from National Housing Bank (NHB) under the prescribed schemes and as of March 31, 2022, the outstanding balance was Rs. 183 crores. During the year, the company raised Rs. 200 crores.

MOHFL issued CPs amounting to Rs. 200 crores in FY2022. There are no outstanding CPs as on March 31, 2022.

Total 19 banks and financial institutions extended credit lines and NCDs were allotted to 8 financial institutions as of March 2022. The average cost of borrowing for MOHFL stood at 8.2% in FY2022.

MOHFL has available credit lines of Rs. 1,268 crores, Cash & Bank Balance Rs. 273 crores, investments are 'Nil' and 'Nil' short term loans or commercial papers as on 31st March 2022.

MOHFL continues to enjoy borrowing facilities from various Banks, Mutual funds & HNI investors. During the year it raised borrowings of Rs. 1,433 crores.

MOHFL has also repaid borrowings of various bank and mutual funds and gain lower cost of funds advantage on new borrowings. During FY2022 it repaid borrowings facilities of Rs. 1,381 crores. (excluding CP repayment).

The outstanding subordinated debt as at March 31, 2022 was nil. Tier II capital now stands at Rs. 23 crores as of March 31, 2022.

MOHFL total borrowings as at March 31, 2022 of Rs. 2,606 crores were within the permissible limits of 12 times of net owned funds. Average duration of borrowings increased during the year resulting in enhanced ALM.

MOHFL has net debt to equity ratio of 2.3x in FY2022. MOHFL Capital Adequacy Ratio as at March 31, 2022 was 51.57%. The Capital Adequacy on account of Tier I Capital was 50.34% and Tier II capital was 1.23%.

Cost of borrowing for us has come down by 105 bps in FY2022 at 8.2% and cost of funds is 82 bps lower YoY at 8.0% in Q4FY2022. Cost of funds for the month of March 2022 stood at 7.9%.

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

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

Risk Management Framework

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

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

The Company continuously monitors loan portfolio and portfolio level delinquency metrics are tracked at regular intervals with focus on detection of early warning signals of stress. These limits are periodically reviewed based on changes in the macro-economic environment, regulatory environment and industry dynamic. Key sectors are analyzed in detail to suggest strategies, considering both risks and opportunities. Corrective action, if required, is taken well in advance.

The risk strategy laid down by your Company helps foster a disciplined culture of risk management and control. In conjunction with these practices, your Company intends to optimize its capital needs through growth, by achieving highest returns on capital employed while managing risks appropriately.



Your Company follows the best practice for management of credit risk, market risk, liquidity risk and operational risk and has put in place a comprehensive Risk Management Policy envisaging a robust risk management program.

Internal Audit and Control

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

MOHFL has robust internal audit program, where the internal auditors, an Independent Audit firm of Chartered Accountants, conduct a risk-based audit with a view to not only test adherence to laid down policies and procedures but also to suggest improvements in processes and systems. Their audit program is agreed upon by the Audit Committee. Internal audit observations and recommendations are reported to the Audit Committee, which monitors the implementation of such recommendations.

Collection/Legal organisation

MOHFL has set up an in-house collection team of 570+ officers. Also, the investments in technology in the form of collection applications and geo-tagging feature have enabled the efficient capturing of efforts put in by collections team. MOHFL has strengthened legal unit to pursue legal actions aggressively such as SARFAESI, section 138.

IT Audit and Security

An information system is the backbone of MOHFL business. MOHFL has implemented application software which is being maintained and has been enhanced and modified by external IT software development group. The software is integrated to record and process lending and accounting transactions of MOHFL across its branches.

The Information System at MOHFL operates under centralized IT environment and all branches are connected through MPLS VPN connectivity.

The centralized IT environment enables prompt communication between its branch offices and head office and also provides highway for easy and quick MIS and preparation of various monthly reports. Considering the significant dependence of MOHFL operations on its IT system, MOHFL also takes initiative in maintaining adequate control for data integrity and its confidentiality. The Application Software and IT System at MOHFL are upgraded from time to time.

MOHFL has now shifted from "Omni" software system to in-house developed new IT system called "Loan Origination System" (LOS) and "Loan Management System" (LMS). These newly developed systems provides lot of ease of access, operational convenient, efficiency enhancement and fast tracking of processes.

Business continuity Plan -

During lockdown period all staff of MOHFL is able to work from Home and all employees had connected with centralized IT and database with VPN connectivity. We are able to execute "Business Continuity Plan" in tough times like lockdown with limited impact on business. Robustness of our IT system has been tested during this time and all stakeholders are benefitted from this. However Incremental Disbursements are likely to be impacted during the lock-down period due to multiple factors including closure of government offices, hampered mobility, inability to conduct verification checks /RCU checks.

Digitisation: MOHFL has made investments in digital initiatives to reduce operating costs and turnaround time, and to improve customer experience. MOHFL does extensive use of technology developed by in-house group level IT team of 300+ members. There are separate mobile based apps for Sales, credit and collection for faster paperless processing and better productivity of employees. Despite catering to EWS and LIG income segment MOHFL has 100% customer registered on NACH. Also, bulk of the collection done through online payment gateway with minimum cash handling.

MOHFL has maximum thrust on digital payments. MOHFL has launched an online payment system in association with multiple online payment apps, payment gateways like Razorpay & digital payments banks such as PayTm. Other online options provided to the customers are – QR code (Static & Dynamic), BHIM, UPI, Googlepay, Razorpay, SMS Push Mechanism, Paytm and Payment through Whatsapp. All field portfolio officers are having online payment gateway system in Collection App.

Your company has launched 'MOHFL Genie', Chatbot 24*7 robo assistance for customers. This has helped us greatly in resolving customer queries in a quick and effective manner. Customer can access all loan account information like loan amount, tenure, EMI, interest certificate, etc. on 'MOHFL Parivaar' app.

Human Resource

Management team has been strengthened. The transition of the organisation from a Branch banking model to a Vertical organisation coupled with re-writing of processes to ensure quality growth now stands completed. Critical functions such as Sales, Credit, Operations and Collections are being driven by independent heads. MOHFL's total headcount stands at 1,569 employees. A captive Technical and Legal organisation has been created to provide strong foundation. With the high level of



commitment and loyalty by staff members and the parent group, MOHFL is confident to face the challenges of all the adverse conditions while emerging out as a winner.

Opportunities

- Low mortgage penetration in India
- Growing demand of housing in rural and semi-urban areas
- Government initiatives to boost affordable housing

Threats

- Short term economic slowdown and uncertain political environment impacting business activities
- Increased intensity of competition

Outlook of the Company

Government initiative under “Housing for all by 2022” has created new era in the housing sector especially in the affordable housing. It is expected to deliver much needed boost to the real estate and housing finance industry by creating an enabling & supportive environment for expanding credit flow and increasing home ownership. Bringing Real Estate (Regulation and Development) Act is another significant measure which will streamline the business practices in the Real Estate Sector.

Through Pradhan Mantri Awas Yojana (PMAY), Urban launched in June 2015 under the mission “Housing for All by 2022”, Government of India has increased the thrust in housing sector, affordable housing in particular. Under PMAY, schemes that provide demand side (Credit Linked Subsidy Scheme and beneficiary-led individual house construction) and supply side (Slum rehabilitation with participation of private developers and Affordable housing in partnership with Public and Private Sectors) intervention have been launched with an aim to increase housing stock in India.

With all the learnings from the past and subsequent corrective measures, MOHFL is poised to opportune from India’s growing demand for affordable housing. FY2018 to FY2021 have been years of consolidation with conservative approach in terms of growth. FY2022 was a landmark year for us as we reported highest ever profit after tax, received rating upgradation from rating agencies and joined hands with US DFC. MOHFL has successfully built its independent departments of sales, credit, collection, legal, compliance and risk. The mutually exclusive operations of these departments will further help us in maintaining ‘quality’ growth in future as well.

The economy might take a little beating in case of emergence of new variants of Covid-19 and imposition of lockdown by GOI. NBFC and HFCs can face challenges on both the fronts, assets side as well as on liability side. However, RBI and GOI has always been quick to respond in these circumstances as seen in the past and the same is expected in the future as well in case of need arises. As all the lockdown restrictions are lifted now and businesses are back to function at pre-Covid levels, we are fully prepared to ride next leg of growth in affordable housing finance space.

Cautionary Statement

Statements made in the Management Discussion & Analysis describing the Company’s objectives, projections, estimates, expectations may be “Forward-looking statements” within the meaning of applicable laws & regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company’s operations include economic conditions affecting demand supply and price conditions in the domestic & overseas markets in which the Company operates, changes in the government regulations, tax laws & other statutes and other incidental factors.



To,
The Members
Motilal Oswal Home Finance Limited

The Board of your Company has the pleasure in presenting the Ninth Board's Report together with the Audited Financial Statements for the financial year ended March 31, 2022.

This report read with the Management Discussion & Analysis includes the details of macro-economic scenario, Company's performance, various initiatives taken by the Company as well as its approach to risk management.

FINANCIAL RESULTS

The Company's financial performance for the financial year ended March 31, 2022 as compared to the previous financial year ended March 31, 2021 is summarised below:

(Rs. in Crore)

Sr. No.	Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
1	Gross Income	526.20	545.52
2	Income Before interest, depreciation and tax	352.03	385.82
3	Interest	229.03	288.90
4	Depreciation	4.69	6.47
5	Net Profit/(Loss) Before Tax	118.31	90.45
6	Tax	23.42	50.22
7	Net Profit/(Loss) After Tax	94.89	40.23
8	Other comprehensive income	0.13	0.41
9	Balance available for appropriation	95.02	40.64
10	Transfer to Special Reserve u/s 29C of the National Housing Bank ("NHB") Act, 1987	18.98	8.05
11	Surplus carried to Balance Sheet	76.04	32.59

REVIEW OF BUSINESS OPERATIONS AND FUTURE PROSPECTS

During the year under review, your Company earned the gross income of Rs. 526.20 Crore as against Rs. 545.52 Crore in the previous year. The total expenditure during the year under review was Rs. 407.89 Crore as against Rs. 455.07 Crore in the previous year. The Net Profit after tax was Rs. 94.89 Crore as against Net Profit after tax of Rs. 40.23 Crore in the previous year.

The mission of the Company is to focus on the affordable housing segment, catering to the aspirations of mid and low income Indian families who want to own a home.

Your Company would work on the philosophy of Housing Financial Institution enabling credit access to low and middle income segment for purchasing and acquiring affordable housing units. Further, a detailed information is provided Management Discussion & Analysis Report forming part of Annual Report of the Company.

DIVIDEND

In view of the planned business growth, the Board deem it proper to preserve the resources of the Company for its activities and therefore, do not propose any dividend for the financial year ended March 31, 2022.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The information on overall industry structure, economic developments, performance and state of affairs of the Company, risk management systems and recovery post COVID-19 pandemic is given in the Management Discussion & Analysis Report forming part of Annual Report of the Company.

ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) INITIATIVES

Since your Company strongly believes in raising corporate transparency, strengthening risk management, promoting stakeholder engagement, improving communications with Stakeholders, your Company has undertaken various Environment, Social and (Corporate) Governance Initiatives (ESG) initiatives during FY2021-22. The separate disclosure on ESG initiatives and contribution by the Company is forming part of this Annual Report.



SHARE CAPITAL

The Authorised share capital of the Company as on March 31, 2022 is Rs. 10,00,00,00,000/- (Rupees One Thousand Crore only) divided into 10,00,00,00,000 (One Thousand Crore) Equity Shares of Re. 1/- each.

During the year under review, the Company has allotted 92,43,750 (Ninety Two Lacs Forty Three Thousand Seven Hundred and Fifty) Equity shares of Re. 1/- each under various Employee Stock Option Schemes (ESOS).

As on March 31, 2022, the Issued, Subscribed and Paid up Equity Share Capital of the Company stood at Rs. 602,70,91,515 (Rupees Six Hundred and Two Crore Seventy Lacs Ninety One Thousand Five Hundred Fifteen Only).

FUND RAISING/ SOURCE OF FUNDS:

As part of its asset liability management, your Company strives to diversify the sources of its fund base to achieve suitable maturity schedule and optimise the average cost of borrowed funds. The overall borrowing limit approved by the shareholders is Rs. 9,000 Crore.

During the year under review, the Company met its funding requirements predominantly through long term debt comprising of NHB Refinance, External Commercial Borrowings, Securitisation, Term Loan, Debt instruments, etc. Summary of source of fund is given below:

A. REFINANCE FROM NATIONAL HOUSING BANK

The NHB has sanctioned Refinance facility to the Company under various refinance schemes such as Special Refinance Facility - 2021 (SRF-2021) scheme and Regular Refinance Schemes. During the year under review, the NHB has sanctioned refinance facility of Rs. 400 Crore and disbursed Rs. 200 Crore to the Company. As on March 31, 2022, outstanding balance of NHB refinance stood at Rs. 182.54 Crore and Rs. 200 Crore is sanction undisbursed, which we will avail in near future.

B. EXTERNAL COMMERCIAL BORROWING

The United States International Development Finance Corporation ("DFC") has committed USD 50 Million long term loan (For 15 years) to the Company via External Commercial Borrowing ("ECB") route to be availed in 5 tranches of USD 10 Million each. DFC is America's development finance institution, part of the U.S. Government, and provides debt financing, equity investments, feasibility studies, investment funds, political risk insurance and technical assistance.

DFC is partnering with the Company to finance solutions for borrowers under affordable housing. This commitment will be utilised by the Company towards financing long-term funding for low-income mortgages throughout India, advancing financial inclusion and economic stability in the country. The Company has received 1st tranche of USD 10 Million from DFC on fully hedged basis. As on March 31, 2022, the outstanding ECB stood at Rs. 75.47 Crore

The Security Trustee for the aforesaid ECB raised from DFC is Catalyst Trusteeship Limited having its registered office at GDA House, Plot No. 85, Bhusari Colony (Right), Kothrud, Pune, Maharashtra – 411038.

C. SECURITISATION

The Company has actively tapped Securitisation market, which has enabled it to create liquidity, reduce the cost of funds and minimizing asset liability mismatches.

During the year under review, the Company has received purchase consideration of Rs. 42.69 Crore from assets assigned in securitisation transaction through Direct Assignment route. As on March 31, 2022, outstanding balance of securitisation stood at Rs. 184.14 Crore comprising of Securitisation through Direct Assignment of Rs. 36.81 Crore and Securitisation through Pass through Certificate of Rs. 147.33 Crore.

The securitisation transaction was carried out in line with guidelines issued by Reserve Bank of India ("RBI") on Securitisation of Standard Assets.

D. LOANS FROM BANKS / FINANCIAL INSTITUTIONS

The Company primarily sources funds from banks and Financial Institutions in the form of term loans and cash credit / WCDL. During the year under review, the Company has availed Term Loans facilities of Rs. 615 Crore from various banks / Financial Institutions. As on March 31, 2022, the outstanding loans stood at Rs. 1,465.55 Crore.

E. DEBENTURES

During the year under review, the Company has raised Rs. 300 Crore through Unsecured Non-Convertible Debentures ("Unsecured NCDs") on a private placement basis. As on March 31, 2022, the outstanding NCDs stood at Rs. 750.45 Crore comprising of Unsecured NCDs of Rs. 325 Crore and Secured NCDs of Rs. 425.45 Crore.



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

During the year under review, the interest on Non-Convertible Debentures issued on private placement basis were paid by the Company on their respective due dates. Further, unclaimed amount of Rs. 0.38 Crore has been transferred to a separate account opened with scheduled bank.

Your Company being Housing Finance Company (HFC) is exempted from the requirement of creating Debenture Redemption Reserve ("DRR") and Debenture Reserve Fund ("DRF"). Further, pursuant to circular issued by the SEBI on Recovery Expense Fund ("REF"), the Company is required to deposit an amount equal to 0.01% of the issue size subject to maximum of Rs. 25 lakhs towards REF with the 'Designated Stock Exchange'. Accordingly, the Company has transferred amount equal to 0.01% of issue size to BSE Limited towards REF.

F. COMMERCIAL PAPERS

During the year under review, the Company issued Commercial Papers (CP) amounting to Rs. 200 Crore. There are no outstanding CPs as on March 31, 2022. The CPs are rated CRISIL A1+, [ICRA]A1+ and IND A1+ indicating that instrument have adequate degree of safety regarding timely payment of financial obligation.

Disclosure under Chapter XI (Guidelines on Private Placement of Non-Convertible Debentures) of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021:

- The total number of non-convertible debentures which have not been claimed by the investors or not paid by the Company after the date on which the Non-Convertible Debentures became due for redemption – Total 3 NCDs, matured on April 30, 2021, remained unclaimed as on March 31, 2022.
- The total amount in respect of such Debentures remaining unclaimed beyond the date of such Debentures become due for redemption: Total amount of Rs. 0.38 Crore remained unclaimed (Principal + Interest) have been transferred to separate bank account maintained with HDFC Bank Limited.

DEBENTURE TRUSTEE

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

Beacon Trusteeship Limited

4 C&D, Siddhivinayak Chambers, Gandhi Nagar, Opp. MIG Cricket Club, Bandra (E), Mumbai - 400 051.

Direct: 022 26558759

Mobile: 8999389079

Website: www.beacontrustee.co.in

Milestone Trusteeship Services Private Limited

CoWrks Worli, PS 56, 3rd Floor, Birla Centurion, Century Mills Compound, Pandurang Budhkar Marg, Worli, Mumbai – 400 030

Direct: +91 22 62886119

Mobile: +91 9029969213

Website: www.milestonetrustee.in

CREDIT RATINGS

The Company's borrowings enjoy the following Credit Ratings:

Nature of Borrowing	Rating/ Outlook		
	CRISIL	ICRA	India Ratings
Short Term			
Commercial Paper	CRISIL A1+	[ICRA]A1+	IND A1+
Long Term			
Market Linked Non-Convertible Debentures	CRISIL PP-MLD AA r/ Stable	PP-MLD [ICRA] AA- (Stable)	-
Non-Convertible Debentures	CRISIL AA/ Stable	[ICRA]AA-(Stable)	IND AA/Stable
Bank Borrowings	CRISIL AA/ Stable	-	IND AA/Stable

Following rating action has happened during the year:

- CRISIL Ratings Limited ("CRISIL") has made revision in the credit rating "outlook" on long term debt instruments of the Company to "CRISIL AA-/Positive" from 'CRISIL AA-/Stable'.



CRISIL has further upgraded the credit rating on long term debt instruments of your Company to “**CRISIL AA/Stable**” from ‘CRISIL AA-/Positive’. Further, CRISIL has reaffirmed the Credit Rating of “CRISIL A1+” on commercial paper of your Company.

- ICRA Limited (“ICRA”) has upgraded the credit rating on long term debt instruments to “**ICRA AA-/Stable**” from ‘ICRA A+/Stable’.
- India Ratings and Research (“Ind-Ra”) has assigned AA ratings with stable outlook on long term debt instruments of your Company.

The rating takes into consideration Company’s approach of geographical diversification, strengthening of the underwriting process and better asset quality, strengthening team and improvement in disbursements, stronger systems / processes and risk management capabilities, reduction in cost of funds and improvement in overall profitability. Further, Company enjoys healthy capitalisation and high liquidity.

DISBURSEMENT

During the year under review, the Company has disbursed total loan amounting to the tune of Rs. 643.13 Crore. As on March 31, 2022, total loan book stood at Rs. 3,485.40 Crore comprising of housing loan of Rs. 2,842.32 Crore and non-housing loan of Rs. 643.08 Crore.

PUBLIC DEPOSITS

Your Company is registered with the RBI as a Non-Deposit taking Housing Finance Company. During the year under review, the Company has not accepted any deposits from the public and resolution in this regard was passed by the Board of Directors of the Company. Hence, disclosures as required under Regulation 44 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 (RBI Master Directions for HFCs) is not applicable for the FY 2021-22.

COMPLIANCE

The Company is registered with RBI as a Non-Deposit taking Housing Finance Company. The Company has complied with and continues to comply with all the applicable provisions of the National Housing Bank Act, 1987, RBI Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 for HFCs and all other applicable rules/regulations/guidelines, issued and as amended from time to time.

As required under NHB Directions/ RBI Master Directions for HFCs, your Company was required to maintain a minimum capital adequacy of 15% as on March 31, 2022. The Capital Adequacy Ratio as at March 31, 2022 was 51.57%. Tier I and Tier II capital adequacy ratios as at March 31, 2022 were at 50.34% and 1.23%, respectively.

As per the provisions of the National Housing Bank Act, 1987, inspection was conducted by the NHB with reference to position of the Company as on March 31, 2020. The Members are informed that NHB has closed inspection for FY 2019-20 without any adverse remark and has also upgraded internal ratings of the Company.

The contribution of NBFCs towards supporting real economic activity and their role as a supplemental channel of credit intermediation alongside banks is well recognised. Over the years, the sector has undergone considerable evolution in terms of size, complexity, and interconnectedness within the financial sector. Many entities have grown and become systemically significant and hence there is a need to align the regulatory framework for NBFCs keeping in view their changing risk profile. In view of the above, the RBI, vide circular dated October 22, 2021, has introduced Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs. Regulatory structure for NBFCs shall comprise of four layers based on their size, activity, and perceived riskiness. NBFCs in the lowest layer shall be known as NBFC - Base Layer (NBFC-BL). NBFCs in middle layer and upper layer shall be known as NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL), respectively. The Top Layer is ideally expected to be empty and will be known as NBFC - Top Layer (NBFC-TL). Your Company, being housing finance company, will fall under Middle Layer.

Further, pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2021 (“Listing Regulations”) (as amended from time to time), the Company, being high value debt listed entity, is required to comply provisions of Regulation 16 to Regulation 27 relating to Corporate Governance on a ‘comply or explain’ basis until March 31, 2023 and on a mandatory basis thereafter.

The ‘**high value debt listed entity**’ means an entity having an outstanding principal value of listed non-convertible debt securities of Rupees Five Hundred Crore and above as on March 31, 2021.

NON- PERFORMING ASSETS AND PROVISIONS FOR CONTINGENCY

Your Company has adhered to the Prudential guidelines for Non-Performing Assets (“NPAs”) issued by NHB/RBI from time to time. The recognition of NPA and provision on Standard and Non-Performing Loans is made as per the prudential norms



prescribed by the regulator and as per “NPA Management Write Off and Settlement Policy” approved by the Board of Directors of the Company effective as on March 31, 2022.

Your Company has complied with the provisions of Indian Accounting Standards (“Ind-AS”) issued by the Institute of Chartered Accountants of India. Accordingly, Company’s GNPA stands at Rs. 57.25 Crore i.e. 1.64%. The provision on NPA stands at Rs. 25.75 Crore and NNPA is at Rs. 31.50 Crore i.e. 0.90%

RISK MANAGEMENT FRAMEWORK

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

NHB/ RBI GUIDELINES

The Company has complied with the provisions of the NHB/RBI guidelines as amended from time to time. Further, the Guidelines, Circulars and the Notifications issued by NHB/RBI are also placed before the Board of Directors at regular intervals to update the Board members on the compliance of the same.

During the year under review, the Company has conducted annual review of frauds as per the provisions of Master Direction - Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016 (as amended from time to time). Further, the note on said Annual Review was also placed before the Board for information. Reporting requirements as per said circular has also been made within stipulated time.

Your Company has in place Board approved Know Your Customer & Anti Money Laundering Policy (KYC & AML Policy) and adheres to the provisions of Master Direction - Know Your Customer (KYC) Direction, 2016 (as amended from time to time). The said Policy is in line with the guidelines issued by the RBI.

Your Company has in place a Fair Practices Code (FPC), which includes guidelines on appropriate staff conduct when dealing with the customers and on the organisation’s policies vis-à-vis client protection. The FPC captures the spirit of the guidelines issued by RBI in Chapter XIII of the Master Direction Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021. Further, we wish to keep you abreast that your Company has a robust and effective Grievance Redressal Mechanism, to address/resolve the complaints/ grievances of customers.

Further, as per Master Direction - Information Technology Framework for the NBFC Sector issued by the RBI (RBI Direction) requires Housing Finance Company to get Information Security (“IS”) Audit done based on the size and operations of the NBFC but may be conducted at least once in a year covering effectiveness of policy and oversight of IT systems, evaluating adequacy of processes and internal controls, recommend corrective action to address deficiencies and follow-up, effectiveness of business continuity planning, disaster recovery set up, etc.

In view of the above, your Company had appointed A3S Tech & Co. as Certified Auditor to undertake System Audit and Cyber Security Audit of the IT Infrastructure of the Organisation.

As a result of Information System audit the auditors concluded that the systems adopted and controls of your company are working adequately.

In order to manage/reduce various market risks including but not limited to Interest Rate Risk & Foreign Exchange Risk (FER) on FCNR (B) Loans, ECB (External commercial borrowings) and OIS (Overnight indexed swap) (under RBI guidelines), the Finance and Securities Allotment Committee had approved a policy namely Interest Rate Risk and Foreign Exchange Risk (“Policy”).

The objective of the said policy is to reduce potential costs of financial distress by making the Company less vulnerable to adverse market movements in interest rate, exchange rate etc. and also create a stable planning environment to avoid huge fluctuations on the financials of the Company due to market movements.

PRUDENTIAL NORMS FOR HOUSING FINANCE COMPANIES

The RBI governs the HFCs and issues guidelines on income recognition, asset classifications, accounting for investments, provisions of Loan to Value (LTV) ratio, provisioning for bad and doubtful debts, capital adequacy, accounting and disclosure policies, fair practice code and asset liability management. The Company is in compliance with applicable prudential norms and guidelines.

SPECIAL RESERVE

As per Section 29C of the National Housing Bank Act, 1987, the Company is required to transfer at least 20% of its net profits every year to a reserve before any dividend is declared. During the period under review, your Company has transferred Rs. 18.98 Crore to Special Reserve. Apart from special reserve, the Company has not transferred any amount to the other Reserves for the year ended March 31, 2022.

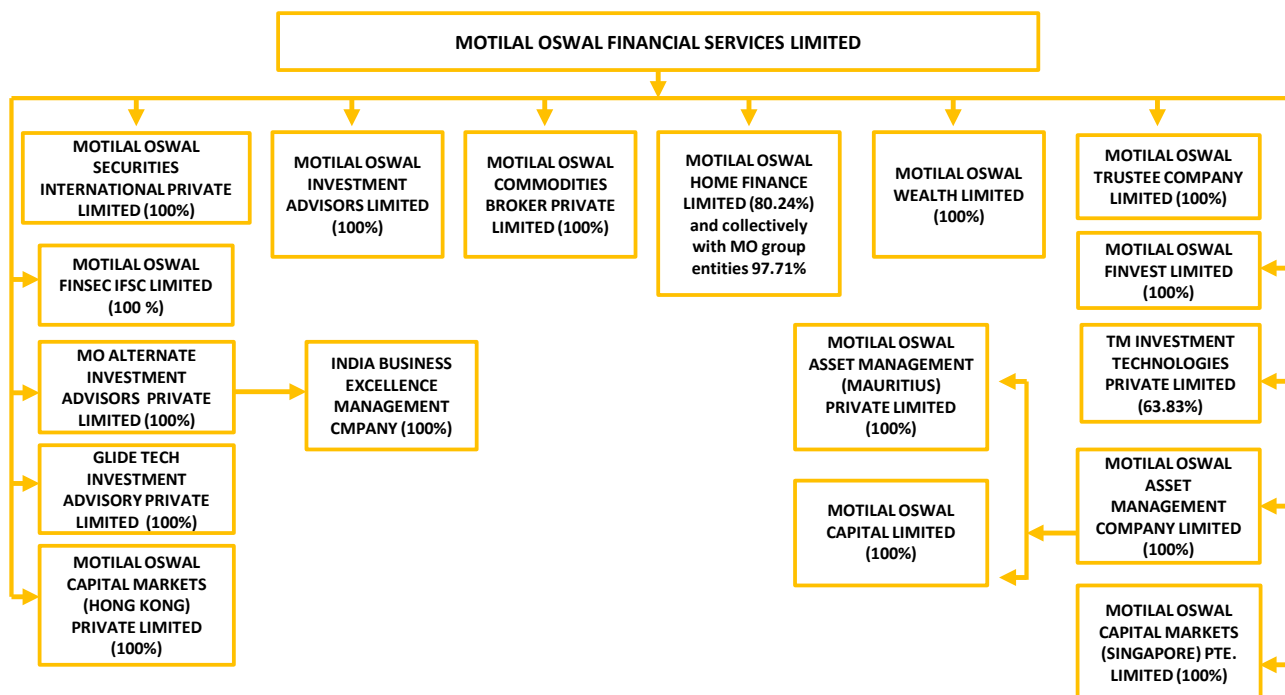


HOLDING/SUBSIDIARY COMPANY

The Company does not have any subsidiary, joint venture or associates company. Accordingly, disclosures under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

During the year under review, Motilal Oswal Financial Services Limited (“MOFSL”) continues to be the Holding Company of the Company. Equity shares of MOFSL are listed on National Stock Exchange of India Limited and BSE Limited. As per Regulation 16(1)(c) of the Listing Regulations, the Company is considered as a Material Subsidiary Company of MOFSL.

Diagrammatic representation of structure of Motilal Oswal Group Companies as on March 31, 2022 is given below:



BOARD OF DIRECTORS

As on the date of this Report, the composition of the Board of Directors of the Company is in accordance with the provisions of Section 149 of the Companies Act, 2013 (“the Act”) and Regulation 17 of the Listing Regulations, with an appropriate combination of Non-Executive and Independent Directors.

The Board of the Company has Four Directors comprising of One Non-Executive Chairman, One Non-Executive Director and Two Independent Directors. The complete list of Directors of the Company has been provided in the Report on Corporate Governance forming part of this Annual Report.

During the period under review, Mr. Sanjaya Kulkarni ceased to be an Independent Director of the Company w.e.f. January 14, 2022 due to completion of his 2nd term as an Independent Director. Further, Mr. Arvind Hali has tendered his resignation from the position of Managing Director & Chief Executive Officer of the Company w.e.f. March 31, 2022 to pursue his entrepreneurial ambition.

Mr. Navin Agarwal has also tendered his resignation from the position of Non-Executive Director of the Company w.e.f. April 26, 2022 due to increased work commitments at group level.

The Board places on record its deep appreciation and gratitude for the valuable support and guidance provided by Mr. Kulkarni, Mr. Hali and Mr. Agarwal to the Company and the Board as a whole during their association with the Company.

Further, subject to approval of the shareholders of the Company in the ensuing Annual General Meeting (“AGM”), the Board has approved the appointment of Mr. Hayagreeva Ravikumar Puranam (Mr. P. H. Ravikumar) as an Additional Independent Director of the Company w.e.f. October 27, 2021 for the term of 3 years i.e. from October 27, 2021 to October 26, 2024, under the provisions of Section 161 of the Act and will hold the office up to the date of the ensuing AGM of the Company.

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Raamdeo



Agarawal, Non-Executive Director of the Company, will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment. The details of Mr. Agarawal is included in the notice of the AGM of the Company.

The resolutions for the appointment / re-appointment of all the Directors proposed for Shareholders approval along with their brief profiles as detailed in the Notice of AGM would be placed for your approval.

The copy of the draft letter of appointment of Independent Director setting out his terms and conditions of appointment are also available on the website of the Company at www.motilaloswalhf.com.

MEETINGS AND COMPOSITION OF BOARD OF DIRECTORS AND COMMITTEE(S)

The details of the Meetings of the Board and Committee(s) of the Company held during FY 2021-22 are disclosed in the Report on Corporate Governance forming part of this Annual Report.

The Composition of Board and Committee(s) as on March 31, 2022 are disclosed in the Report on Corporate Governance.

KEY MANAGERIAL PERSONNEL

As on date of this Report, the Company has the following Key Managerial Personnel as per the requirement of the Section 203 of the Act:

1. Mr. Shalibhadra Shah – Chief Financial Officer
2. Mr. Ritin Mawani – Company Secretary & Compliance Officer

PERFORMANCE EVALUATION

Pursuant to the provisions of section 134(3)(p) and Schedule IV of the Act and in accordance to Regulation 17(10) and 25(4) of the Listing Regulations, the Board has carried out the annual performance evaluation of the Board as a whole, various Committees of the Board and of the individual Directors. The performance evaluation of the Independent Directors was carried out by the entire Board. The Directors expressed their satisfaction with the evaluation process.

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

In a separate meeting of Independent Directors, performance of non-independent Directors and performance of the Chairman was evaluated, taking into account the views of the executive directors and non-executive directors. The same was discussed in the Board meeting that followed the meeting of independent directors, at which the performance of the Board, its committee and individual Directors was also discussed.

EMPLOYEE STOCK OPTION SCHEME

Members of the Company have approved various Employee Stock Option schemes for attracting, retaining and rewarding Employees of the Company and its holding companies. Nomination and Remuneration Committee of the Company has granted the options to the eligible employees of the Company and employees of Motilal Oswal Financial Services Limited ("MOFSL"), a holding company. Further, all the permanent employees (except the persons as mentioned in the regulations) of the Company and its holding company are entitled to participate in said schemes of the Company. Further, the Company confirms that the Company has not granted employee stock options equal to or exceeding one percent of the issued capital of the Company at the time of grant of stock options to any employees of the Company / Holding Company.

The disclosures required to be made in compliance to Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 is given in "Annexure 1" to this Report.

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

CORPORATE SOCIAL RESPONSIBILITY

The Company recognizes the responsibilities towards society and strongly intends to contribute towards development of knowledge based economy. In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report forming part of this Annual Report.

The Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at https://motilaloswalhf.com/wp-content/uploads/2022/06/CSR_Policy.pdf

During the year, the Company was not required to spent on CSR and hence the Annual Report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended from time to time) is not applicable for FY 2021-22.



COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT AND REMUNERATION

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations, as amended from time to time, requires the Nomination and Remuneration Committee ("NRC") to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP"), Senior Management and other employees of the Company and recommend the same for approval of the Board.

Accordingly, in compliance to provisions to the aforesaid provisions, the Nomination and Remuneration Policy of the Company is available on the website of the Company at https://motilaloswalhf.com/wp-content/uploads/2022/06/Nomination_and_Remuneration_Policy.pdf

The salient features of the Policy are given below:

1) Appointment criteria and qualifications

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
- A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
- The Company shall not appoint or continue the employment of any person as Whole-time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

➤ Evaluation

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

➤ Removal

Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, rules and regulations thereunder, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

➤ Retirement

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position/ remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

2) Policy relating to the Remuneration for the Whole-time Director, Managing Director, KMP and Senior Management Personnel

➤ Remuneration to Managing/Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:

The Remuneration/ Compensation/ Commission etc. to be paid to Director / Managing Director etc. shall be governed as per provisions of the Act and rules made there under or any other enactment for the time being in force.

➤ Remuneration to Non- Executive / Independent Director:

The Non-Executive Independent Director may receive remuneration / compensation /commission as per the provisions of Companies Act, 2013. The amount of sitting fees shall be subject to ceiling/ limits as provided under Companies Act, 2013 and rules made there under or any other enactment for the time being in force.

VIGIL MECHANISM/WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Act read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 and as per Regulation 22 of the Listing Regulations (as amended from time to time), the Company has framed Vigil Mechanism / Whistle Blower Policy ("Policy") to enable directors and employees to report genuine concerns or grievances, significant



deviations from key management policies and reports any non-compliance and wrong practices, e.g., unethical behaviour, fraud, violation of law, inappropriate behaviour / conduct, etc.

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

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

The Policy framed by the Company is in compliance with the requirements of the Act and Listing Regulations and is available on the website of the Company at https://motilaloswalhf.com/wp-content/uploads/2022/06/MOHFL_WHISTLEBLOWER_POLICY_VER_1.1.pdf

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, as required pursuant to provisions of the Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulation and are not disqualified from continuing as Independent Directors of the Company. Further, the Independent Directors have confirmed their registration on Independent Directors Databank. These declarations / confirmations have been placed before the Board.

FAMILIARIZATION PROGRAMMES

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, various businesses in the group etc.

DISCLOSURE ON MAINTENANCE OF COST RECORDS

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

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Since the Company is a Housing Finance Company, the provisions of Section 186 of the Act relating to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 and of the profit of the Company for that period;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the annual accounts on a going concern basis;
- (e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;



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

INTERNAL FINANCIAL CONTROLS

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

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance for the year under review, is forming part of this Annual Report. Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2021 ("Listing Regulations") (as amended from time to time), the Company, being high value debt listed entity, is required to comply provisions of regulation 16 to regulation 27 relating to Corporate Governance on a 'comply or explain' basis until March 31, 2023 and on a mandatory basis thereafter. The Company has ensured compliance of provisions of Regulation 16 to Regulation 27 to the extent possible and endeavour is being made to ensure other compliances before March 31, 2023.

STATUTORY AUDITORS

Pursuant to circular issued by the Reserve Bank of India ("RBI") on Appointment of Statutory Auditors of Non-Banking Finance Companies ("NBFCs") [Including Housing Finance Companies ("HFCs")], the shareholders of the Company had, on November 9, 2021 through postal ballot, appointed M/s. Singhi & Co., Chartered Accountant, as Statutory Auditors of the Company to fill casual vacancy caused due to resignation of M/s. Walker Chandok & Co. LLP to hold the office w.e.f. August 13, 2021 till the conclusion of ensuing AGM of the Company.

Since, the tenure of M/s. Singhi & Co. is completing at the ensuing AGM, the Board of Directors at their meeting held on April 26, 2022 have approved the appointment of M/s. Singhi & Co., Chartered Accountant (Firm Registration No. 302049E), as Statutory Auditors of the Company for a term of two years from i.e. from the conclusion of Ninth AGM till the conclusion of the Eleventh AGM, subject to the approval of the shareholders at the ensuing AGM.

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

Mr. S. Chandrasekhar, Partner, M/s. Singhi & Co., Statutory Auditors, has signed the Audited Financial Statement of the Company.

STATUTORY AUDITORS' REPORT

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

INTERNAL AUDITOR

Internal Audit for the year ended March 31, 2022 was done by M/s. Aneja Associates, Chartered Accountants and Internal Audit report in accordance with internal audit program for the year was placed before the Audit Committee.

SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (as amended from time to time), the Company had appointed M/s. Aabid & Co., Practicing Company Secretaries, to undertake the Secretarial Audit of the Company for the FY 2021-22.

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

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

COMPLIANCE OF SECRETARIAL STANDARDS

The Company has complied with Secretarial Standard-1 (SS-1) on meeting of Board of Directors.



ANNUAL RETURN

Pursuant to provisions of Section 134(3) and section 92(3) of the Act, the Annual Return of the Company for the financial year ended March 31, 2022 is uploaded on website of the Company at www.motilalosalwalhf.com.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

Since the Company is a Housing Finance Company, the provisions of Section 186 of the Act relating to granting of loans to any persons or bodies corporate, giving of guarantees or providing security in connection with loans to any other bodies corporate or persons are not applicable to the Company.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The Board of Directors has approved the policy on Materiality and Dealing with-Related Party Transactions ("RPT Policy"), pursuant to the recommendation of the Audit Committee. Further as required by RBI Master Directions, RPT Policy is given as "Annexure 3" to this Report and can be accessed on the website of the Company at <https://motilalosalwalhf.com/wp-content/uploads/2022/06/Policy-on-Materiality-and-Dealing-with-Related-Party-Transactions.pdf>

All related party transactions entered into during the FY 2021-22 were on an arm's length basis and in the ordinary course of business.

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

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

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

DEPOSITORY SYSTEM

The Equity Shares of the Company are compulsorily transferable in electronic form. As on March 31, 2022, out of the Company's total paid-up Equity Share Capital comprising of 602,70,91,515 Equity Shares, only 1,23,15,010 Equity Shares are in physical form and the remaining shares are in electronic form (demat form). In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialization.

HUMAN RESOURCE DEVELOPMENT

Human Resource Development plays a vital role in the effective implementation of business plans. Constant endeavours are being made to offer professional growth opportunities and recognitions, apart from imparting training to employees. Throughout the year, in-house classroom and virtual facilitator-led training programs were provided to employees, which includes Compliance training on AML, KYC, POSH, Fair Practice Code, Customer Redressal, and IT Security; Functional Training includes certification for new joiners and need-based training; and soft skills session as per their role and grade.

Pursuant to our motto of Knowledge First, we have introduced Peer to Peer Learning program which is called as Training Day and is conducted once a month. All the branch leaders assemble their team members in their respective branches to learn, discuss and train each other through Self Learning Training Guide which is prepared as a simple tool by the training team.

Simultaneously, periodical assessments were conducted for various departments to check on the knowledge. Various other learning support activities like sending DYK on new changes in product and policy as required, creating video training modules and byte size learning in pdf, etc. were also shared on what's app group for easy accessibility for all and educating the team.

BUSINESS RISK MANAGEMENT

The Company realizes the importance of Enterprise Risk Management ("ERM") framework and had taken early initiatives towards its implementation. The Company has also formulated risk management policy to ensure effective ERM for the company.

A systematic approach has been adopted that originates with the identification of risk, categorization and assessment of identified risk, evaluating effectiveness of existing controls and building additional controls to mitigate risk and monitoring the residual risk through effective Key Risk Indicators ("KRI"). The implementation is being carried out in phased manner with the objective to encompass the entire line of businesses.

Effective ERM involves a robust implementation of three lines of defence - first line of defence is the front-line employees, the second line of defence is the risk and compliance function and the third line of defence is external and internal auditors. To build an effective risk culture significant effort has been made towards robustness of these lines of defence. With Technology being our key strength we have managed to build in house technology tools which enables us to implement these line of



defences without compromising on faster service TAT thus ensuring a smooth free flowing process with no compromise on risk underwriting.

In the opinion of Board, there are no elements of risks threatening the existence of the Company and with the checks being in place and effective control via technology we have built a great foundation for carrying the same forward as well.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this Financial Statements relate and the date of this report.

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

Considering the Company's Housing Finance activities during the year under review, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to the Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities. However, Steps taken by the Company towards conservation of energy is provided in ESG section of this Annual Report.

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

ACKNOWLEDGEMENT

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

**For and on behalf of the Board
Motilal Oswal Home Finance Limited**

Motilal Oswal
Chairman
DIN: 00024503

Place : Mumbai
Date : April 26, 2022



Annexure 1 to the Board's Report

Disclosure on Employee Stock Option Scheme

Information disclosed in compliance to Section 62 of the Companies Act, 2013 read with Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 as at March 31, 2022:

Sr. No.	Nature of Disclosure	ESOS-2014	ESOS-2016	ESOS-2017	Total
1.	Options Granted (Opening Balance)	99,85,000	3,83,87,500	1,25,13,750	6,08,86,250
2.	Options granted during the year	2,35,95,000	2,00,95,000	9,00,000	4,45,90,000
3.	Options Vested	17,72,500	2,24,01,000	1,20,11,000	3,61,84,500
4.	Options Exercised	10,39,000	29,75,500	52,29,250	92,43,750
5.	The total number of shares arising as a result of exercise of option	10,39,000	29,75,500	52,29,250	92,43,750
6.	Options lapsed	83,18,000	1,44,35,000	24,89,500	2,52,42,500
7.	Exercise Price per option (in Rs.)	1.00 & 3.00	1.60, 3.00 & 3.50	1.60 & 5.80	-
8.	Variation of terms of options	-	-	-	-
9.	Money realized by exercise of options (in Rs.)	25,57,000	51,03,500	87,86,800	1,64,47,300
10.	Total number of options in force	2,42,23,000	4,10,72,000	56,95,000	7,09,90,000
11.	Employee-wise details of options granted to:				
	(i) Key managerial personnel during the year				
	a. Mr. Shalibhadra Shah	-	-	5,00,000	5,00,000
	(ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year	-	-	-	-
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	-	-	-	-

For and on behalf of the Board of
Motilal Oswal Home Finance Limited

Motilal Oswal
Chairman
DIN: 00024503

Date : April 26, 2022
Place : Mumbai

Annexure 2 to the Board's Report



SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2022

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

To,
The Members,
Motilal Oswal Home Finance Limited
Mumbai

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

Based on our verifications of the Company Books, Papers, Minute Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on 31st March, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the Books, Papers, and Minute Books, Forms and Returns filed and other records maintained by **Motilal Oswal Home Finance Limited** as given in **Annexure - I** for the Financial Year ended on 31st March, 2022 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings wherever 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; **(Not applicable during the audit period)**
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; **(Not applicable during the audit period)**
 - d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; **(Not applicable during the audit period)**
 - e) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable during the audit period); and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;**(Not applicable during the audit period).**
- (vi) The other Laws applicable specifically to the company is Annexed with this Report as **Annexure- II**.



Annexure 2 to the Board's Report

(Contd...)

We have also examined Compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India.
- (ii) Securities and Exchange Board of India (Listing Obligations and disclosure requirements) Regulations, 2015 to the extent applicable to the Company.

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

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

Adequate notices are given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exist for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Laws, Rules, Regulations and Guidelines.

We further report that the Company has complied applicable regulations with respect to listing of Non-convertible debentures.

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

1. Mr. Motilal Oswal was re-appointed as a director retiring by rotation.
2. Appointment of Mr. Arvind Hali and Mrs. Divya Momaya as Managing Director & Chief Executive Officer and Independent Director, respectively was regularized by Members at the Annual General Meeting held on June 4, 2021.
3. Mr. Hayagreeva Ravikumar Puranam was appointed as an Additional Director of the Company w.e.f 27th October, 2021.
4. Mr. Sanjaya Kulkarni completed his second term as an Independent Director and ceased to be part of Board w.e.f. January 14, 2022.
5. During the financial year 2021-22, Company has issued 92,43,750 Equity shares of Re. 1.00/- each for cash to its employees as per Employee Stock Option Schemes.
6. During the financial year, the company has issued the following Non convertibles Debentures-

Date of Allotment	No. of Debentures Allotted	Amount (in Rs.)
January 31, 2022	100	10,00,00,000
February 10, 2022	2,900	290,00,00,000

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

For Aabid & Co
Company Secretaries

Mohammed Aabid
Partner
Membership No.: F6579
COP No.: 6625
UDIN:F006579D000135631

Place : Mumbai
Date : 15th April, 2022

Annexure 2 to the Board's Report

(Contd...)



ANNEXURE – I

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the Financial Year ended 31st March, 2022.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Corporate Social Responsibility Committee, Stakeholders Relationship Committee, Finance and Securities Allotment Committee, Risk Management Committee, IT Strategy Committee and Asset Liability Management Committee held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
Agenda papers submitted to all the directors / members for the Board Meetings and Committee meetings.
5. Declarations received from the Directors of the Company pursuant to the provisions of Section 164 (2) and 184 (1) of the Companies Act, 2013.
6. Intimations / documents/ reports/ returns filed with the Stock Exchange(s) pursuant to the provisions of Listing Regulations for the issuance and listing of Non-Convertible Debentures during the financial year under report.
7. Intimations / documents / reports / returns filed under the National Housing Bank Act, 1987 during the financial year under report.
8. E-forms filed by the Company, from time to time, under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
9. Statutory Registers under Companies Act, 2013.

ANNEXURE – II

LIST OF OTHER LAWS SPECIFICALLY APPLICABLE TO THE COMPANY

1. The National Housing Bank Act, 1987 and all the Rules, Regulations, Circulars, Directions and Guidelines prescribed thereunder.
2. Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.
3. The Prevention of Money-Laundering Act, 2002 and The Prevention of Money Laundering (Maintenance of Records, etc.) Rules, 2005.
4. The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.
5. Credit Information Companies (Regulation) Act, 2005 and Rules.
6. The Maternity Benefit Act, 1961.
7. The Payment of Gratuity Act, 1972.
8. The Maharashtra Shops & Establishment Act, 1972
9. The Employee's State Insurance Act, 1948.
10. Employee's Compensation Act, 1923.
11. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.
12. The Employees Provident Funds and Miscellaneous Provisions Act, 1952.
13. The Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.
14. Master Direction - External Commercial Borrowings, Trade Credits and Structured Obligations.



ANNEXURE-III

**To,
The Members,
Motilal Oswal Home Finance Limited**

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Wherever required, we have obtained Management Representation about the compliance laws, rules and regulations, and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on a test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Annexure 3 to the Board's Report



MOTILAL OSWAL HOME FINANCE LIMITED

POLICY ON MATERIALITY AND DEALING WITH RELATED PARTY TRANSACTIONS

Version 1.0

INDEX

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VERSION DETAILS

Sr. No.	Details of Changes	Date of Creation/ Change	Department	Version Number	Approved By
1	Original Document	April 26, 2022	Corporate Secretarial	Ver. 1.0	Board of Directors

SCOPE OF THE POLICY

This Policy is prepared to ensure effective good corporate governance and specifically in accordance with the provisions of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended from time to time) dealing with Related Party Transactions (RPTs), as applicable to the Company.

Accordingly, this Policy will be applicable to Motilal Oswal Home Finance Limited (the "Company" or "MOHFL"). This Policy is to regulate transactions by the Company with related parties of the Company, based on the laws and regulations applicable to the Company. Further, w.e.f. April 01, 2023, this Policy will also regulate transactions by the Company with any person/entity, the purpose and effect of which, is to benefit a related party of the Company or any of its subsidiaries.

OBJECTIVE

The Company recognizes that RPTs can present potential or actual conflicts of interest and may raise questions about whether such transactions are fair and on arm's length basis. Therefore, this Policy on RPTs has been formulated as required by Listing Regulations.

This Policy applies to any RPTs, unless the transaction is exempt.

DEFINITIONS

"Act" shall mean the Companies Act, 2013 and the Rules framed thereunder, including any modifications, amendments, clarifications or re-enactment thereof.

"Arm's Length Transaction" means a transaction between two related parties that is conducted as if they are unrelated, so that there is no conflict of interest.

"Audit Committee or Committee" means Audit Committee constituted by the Board of Directors of the Company under provisions of the Act, Listing Regulations and Chapter IX (Corporate Governance) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

"Associate Company" means any other company, in which the Company has a significant influence, but which is not a subsidiary company of the Company having such influence and includes a joint venture company.

Explanation — (a) the expression "significant influence" means control of at least twenty per cent of total voting power, or control of or participation in business decisions under an agreement



“Board” means Board of Directors of the Company.

“Company” means Motilal Oswal Home Finance Limited.

“Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended from time to time).

“Key Managerial Personnel” means key managerial personnel as defined under the Companies Act, 2013 and rules thereunder.

“Material Related Party Transaction(s)” means a transaction(s) to be entered into with a Related Party, individually or taken together with previous transactions during a financial year, exceeding the following thresholds:

- i) In case of transactions involving payments made with respect to brand usage or royalty, if it exceeds 5% of the annual turnover of the listed entity as per its last audited financial statements.
- ii) In case of any other transaction(s), if the transaction amount exceeds rupees one thousand crore or 10% of the annual turnover of the Company as per its last audited financial statements of the Company, whichever is lower.

“Material Modifications” means the following modifications:

- A variation in the value of the transaction/contract as originally approved, by 25% or more; or
- The terms of the contract cease to be at arms' length; or
- Granting of any waiver, abatement or any other relief to either party, which results into a financial implication equal to 25% or more of the value of the contract; or
- Extension of tenure of the contract by more than 2 years over the original tenure, or continuation of the contract or arrangement beyond the tenure originally agreed upon, except for completion of any residual performances.

“Ordinary Course of Business”: The Company has and shall identify RPTs in accordance with Section 188 of the Act and Regulation 2(1)(zc) of the Listing Regulations. The Company has also formulated criteria for determining whether transaction is in ordinary course of business and for this purpose, the Company shall seek external professional opinion, if necessary. While the Ordinary Course of business is not defined under the Companies Act, 2013 and/or Listing Regulations, it means usual transactions, customs and practices undertaken by the Company to conduct its business operations and activities and includes all such activities which the Company can undertake if:

- i. the Memorandum of Association of the Company permits such activity; or
- ii. it is historical practice and there is a pattern of frequency (and not an isolated transaction); or
- iii. it is required to be undertaken in order to conduct the routine or usual transactions of the Company; or
- iv. it is a common commercial practice.

“Policy” means Policy on Materiality and Dealing with Related Party Transactions.

“Related Party” is a person or any entity which is:

- i. a related party under Section 2(76) of the Act and Rules thereunder:
- ii. a related party under the applicable accounting Standards
- iii. any person or entity forming a part of the promoter or promoter group company
- iv. any person or any entity holding equity shares:
 - 20% or more; or
 - 10% or more, w.e.f. April 1, 2023

in the Company either directly or on a beneficial interest basis as provided under Section 89 of the Act, at any time, during then immediate preceding financial year.

“Related Party Transaction” means any transaction involving transfer of resources, services or obligations between:

- i) a Company on one hand and a related party of the Company on the other hand;

Annexure 3 to the Board's Report

(Contd...)



ii) a Company on one hand and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the Company, w.e.f. April 1, 2023;

regardless of whether a price is charged and includes the following transactions:

- i. sale, purchase or supply of any goods or materials;
- ii. selling or otherwise disposing of, or buying, property of any kind;
- iii. leasing of property of any kind;
- iv. availing or rendering of any services;
- v. appointment of any agent for purchase or sale of goods, materials, services or property;
- vi. such related party's appointment to any office or place of profit in the company; and
- vii. underwriting the subscription of any securities or derivatives thereof, of the company;

Explanation - A "transaction" with a related party shall be construed to include single transaction or a group of transactions in a contract.

"Relative" means relative as defined under the Companies Act, 2013 which includes any one who is related to another, if –

- i. they are members of a Hindu undivided family;
- ii. they are husband and wife;
- iii. Father (including step father)
- iv. Mother (including step-mother)
- v. Son (including step-son)
- vi. Son's wife
- vii. Daughter
- viii. Daughter's husband
- ix. Brother (including step-brother)
- x. Sister (including step-sister)

"Senior Management" includes officers/personnel of the Company who are members of its core management team excluding Board of Directors and shall comprise of all members of management one level below the Chief Executive Officer/Managing Director/Whole-time Director/Manager, as applicable, and shall specifically include Company Secretary and Chief Financial Officer.

Note for the above definition: Members of management one level below shall mean Business Head(s) and Functional Heads reporting to Managing Director(s).

Any other term not defined herein shall have the same meaning as defined in the Companies Act, 2013, the Listing Regulations, Securities Contracts Regulation Act or any other applicable law or regulation.

PROCEDURE FOR IDENTIFICATION OF RELATED PARTY TRANSACTIONS

- i. In accordance with the section 189(2) of the Act, all Directors and Key Managerial Personnel shall, within a period of thirty days of his appointment, or relinquishment of his office, as the case may be, disclose to the Company, the particulars relating to his concern or interest in the other associations/entities in Form MBP-1.
- ii. In accordance with the section 184(1) of the Act, all Directors shall inform the Company of their interest (including interest of their Relatives) in other companies, firms or concerns at the first meeting of the Board of every financial year and any change in such interest during the year in Form MBP-1.



- iii. The Board shall record the disclosure of interest and the Audit Committee will determine whether the transaction is in the ordinary course of business and on an arm's length basis.

APPROVAL OF RELATED PARTY TRANSACTIONS (RPTs):

Approval of RPTs by Audit Committee:

- i. The Audit Committee shall be responsible for the granting prior approval for all RPTs and subsequent material modifications thereof. The Audit Committee may approve/ratify modifications of RPTs which are not material in nature.
- Only those members of the Audit Committee, who are independent directors, shall approve related party transactions.
- ii. All the transactions which are identified as RPTs must be referred to the Audit Committee for approval in accordance with this Policy and shall be subject to review and except transactions for which omnibus approval has been obtained from Audit Committee. The Audit Committee shall consider all relevant factors while deliberating the RPTs for its approval.
- iii. Any Member of the Audit Committee who has a potential interest in any RPT will recuse himself or herself from the Meeting and shall abstain from discussion and voting on the approval of the RPT.
- iv. The Audit Committee will be provided with all relevant material information of RPTs, including the terms of the transaction, the business purpose of the transaction, the benefits to the Company/Related Party, if any, and any other relevant matters as specified under the Companies Act and Listing Regulations.
- v. The Audit Committee shall after considering the documents/information and materials placed before them for approval in accordance with applicable law, judge if the transaction is in the ordinary course of business and meets the arm's length requirements.
- vi. In determining whether to approve, ratify, disapprove or reject a RPT, the Audit Committee, shall take into account all the factors it deems appropriate.
- vii. The Audit Committee shall review all the transactions with related parties on a quarterly basis as applicable as per the provisions of applicable laws.
- viii. The Audit Committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis.
- ix. Audit Committee may grant omnibus approval for RPTs proposed to be entered into by the Company subject to the following conditions:
- The Audit Committee shall grant omnibus approval in respect of transactions which are repetitive in nature.
 - The Audit Committee shall satisfy itself the need for such omnibus approval and that such approval is in the interest of the company;
 - Such omnibus approval shall specify –
 - the name/s of the related party, nature of transaction, duration of transaction, maximum amount of transaction that can be entered into,
 - the indicative base price / current contracted price and the formula for variation in the price, if any, and
 - such other information as the Audit Committee may deem fit;

Provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.
 - Audit Committee shall review, at least on a quarterly basis, the details of RPTs entered into by the Company pursuant to each of the omnibus approval given.
 - Such omnibus approvals shall be valid for a period not exceeding one financial year and shall require fresh approvals after the expiry of one financial year.
 - Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.



Approval of RPTs by Committee through Resolution by Circulation:

In an unforeseen event where an RPT needs to be entered due to business exigencies between two Audit Committee Meetings, the Audit Committee may approve such RPT by passing a resolution by circulation, after satisfying itself that such transaction is in the interest of the Company.

Approval of RPTs by Board of Directors:

- 1) When any transaction is executed with a Related Party pursuant to the provisions of the Act does not meet any of the following conditions, it shall seek approval of the Board of Directors of the Company, based on parameters as may be considered necessary and as required under law:
 - i. Arm's length basis
 - ii. Ordinary course of business
- 2) Transactions which are in ordinary course of business and at arm's length basis, but which according to Audit Committee's view requires Board approval.

Explanation: The Director interested shall not be present during discussion on such RPT.

- 3) All material RPTs excluding exempted transactions.

Approval of RPTs by Shareholders of the Company:

The following RPTs shall require prior approval of shareholders by way of an Ordinary Resolution:

- i) All material RPTs and subsequent material modifications excluding exempted transactions;
- ii) RPTs as per Act, which do not satisfy any one of the following condition i.e. (a) are not in ordinary course of business or (b) not at arm's length basis and further exceeds the threshold limits as specified under Companies (Meeting of Board and its Powers) Rules, 2014 as amended from time to time.

Provided, all persons falling under the definition of related party shall abstain from voting irrespective of whether the entity is a party to the particular transaction or not.

While assessing a proposal put up before the Audit Committee/Board/Shareholders for approval, all disclosures shall be placed as per provisions applicable to the Company and various guidelines issued in this regard, from time to time.

Exemptions:

A transaction with related party shall be exempted from seeking requisite approvals as follows:

In accordance with the section 188 of the Act, when any transaction with a related party is in ordinary course of business and arm's length basis, the RPT shall not be necessitated to seek approval of Board of Directors of the Company and shareholders of the Company.

In accordance with Regulation 23 of Listing Regulations, the following RPTs are exempted from obtaining approval of Audit Committee in case of RPTs and Shareholders in case of material RPTs:

- a) any RPT entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- b) transactions entered into between two wholly-owned subsidiaries of the company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval
- c) transactions to which the listed subsidiary is a party but the Company is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of Listing Regulations are applicable to such listed subsidiary.



MATERIALITY THRESHOLDS FOR RPTs:

Nature of RPT	Materiality as per the Act	Materiality as per Listing Regulations
Sale, purchase or supply of any goods or materials, directly or through appointment of agent.	10% or more of Turnover	All transactions with related party to be entered into individually or taken together with previous transactions during a financial year exceeds rupees one thousand crores or 10% (for RPT involving Brand usage or royalty, limit will be 5%) of the annual turnover as per last audited financial statement, whichever is lower.
Selling or disposing of or buying property of any kind, directly or through appointment of agent	10% or more of Net worth	
Leasing of property of any kind	10% or more of Turnover	
Availing or rendering of any services, directly or through appointment of agents	10% or more of Turnover	
Related party's appointment to any office or place of profit in the company, its subsidiary company or associate company	Monthly remuneration exceeding Rs. 2.50 Lakhs	
Remuneration for underwriting the subscription of any securities or derivatives thereof	Exceeding 1% of Net worth	
Any other transaction with related parties, other than those covered above, resulting in transfer of resources, obligation or services	-	
Net worth and turnover would be as per audited financial statement of the preceding financial year.		
The Company has defined Material RPTs basis the thresholds defined in the Act and Listing Regulations, as amended from time to time.		

RELATED PARTY TRANSACTIONS NOT APPROVED UNDER THIS POLICY

In the event the Company becomes aware of any RPT that has not been approved or ratified under this Policy, the transaction shall be placed as promptly as practical before the Committee or Board or the Shareholders as may be required in accordance with this Policy for review and ratification.

The Committee or the Board or the Shareholders shall consider all relevant facts and circumstances respecting such transaction and shall evaluate all options available to the Company, including but not limited to ratification, revision, or termination of such transaction and the Company shall take such action as the Committee deems appropriate under the circumstances.

In any case, where the Committee or Board or Shareholders determines not to ratify the RPT that has been commenced without approval, the Committee or Board or Shareholders, as appropriate, may direct additional actions including, but not limited to, immediate discontinuation or rescission of the transaction. In connection with any review of a RPT, the Committee or Board or Shareholders has authority to modify or waive any procedural requirements of this Policy.

Further, in case any transaction involving any amount not exceeding Rs. 1 Crore is entered into by a director or officer of the Company or any related party without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any Director or is authorised by any other Director, the Director concerned shall indemnify the Company against any loss incurred by it (excluding the transaction between holding company and its wholly owned subsidiary company).

EXCLUSIONS

1. Issuance of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (as amended from time to time);
2. Corporate actions by the Company which are uniformly applicable/offered to all shareholders in proportion to their shareholding as stated below:



The following transactions or arrangements shall not be considered as RPT(s):

- (i) payment of dividend;
 - (ii) subdivision or consolidation of securities;
 - (iii) issuance of securities by way of a rights issue or a bonus issue; and
 - (iv) buy-back of securities.
3. Appointment and payment of remuneration, including any variations thereto, to Directors and Key Managerial Personnel ("KMP") pursuant to the approval of Nomination and Remuneration Committee.
 4. Share based incentive plans including ESOPs, undertaken pursuant to the provisions of Act and applicable SEBI Regulations, for the benefits of the Directors or KMP pursuant to approval of the shareholders, Board and/or Nomination and Remuneration Committee of the Company, as may be applicable.
 5. Contribution with respect to Corporate Social Responsibility (CSR) to eligible entity(ies) pursuant to approval of Board or the CSR Committee.
 6. Corporate restructuring activities involving related parties, undertaken pursuant to the provisions of Act or SEBI regulations, as may be applicable.
 7. Any transaction in which the related party's interest arises solely from ownership of securities issued by the Company and all holders of such securities receive the same benefits pro rata as received by the related party.

DISCLOSURES

The Company shall disclose the details of RPTs in the format prescribed by SEBI on half yearly basis or at such intervals as may be prescribed by SEBI from time to time.

The Company shall disclose details of RPTs as per applicable Accounting Standards in the financial statements of the Company.

The Company shall make such further disclosure of the RPTs as may be prescribed by the Act or the SEBI Listing Regulations or any other regulatory authority or statute from time to time in such format as may be prescribed.

The Policy on dealing with RPTs shall be uploaded on the Company's website.

REVIEW/REVISION

If at any point a conflict of interpretation / information between the Policy and any regulations, rules, guidelines, notification, clarifications, circulars, master circulars/directions issued by relevant authorities ("Regulatory Provisions") arises, then interpretation of the Regulatory Provisions shall prevail.

In case of any amendment(s) and/or clarification(s) to the Regulatory Provisions, the Policy shall stand amended accordingly from the effective date specified as per the Regulatory Provisions. The Board and/or its Committee reserve(s) the right to alter, modify, add, delete or amend any of the provisions of the Policy.

The Policy will be reviewed at least once in every three years by the Board.



Corporate Governance Philosophy

Corporate governance is the broad term used to describe the processes, customs, policies, laws and institutions that direct the organizations and corporations in the way they act or administer and control their operations. Corporate governance means to steer an organization in the desired direction by determining ways to take effective strategic decisions. At Motilal Oswal Home Finance we consider stakeholders as partners in our success and remain committed to maximizing stakeholders' value, be it Customers, Employees, Investors & Shareholders and Government & Regulatory Authorities. This approach to value creation emanates from our belief that sound governance system, based on relationship and trust is integral to creating enduring value for all. We believe that any business conduct can be ethical only when it rests on the values viz. Customer Value, Ownership Mindset, Respect, Integrity, etc.

The Company has set itself the objective of achieving excellence in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance. The Company's Philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

The Company continuously monitors its governance practices and benchmarks itself to the best governed companies across the industry. The Company believes in pursuing holistic growth and realizes its responsibility towards its stakeholders and environment. The Board considers itself as a Trustee of its Shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company's comprehensive Corporate Governance practices ensures that the Company always works optimally, protecting the best interests of the stakeholders and withholding the reputation and status of the Company.

Regulatory Changes

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2021 ("Listing Regulations") (as amended from time to time), the Company, being high value debt listed entity, is required to comply provisions of regulation 16 to regulation 27 relating to Corporate Governance on a 'comply or explain' basis until March 31, 2023 and on a mandatory basis thereafter.

The '**high value debt listed entity**' means an entity having an outstanding principal value of listed non-convertible debt securities of Rupees Five Hundred Crore and above as on March 31, 2021.

The Company has ensured compliance of provisions of Regulation 16 to Regulation 27 to the extent possible and endeavour is being made to ensure other compliances before March 31, 2023.

Further, pursuant to Scale Based Regulation (SBR): A Revised Regulatory Framework for NBFCs issued by RBI via circular bearing ref. no. RBI/2021-22/112 DOR.CRE.REC.No.60/03.10.001/2021-22 dated October 22, 2021, the Company is required to prepare Corporate Governance Report containing composition and category of directors, shareholding of non-executive directors, etc. In view of the same, the Company has prepared this Corporate Governance Report forming part of Annual Report.

Board of Directors ("Board")

Composition of Board:

As on the date of this Report, the Company is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the Listing Regulations. As on March 31, 2022, the Board consists of Five Directors comprising of Three Non-Executive Directors and Two Independent Directors including one Woman Director. As on the date of this Report, the Company has a Non-Executive Chairman & he is Promoter of the Company and thus, 50% (Fifty Percent) of the total number of Directors are Independent. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholders' values are met.

All the Independent Directors have confirmed to the Board that they meet the criteria for Independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the Listing Regulations, Section 149(6) of the Act and are independent of the Management. These confirmations have been placed before the Board.

There were no material, financial and/or commercial transactions entered into between the Senior Management and the Company which could have potential conflict of interest with the Company at large. None of the Directors of the Company are inter-se related to each other.

Board Process:

The Board meets at regular intervals to discuss and decide on Company's business policy and strategy apart from other normal business. The Board Meetings (including Committee Meetings) of the Company are scheduled after getting confirmation on dates from Directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent Board Meeting.



The detailed Agenda together with the relevant notes to agendas is circulated to the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

Where it is not practicable to circulate any document in advance or if the agenda is of a confidential nature, the same is presented at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of the Chair and majority of the Independent Directors. Senior Management Personnel are invited to the Board / Committee meeting(s) to provide additional inputs on the items being discussed by the Board / Committees thereof as and when necessary. The Chairman/Managing Director apprises the Board at every meeting on the overall performance of the Company, followed by the detailed presentation by Chief Financial Officer of the Company.

The Company Secretary is responsible for preparation of the Agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings.

For facilitating circulation of Board folders in electronic form and reducing consumption of papers, the Company has adopted a web-based application for transmitting Agenda, Minutes and other papers relating to Board/Committee Meeting(s). The Directors of the Company receive the Board papers in electronic form through this application, which can be accessed only through iPad/MacBook. The application meets the high standards of security and integrity that is required for storage and transmission of Board / Committee Agenda and Minutes in electronic form.

The Board provides the overall strategic direction and periodically reviews strategy and business plans, annual operating and capital expenditure budgets and oversees the actions and results of the management to ensure that the long term objectives of enhancing shareholders' values are met. The Board also, inter alia, considers and reviews adoption of quarterly/half-yearly/annual results, major accounting provisions and write-offs, compliances, business policies, borrowings, Minutes of Meetings of the Audit and other Committees of the Board. The Board reviews compliance reports of all laws applicable to the Company on quarterly basis.

The draft Minutes of the proceedings of the meetings of the Board / Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the Meeting. Comments, if any, received from the Directors are incorporated in the Minutes, in consultation with the Chairperson. The Minutes are approved by the members of the Board / Committee(s), prior to the next meeting and confirmed thereat.

Information to the Board:

The Board has complete access to the information within the Company, which inter alia includes–

- Annual revenue budgets and capital expenditure plans of the Company.
- Quarterly results of the Company.
- Financing plans of the Company.
- Minutes of the meetings of the Board of Directors and Committees of the Board.
- Details of potential acquisitions or collaboration agreement, if any.
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any.

Performance Evaluation:

In terms of provisions of the Act read with Rules issued there under and Regulations 17 and 19 of the Listing Regulations, the Board, on recommendation of the Nomination and Remuneration Committee, have evaluated the effectiveness of the Board. Accordingly, the performance evaluation of the Board, each Director and the Committees was carried out for the financial year ended March 31, 2022. The evaluation of the Directors was based on various aspects which, inter alia, included the level of participation in the Board Meetings, inputs provided to executive management on matters of strategic importance, familiarization with the business of the Company, etc.

Meeting of Independent Directors:

Regulation 25(3) of Listing Regulation and Section 149(8) of the Act read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a financial year, without the attendance of non-independent directors and senior management. The Independent Directors of the Company met once i.e. on April 28, 2021 during the year under



Report on Corporate Governance

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review, pursuant to the provisions of the Act and the Listing Regulations. The Chairman of aforesaid Meeting of Independent Directors was Mrs. Divya Momaya.

Familiarization Programmes for Independent Directors:

The Company has familiarized the Independent Directors of the Company with depth insight and understanding of the businesses and operations of the Company, which enables and assists them in performing their role as an Independent Directors of the Company.

Matrix setting out the Skills/expertise/competence of the Board of Directors:

The following is the list of core skills/expertise/competencies possessed by the Board of Directors of the Company, which are essential for the functioning of the Company in an effective manner:

Sr. No.	Name of the Directors	Skills/Expertise/competences						
		Business & Industry	Leadership & Human Resource	Finance	Risk	Legal, Compliance & Governance	Marketing & Sales	Digital & Information Technology
1.	Mr. Motilal Oswal	✓	✓	✓	✓	✓	✓	✓
2.	Mr. Raamdeo Agarawal	✓	✓	✓	✓	✓	✓	
3.	Mr. P. H. Ravikumar	✓	✓	✓	✓	✓	✓	✓
4.	Mrs. Divya Momaya	✓		✓	✓	✓	✓	

Board Meetings held during the year:

During the Financial Year ("FY") 2021-22, the Board met Eight times i.e. on April 28, 2021, June 9, 2021, July 28, 2021, August 13, 2021, October 27, 2021, December 16, 2021, January 25, 2022 and March 1, 2022. The maximum gap between any two meetings was not more than one hundred and twenty days. The required quorum was present at all the above meetings. The meetings of the Board are generally held at the Registered Office of the Company.

Attendance & Other details:

The attendance of the members of the Board at the meetings held during the FY 2021-22 and at the previous Annual General Meeting ("AGM") held on June 4, 2021 and also the number of other Directorships and Memberships / Chairpersonship of Committees held by them as on March 31, 2022 are as follows:

Name of the Director	Category	DIN	Board Meetings		Attendance at the previous AGM	Number of Directorships and Committee Membership/ Chairpersonship (including in Company)			No. of Independent Directorships ³ (including in Company)
			No. of meetings held during the year	No. of meetings attended		Directorship ¹	Member ²	Chairperson ²	
Mr. Arvind Hali ⁴	MD & CEO	05285114	8	8	Present	-	-	-	-
Mr. Motilal Oswal	P, C & NED	00024503	8	8	Present	6	4	1	-
Mr. Raamdeo Agarawal	P, NED	00024533	8	8	Present	6	3	1	-
Mr. Navin Agarwal ⁵	NED	00024561	8	8	Present	6	1	-	-
Mr. Sanjaya Kulkarni ⁶	ID	00102575	6	6	Present	-	-	-	-
Mrs. Divya Momaya	ID	00365757	8	8	Present	5	4	2	3
Mr. P. H. Ravikumar ⁷	ID	00280010	3	3	NA	12	6	3	3

P – Promoter, C – Chairman, MD & CEO – Managing Director & Chief Executive Officer, WTD – Whole-Time Director, ID – Independent Director, NED – Non-Executive Director, ED-Executive Director

Notes:

- Section 8 companies are excluded
- Memberships include Chairpersonship. Only memberships/Chairpersonship of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in deemed public company

Report on Corporate Governance

(Contd...)



3. Only Equity listed companies are considered
4. Ceased to be MD & CEO w.e.f. March 31, 2022
5. Ceased to be NED w.e.f. April 26, 2022
6. Ceased to be an ID w.e.f. January 14, 2022
7. Appointed as an ID w.e.f. October 27, 2021

- None of the Directors on the Board are Member of more than 10 Committees and Chairperson of more than 5 Committees across all listed entities in which they hold Directorship.
- None of the Independent Directors hold office as an Independent Director in more than seven equity listed companies.
- Further, no Executive Director of the Company is serving as an Independent Director in any company.

Details of Directorship in Listed Entities as on March 31, 2022:

The details of directorship held by Directors of the Company in other listed entities as on March 31, 2022 are as follows:

Sr. No.	Name of the Director	Name of the Listed Entity*	Category of Directorship
1	Mr. Motilal Oswal	• Motilal Oswal Financial Services Limited	Managing Director & Chief Executive Officer
2	Mr. Raamdeo Agarawal	• Motilal Oswal Financial Services Limited	Chairman & Non-Executive Director
3	Mr. Navin Agarwal	• Motilal Oswal Financial Services Limited	Non-Executive Director
4	Mrs. Divya Momaya	• Arihant Superstructures Limited • Motilal Oswal Financial Services Limited • GTPL Hathway Limited	Independent Director
5	Mr. P. H. Ravikumar	• Bharat Forge Limited • Aditya Birla Capital Limited • Escorts Limited	Independent Director

*Equity Listed Entities are covered

During the Financial Year 2021-22, Mr. Sanjaya Kulkarni, ceased to be Independent Director w.e.f. January 14, 2022, due to completion of his 2nd term.

Committees of the Board:

With a view to have more focused attention on the business and for better governance & accountability, the Board has constituted various committees including but not limited to below mentioned Committees under the Act and Listing Regulations for compliance and / or administrative purpose. All decisions pertaining to the constitution of the Committees, appointment of members and fixing of terms of reference for the Committee is taken by the Board of Directors. The Committees make specific recommendations to the Board on various matters whenever required. All observations, recommendations and decisions of the Committees are placed before the Board for information or for approval:

- 1) Audit Committee
- 2) Nomination and Remuneration Committee
- 3) Stakeholders Relationship Committee
- 4) Corporate Social Responsibility Committee
- 5) Risk Management Committee
- 6) Finance and Securities Allotment Committee
- 7) Asset Liability Management Committee
- 8) IT Strategy Committee
- 9) Customer Service & Grievance Redressal Committee



1) Audit Committee

The terms of reference of the Committee are as follows:

- a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct, sufficient and credible;
- b) Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- c) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - i) 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 Act.
 - ii) Changes, if any, in accounting policies and practices and reasons for the same.
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv) Significant adjustments made in the financial statements arising out of audit findings.
 - v) Compliance with listing and other legal requirements relating to financial statements.
 - vi) Disclosure of any related party transactions.
 - vii) Qualifications in the draft audit report.
- e) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- f) 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 utilisation of proceeds of public or rights issue and making appropriate recommendations to the Board to take up steps in this matter;
- g) Reviewing and monitoring the auditor's independence and performance and effectiveness of audit process;
- h) Approval or any subsequent modification of transactions of the company with related parties;
- i) Scrutiny of inter-corporate loans and investments;
- j) Valuation of undertakings or assets of the company, wherever it is necessary;
- k) Evaluation of internal financial controls and risk management systems;
- l) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- m) 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;
- n) Discussion with internal auditors of any significant findings and follow up there on;
- o) 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;
- p) Discussion 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;
- q) To look 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;
- r) To review the functioning of the Whistle Blower mechanism/Vigil Mechanism;



- s) Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- t) To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary;
- u) To consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and shareholders of the Company;
- v) Ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company;
- w) Any other function as may be mandated by the Board or stipulated by the Companies Act, 2013, Reserve Bank of India/National Housing Bank guidelines or any other regulatory authorities from time to time.

Composition, Meetings and Attendance:

During the FY 2021-22, the Audit Committee met five times i.e. on April 28, 2021, July 28, 2021, August 13, 2021, October 27, 2021 and January 25, 2022. The maximum gap between any two meetings was not more than one hundred and twenty days. The details of the Composition of the Committee, number of meetings held and the attendance of the Members are given herein below:

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mrs. Divya Momaya ¹	ID	Chairperson	5	5
Mr. Motilal Oswal	NED	Member	5	5
Mr. P. H. Ravikumar ²	ID	Member	1	1
Mr. Sanjaya Kulkarni ³	ID	Chairman	4	4

1. Designated as chairperson w.e.f. October 27, 2021
2. Appointed as member w.e.f. October 27, 2021
3. Ceased to be member w.e.f. October 27, 2021

Mr. Amit Hundia, Partner of M/s. Singhi & Co., Chartered Accountants, Statutory Auditors and Ms. Shilpa Modi, representative of M/s. Aneja & Associates, Internal Auditors are permanent invitees to the Audit Committee Meetings. The internal auditor reports directly to the Audit Committee.

2) Nomination and Remuneration Committee

The terms of reference of the Committee are as follows:

- a) Formulate criteria to qualify individuals who may become Director or who may be appointed in senior management level of the Company and recommend to the Board of such appointments and removal.
- b) To ensure 'fit and proper' status of proposed/ existing directors.
- c) Carry out performance evaluation of all Directors.
- d) Formulate the criteria for determining qualifications, positive attributes and independence of a Director.
- e) Recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees. The policy shall be referred as Nomination and Remuneration policy.
- f) To decide on the commission payable to the Directors within the prescribed limit and as approved by the shareholders of the Company.
- g) To devise the policy on Board's diversity.
- h) To formulate, implement and administer Employee Stock Option Scheme(s) of the Company and grant stock options to the employees.
- i) To recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- j) To decide whether to extend or continue the term of appointment of the independent director on the basis of report of performance evaluation of independent director.



- k) To evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director, in case of appointment of an Independent Director.
- l) To carry out any other function as mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable and such other powers to be exercised by NRC pursuant to circulars, notifications issued by Statutory & Regulatory authorities from time to time.

Composition, Meetings and Attendance:

During the FY 2021-22, the Committee met Three times i.e. on April 28, 2021, October 27, 2021, and January 25, 2022. The details of the Composition of the Committee, number of meetings held and the attendance of the Members are given herein below:

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mrs. Divya Momaya ¹	ID	Chairperson	3	3
Mr. Motilal Oswal	NED	Member	3	3
Mr. P. H. Ravikumar ²	ID	Member	1	1
Mr. Sanjaya Kulkarni ³	ID	Chairman	2	2

1. Designated as chairperson w.e.f. October 27, 2021
2. Appointed as Member w.e.f. October 27, 2021
3. Ceased to be Member w.e.f. October 27, 2021

Nomination and Remuneration Policy:

The success of the organization in achieving good performance and good governing practice depends on its ability to attract and retain individuals with requisite knowledge and excellence as Executive and Non-Executive Directors. With this objective, the Board and the Nomination and Remuneration Committee decides on the appointment, re-appointment and remuneration to be paid to the Non-Executive Directors.

While deciding on the remuneration to the Directors, the Board and Nomination and Remuneration Committee considers the performance of the Company, the current trends in the industry, the qualifications of the appointee, his experience, level of responsibility, past performance and other relevant factors.

The Board and Nomination and Remuneration Committee carry the performance evaluation of the Directors. Accordingly, on the basis of the report of the performance evaluation of Directors including Independent Directors, the Company decides whether to extend or continue the term of appointment of the Independent Directors. The criteria of performance evaluation of Directors includes the effectiveness in decision making, effectively facilitates the Board Meeting, demonstrating knowledge, etc.

The Nomination and Remuneration Policy of the Company including the criteria for making payments to Directors, Key Managerial Personnel ("KMP") and Senior Management is uploaded on the Website of the Company at https://motilalosalwalhf.com/wp-content/uploads/2022/06/Nomination_and_Remuneration_Policy.pdf

Remuneration to Directors:

Mr. Arvind Hali, Managing Director & Chief Executive Officer, draws remuneration from the Company. Apart from the reimbursement of expenses incurred in discharge of their duties and the sitting fees and commission that the Independent Directors would be entitled to receive under the Act, none of the Independent Directors has any other material pecuniary relationship or transactions with the Company, its Promoters, its Directors, its Management which would affect their independence.

Remuneration to the Executive Directors

(Amount in Rs.)

Name of the Director	Category	Salary	Variable Pay	Perquisites	Total
Mr. Arvind Hali	MD & CEO	2,07,83,966	0	0	2,07,83,966
Total	-	2,07,83,966	0	0	2,07,83,966

- The aforesaid Managerial remuneration does not include Provision for Gratuity and Insurance Premiums for medical and life.
- The Executive Director is provided with various benefits including reimbursement of expenses, leave travel concession, etc.



- Executive Director has not received the pension and severance fees from the Company. Also, the Company has not entered into the service contracts and there is no provision of notice period in the Company for Directors.

Remuneration paid to Non-Executive Directors

The Independent Directors are paid the sitting fees of Rs. 20,000/- for every Meeting of the Board and Rs. 10,000/- for every meeting of the Committees of the Board attended by them.

The shareholders of the Company at Annual General Meeting held on June 4, 2021 had passed an enabling resolution for payment of commission to Non-Executive Directors (i.e. directors other than the Managing Director and Whole-time Director of the Company), not exceeding one per cent of the net profits of the Company, computed in the manner referred to in Section 198 and all other applicable provisions of the Companies Act, 2013, and such commission to be distributed amongst and paid to the aforesaid Directors concerned in such proportions as the Board may decide from time to time based on recommendation of Nomination and Remuneration Committee.

Accordingly, based on the performance evaluation and contribution of Independent Directors and subject to overall limits approved by the shareholders, the Nomination and Remuneration Committee at its meeting held on April 26, 2022 approved the payment of Commission of Rs. 2,00,000 to each of the Independent Directors of the Company namely Mr. P. H. Ravikumar and Mrs. Divya Momaya for the Financial Year 2021-22.

Details of sitting fees and commission paid to the Non-Executive Directors for the FY 2021-22 are given herein below:

(Amount in Rs.)

Name of the Director	Category	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting	Commission	Total
Mr. Motilal Oswal ¹	C & NED	-	-	-	-
Mr. Raamdeo Agarawal ¹	NED	-	-	-	-
Mr. Navin Agarwal ¹	NED	-	-	-	-
Mrs. Divya Momaya	ID	1,60,000	80,000	2,00,000	4,40,000
Mr. P. H. Ravikumar ²	ID	60,000	20,000	2,00,000	2,80,000
Mr. Sanjaya Kulkarni ³	ID	1,20,000	70,000	-	1,90,000
Total	-	3,40,000	1,70,000	4,00,000	9,10,000

1. Mr. Motilal Oswal, Mr. Raamdeo Agarawal and Mr. Navin Agarwal are in the service of Motilal Oswal Financial Services Limited ("MOFSL") and draws remuneration from MOFSL. They are not paid any commission, or sitting fees separately for attending the meetings of the Board and/or any Committee of the Company
2. Appointed as ID w.e.f. October 27, 2021
3. Ceased to be ID w.e.f. January 14, 2022

In accordance with the provisions of the Act and Listing Regulations, Independent Directors are not eligible for any employee stock options.

Shares held by the Non-Executive Directors

The details of the Equity Shares of the Company held by the Non-Executive Directors as on March 31, 2022 is given herein below:

Name of the Director	Category	No. of Equity Shares held
Mr. Motilal Oswal	NED	10
Mr. Raamdeo Agarawal	NED	10
Mr. Navin Agarawal	NED	3,59,91,939
Mr. Sanjaya Kulkarni	ID	NIL
Mrs. Divya Momaya	ID	NIL
Mr. P. H. Ravikumar	ID	NIL
Total		3,59,91,959



3) Stakeholders Relationship Committee

The terms of reference of the Committee are as follows:

- a) To address requests/resolve grievances of security holders including complaints related to transfer/transmission of securities, non-receipt of Annual Report, non-receipt of declared dividends/interests, issue of new/duplicate certificates, general meetings, etc;
- b) To monitor and transfer the amounts/shares transferable to Investor Education and Protection Fund (“IEPF”);
- c) To approve transfer / transmission of securities;
- d) Taking decision on waiver of requirement of obtaining the Succession Certificate/Probate of Will on case to case basis;
- e) To address the remat/demat requests of security holders for rematerialisation/ dematerialisation of securities;
- f) To issue duplicate share/debenture certificate(s) reported lost, defaced or destroyed as per the laid down procedure and to resolve the grievances of security holders of the Company;
- g) Attending to complaints of security holders routed by SEBI (SCORES)/Stock Exchanges/Reserve Bank of India or any other Regulatory Authorities;
- h) Specifically look into the various aspects of interest of shareholders, debenture holders and other security holders;
- i) To review measures taken for effective exercise of voting rights by shareholders;
- j) To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- k) To review 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;
- l) Any other matters that can facilitate better investor services and relations.

Composition, Meetings and Attendance:

During the FY 2021-22, the Committee met once i.e. on October 27, 2021. The details of the Composition of the Committee, number of meeting(s) held and the attendance of the Members are given herein below:

Name of the Member	Category	Designation in the Committee	No. of Meeting(s)	
			Held	Attended
Mr. Motilal Oswal	NED	Chairman	1	1
Mr. Raamdeo Agarawal	NED	Member	1	1
Mr. Navin Agarwal ¹	NED	Member	1	1
Mr. Arvind Hali ²	MD & CEO	Member	-	-
Mrs. Divya Momaya ³	ID	Member	-	-

1. Ceased to be member w.e.f. October 27, 2021
2. Appointed as member w.e.f. October 27, 2021 & ceased to be member w.e.f. March 31, 2022
3. Appointed as member w.e.f. April 26, 2022

The Committee meets as and when required, to deal with the investor related matters. Further, members are informed that during the year no complaint was received from investors.

The Chairman of the Committee was present at the 8th AGM to answer shareholder queries.

SEBI Complaints Redress System (SCORES)

Securities and Exchange Board of India (“SEBI”) administers a centralised web based complaints redress system (“SCORES”). It enables investors to lodge and follow up complaints and track the status of redressal online on the website at www.scores.gov.in. It also enables the market intermediaries and listed companies to receive the complaints from investors against them, redress such complaints and report redressal of such complaints. All the activities starting from lodging of a complaint till its disposal are carried online in an automated environment and the status of every complaint can be viewed online at any time. The Company has registered itself on SCORES and endeavors to resolve all investor complaints received through SCORES.



4) Corporate Social Responsibility Committee

The terms of reference of the Committee are as follows:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013.
- Recommend the amount of expenditure to be incurred on the activities referred to in clause (a).
- Monitor the Corporate Social Responsibility Policy of the company from time to time.
- Update the Board on the implementation of various programmes and initiatives.
- Formulate and recommend to the Board for its approval, an annual action plan in pursuance to the Corporate Social Responsibility Policy.

Composition, Meetings and Attendance:

During the FY 2021-22, the Committee met once i.e. on April 28, 2021. The details of the Composition of the Committee, number of meetings held and the attendance of the Members are given herein below:

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mrs. Divya Momaya ¹	ID	Chairperson	-	-
Mr. Motilal Oswal	NED	Member	1	1
Mr. Arvind Hali ²	MD & CEO	Member	-	-
Mr. Sanjaya Kulkarni ³	ID	Chairman	1	1
Mr. Navin Agarwal ³	NED	Member	1	1
Mr. Raamdeo Agarwal ⁴	NED	Member	-	-

- Designated as Chairperson w.e.f. October 27, 2021
- Appointed as member w.e.f. October 27, 2021 and Ceased to be member w.e.f. March 31, 2022
- Ceased to be member w.e.f. October 27, 2021
- Appointed as member w.e.f. April 26, 2022

The CSR Policy devised by the Company is in accordance with Section 135 of the Act.

5) Risk Management Committee

The Company has a well-defined risk management framework in place and Risk Management Committee, which ensures that the management controls risks through means of a properly defined framework. In addition, the Board has formulated and adopted a risk management policy. The risk management framework adopted by the Company is discussed in the Management Discussion and Analysis chapter annexed to the Board's Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.

The terms of reference of the Committee are as follows:

- Reviewing and approving the risk management policy and associated framework, processes and practices of the Company on an annual basis;
- Ensuring the appropriateness of the Company in taking measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
- To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- Evaluate significant risk exposures and concentration i.e Builder concentration, profile concentration, geographic concentration and take remedial actions;
- Laying down the risk tolerance limits and Monitoring risk exposures at periodic intervals;
- Reporting to the Board on periodical basis;
- Assist the Board in effective operation of risk management system by performing specialized analyses and quality reviews;



- h) Maintaining a group-wise and aggregated view on the risk profile of the Company in addition to the solo and individual risk profile;
- i) Reviewing, investigating the instances reported for unethical behavior of employees or Senior Management Officials and taking suitable disciplinary action against such employees;
- j) Overseeing and Identifying the wilful defaulters;
- k) Monitoring and Reviewing of the Risk Management Plan including Cyber Security risk;
- l) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- m) To review the appointment, removal and terms of remuneration of the Chief Risk Officer and make appropriate recommendations to the Board, wherever required;
- n) Coordinate its activities with the Audit Committee in instances where there is any overlap with audit activities (e.g. internal or external audit issue relating to risk management policy or practice);
- o) Undertake such other scope as may be prescribed by applicable law or the Board in compliance with applicable law and regulatory authorities from time to time.

Composition:

During the FY 2021-22, the Committee met four times i.e. on April 28, 2021, July 28, 2021, October 27, 2021 and January 24, 2022. The details of the Composition of the Committee, number of meeting(s) held and the attendance of the Members are given herein below:

Name of the Member	Category	Designation in the Committee	No. of Meetings	
			Held	Attended
Mr. P. H. Ravikumar ¹	ID	Chairman	1	1
Mr. Motilal Oswal	NED	Member	4	4
Mr. Raamdeo Agarwal	NED	Member	4	4
Mr. Arvind Hali ²	MD & CEO	Member	1	1
Mr. Navin Agarwal ³	NED	Member	3	3

1. Appointed as Chairman w.e.f. October 27, 2021
2. Appointed as member w.e.f. October 27, 2021 and Ceased to be a member w.e.f. March 31, 2022
3. Ceased to be member w.e.f. October 27, 2021

6) Finance and Securities Allotment Committee

The terms of reference of the Committee are as follows:

- a) To review, evaluate and approve the Investments to be made by the Company;
- b) To borrow monies from Banks, financial institution, Body Corporate(s) or any other person for funding capital requirement of the Company and its subsidiaries, the amount outstanding at any point of time not exceeding the overall limit of Rs. 9,000 crores;
- c) To create Pledge/ hypothecate/ mortgage and/ or charge on both movable and immovable assets not exceeding the overall limit of Rs. 9,000 crores;
- d) To provide loans to any Body Corporate/Person and/or give guarantee or provide security in connection to loan to any other body corporate or person not exceeding the overall limit available under the provisions of the Companies Act, 2013;
- e) Allotment of Shares, Debentures and other securities;
- f) To approve transfer / transmissions of securities;
- g) Acquisition by way of subscription, purchase or otherwise the securities of anybody corporate including investment in private equity funds and real estate funds not exceeding overall limits available under the provisions of the Companies Act, 2013;



- h) Affix common seal of the Company on instruments or deeds or on any document(s) as may be required in the presence of at least one Director or such other person as the Committee may appoint for the purpose;
- i) Investments, Deployment, Liquidation and re-deployment of surplus funds of the Company, temporary or otherwise, from time to time, in units of mutual fund schemes, units of liquid funds, Discounting of Bills of Exchange, unit of collective investment schemes, inter-corporate deposits, derivatives, Foreign Exchange, Government Securities, national savings certificates, postal savings certificates, and subject to the provision of Section 186 of the Companies Act, 2013 and investment in any other marketable/financial instrument and any other instrument traded on the Stock Exchange(s) and Commodity Exchange(s) from time to time;
- j) To sign and execute all forms and other documents for the foregoing purposes and to do all such acts as may be ancillary or incidental to the foregoing purposes;
- k) Review and monitoring of the business policies and operational decisions as set by the Board, from time to time;
- l) Supervision and review of the performance of various operational activities on an ongoing basis;
- m) Authorise negotiations and arrangements for operational and administrative requirements;
- n) Opening, operating and closing current/cash credit/ overdraft/ fixed deposit or other accounts including depository accounts with any scheduled bank and/or depository participant whether in or outside the territory of India, authorize the officials of the Company to operate the same and to vary the existing authorization in respect of these accounts;
- o) Issue of Power of Attorneys/Delegation Letter to the Officials of the Company;
- p) Execute, sign, certify any agreement, MOU, undertaking, document, deed and other writings in relation to the day-to-day matters;
- q) Authorise Officials of the Company to initiate legal action, sign documents/deeds/ undertakings and other writings and represent the Company in litigation and settle any legal disputes in connections with any legal proceedings by or against the Company;
- r) Registration, renewal/continuation of registration and continuing compliance and observance of various provisions of Shops & Establishment, Sales Tax, Service Tax, Professional tax and such other legislations and rules, regulations and directions made or issued there under;
- s) Grant of authority to avail online payment gateway facility;
- t) To take decisions with respect to matters of acquisition, disposal and utilization of premises (by way of sale, purchase, lease, leave & license or otherwise) for and on behalf of the Company;
- u) To delegate powers to officials of the Company within the meaning of SARFAESI Act, 2002 & Securities Interest (enforcement) Rule, 2002 (as amended from time to time), for exercising the rights available to Secured Creditors under the said Act/Rule;
- v) To approve the change/s of rate of interest of all loan products or on debentures, debts or any other instruments/ financial products issued by the Company;
- w) To grant approval of loans upto Rs. 25 crore to any person, firm or body corporate at any time or from time to time subject to the limits prescribed under the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, as may be applicable;
- x) Any incidental or other matter in the ordinary course of business, including delegation of powers for routine matters, and/or may be delegated by the Board, from time to time.

Composition:

The details of the Composition of the Committee are given herein below:

Name of the Member	Category	Designation in the Committee
Mr. Motilal Oswal	NED	Chairman
Mr. Raamdeo Agarawal	NED	Member
Mr. Arvind Hali ¹	MD & CEO	Member
Mr. Navin Agarwal ²	NED	Member

1. Appointed as member w.e.f. October 27, 2021 and Ceased to be member w.e.f. March 31, 2022
2. Ceased to be member w.e.f. October 27, 2021



7) Asset Liability Management Committee

The terms of reference of the Committee are as follows:

- a) Determining the maturity profile of assets and liabilities, mix of incremental assets and liabilities, pricing of deposits and advances, determining the type of funding, monitoring risk levels of the Company, etc.
- b) Decision making unit responsible for balance sheet planning from risk return perspective including the strategic management.
- c) Ensuring that the Company operates within the limits/parameters set by the Board through business and risk management committee.
- d) Liquidity risk management.
- e) Management of market risks.
- f) Funding and capital planning.
- g) Profit planning and growth projection.
- h) Forecasting and analysing 'what if scenario' and preparation of contingency plans.

Composition:

The details of the Composition of the Committee are given herein below:

Name of the Member	Category	Designation in the Committee
Mr. Arvind Hali ¹	Managing Director & CEO	Chairman
Mr. Navin Agarwal	Non-Executive Director	Member
Mr. Jithesh Narayanan	Head-Treasury	Member
Mr. Shalibhadra Shah	Chief Financial Officer	Member
Mr. Sharad Mittal ²	Permanent Invitee	Member

1. Ceased to be Chairman w.e.f. March 31, 2022
2. Appointed as permanent invitee w.e.f. October 27, 2021.

8) IT Strategy Committee

The terms of reference of the Committee are as follows:

- a) Ensuring IT investments represent a balance of risks and benefits and that budgets are acceptable.
- b) Monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources.
- c) Ensuring proper balance of IT investments for sustaining HFC's growth and becoming aware about exposure towards IT risks and controls.
- d) Approving IT strategy and policy documents and ensuring that the management has put an effective strategic planning process in place.
- e) Ascertaining that management has implemented processes and practices that ensure that the IT delivers value to the business.
- f) Any other ancillary matters related to the domain of Information Technology.



Composition:

The details of the Composition of the Committee are given herein below:

Name of the Member	Category	Designation in the Committee
Mr. Sanjaya Kulkarni ¹	Independent Director	Chairman
Mr. Pankaj Purohit	Chief Technology Officer	Member
Mr. Sehul Shah	Chief Information Officer	Member
Mr. Tahir Shah	Head-IT	Member
Mr. P. H. Ravikumar ²	Independent Director	Chairman

1. Ceased to be Chairman & member w.e.f. October 27, 2021
2. Appointed as Chairman & member w.e.f. October 27, 2021

9) Customer Service & Grievance Redressal Committee

The terms of reference of the Committee are as follows:

- To set Grievance Redressal Mechanism to address requests/grievances of customers.
- To monitor the Turn Around Time (TAT) for resolution of grievances is complying.
- Periodical Review of compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.
- Any other matters that can facilitate better customer services and relations.

Composition:

The details of the Composition of the Committee are given herein below:

Name of the Member	Category	Designation in the Committee
Mr. Arvind Hali ¹	MD & CEO	Chairman
Mr. Shantanu Dorlikar ²	Head-Legal	Member
Mr. Tahir Shah	Head-IT	Member
Ms. Aalia Sheikh	Nodal Officer	Member
Mr. Pradip Singh ³	Principal Officer	Chairman

1. Appointed as chairman w.e.f. October 27, 2021 and Ceased to be chairman & member w.e.f. March 31, 2022
2. Ceased to be member w.e.f. April 26, 2022
3. Appointed as chairman w.e.f. April 26, 2022

Policy on Prevention of Sexual Harassment of Women at Workplace

The Company values the dignity of individuals and strives to provide a safe and respectable work environment to all its employees. The Company is committed to provide an environment, which is free of discrimination, intimidation and abuse. The Company believes that it is the responsibility of the organisation to protect the integrity and dignity of its women employees and also to avoid conflicts and disruptions in the work environment due to such cases. The Company has adopted a 'Policy against Sexual Harassment' as per the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("Sexual Harassment Act") and an Internal Complaints Committee has also been set up to redress complaints received regarding sexual harassment. As per the policy, any woman employee may report her complaint to the Committee. We affirm that adequate access was provided to any complainant who wish to register a complaint under the policy.

Sr. No.	Category	No. of complaints filed during FY 2021-22	No. of complaints disposed of during FY 2021-22	No. of complaints pending as on end March 31, 2022
1	Sexual Harassment	0	0	0
2	Discriminatory employment	0	0	0



Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

General Body Meetings

The details of the Annual General Meetings held during past three years are given herein below:

No.	Date	Venue	Time	Special Resolutions passed
6 th AGM	July 11, 2019	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025.	4.00 p.m.	NIL
7 th AGM	May 26, 2020	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai – 400 025.	4.00 p.m.	Issue Redeemable Non-Convertible Debentures on private placement basis
8 th AGM	June 4, 2021	Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025 (deemed venue)	4.00 p.m.	<ul style="list-style-type: none">• Appointment of Mr. Arvind Hali (DIN: 05285114) as Managing Director & Chief Executive Officer of the Company• Appointment of Mrs. Divya Momaya (DIN: 00365757) as an Independent Director of the Company• Borrowing limits of the Company under section 180(1)(c) of the Companies Act, 2013• Creation of Charge/ Mortgage on the properties of the Company under section 180(1)(a) of the Companies Act, 2013:• Issue of redeemable non-convertible debentures through private placement

Postal Ballot Resolution(s)

During the FY 2021-22, the Board at its meeting held on August 13, 2021 has appointed M/s. Singhi & Co. as Statutory Auditors to fill casual vacancy caused due to resignation of M/s. Walker Chandiok & Co. LLP and has obtained approval of Members of the Company through Postal Ballot.

Mr. Umashankar K. Hegde (ACS – 22133), Practicing Company Secretary, was appointed as the Scrutinizer for conducting the Postal Ballot process through Remote e-voting in a fair and transparent manner.

No further resolution is proposed to be passed through Postal Ballot under the provisions of the Companies Act, 2013.

Means of Communication:

The Company publishes quarterly, half-yearly and annual results generally in Financial Express newspaper. The Company's results are displayed on the Company's website at www.motilalosalwalhf.com.

The Company informs BSE Limited (“BSE”) about all price sensitive matters or such other matters which in its opinion are material and of relevance to the members and the same are also displayed on the Company's website.

BSE Corporate Compliance & Listing Centre ('Listing Centre'): The BSE Listing Centre is a web-based application designed by BSE for corporates. All periodical compliance filings like corporate governance report, financial results among others are filed electronically on the Listing Centre.

Report on Corporate Governance

(Contd...)



General Shareholders' Information

Annual General Meeting Date, Time and Venue	Friday, June 24, 2022 at 4.00 p.m. Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) at Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400 025.																								
Financial Year	April 1, 2021 to March 31, 2022																								
Dividend Payout Date	-																								
Listing on Stock Exchanges	Only Non-Convertible Debentures of the Company are Listed on BSE.																								
Stock Code/ISIN																									
Equity:	<table border="1"> <thead> <tr> <th>ISIN</th> <th>Scrip Code</th> </tr> </thead> <tbody> <tr> <td>INE658R01011</td> <td>Not Applicable</td> </tr> </tbody> </table>	ISIN	Scrip Code	INE658R01011	Not Applicable																				
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Dematerialization of Shares and liquidity	As on March 31, 2022, 99.80% of the total equity share capital was held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited and 1,23,15,010 Equity shares were held in Physical form.																								
Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity	As on March 31, 2022, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments (excluding ESOPs).																								
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable																								
Plant Locations	The Company is in the business of housing finance; therefore, it does not have any manufacturing plants.																								
Registrar and Share Transfer Agent for Equity Shares	Link Intime India Private Limited (Registrar and Transfer Agent) C-101, 1 st Floor, 247 Park, Lal Bahadur Shastri Marg, Vikhroli (West), Mumbai-400083. Tel: +91 22 49186000 Fax: +91 22 49186060 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in																								
Name and Address of the Company Secretary and Compliance Officer	Mr. Ritin Mawani Company Secretary & Compliance Officer Motilal Oswal Home Finance Limited Motilal Oswal Tower, Rahimtullah Sayani Road, Opp. Parel ST Depot, Prabhadevi, Mumbai – 400025 Tel: +91 22 7193 4101 Fax: +91-22-5036 2365 E-mail: corpsec@motilaloswal.com																								
List of all credit ratings obtained along with any revisions thereto during the relevant financial year.	The details of credit rating obtained by the Company is included in Board’s Report forming part of Annual Report of the Company.																								



Disclosures:

i) The Company has complied with all the requirements of regulatory authorities. No material penalties/strictures were imposed on the Company by stock exchanges or Reserve Bank of India or National Housing Bank or SEBI or any statutory authority on any matter related to capital markets, during last three years.

ii) **Whistle Blower Policy/Vigil Mechanism**

Pursuant to the provisions of Regulation 22 of the Listing Regulations and section 177 of the Act, the Company established a Vigil Mechanism/ Whistle Blower Policy for Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the company's code of conduct or ethics policy.

This mechanism provides for adequate safeguards against victimization of director(s) / employee(s) who avail the mechanism and makes provision for direct access to the Chairman of the Audit Committee. The policy has been uploaded on the website of the Company at https://motilalosalhf.com/wp-content/uploads/2022/06/MOHFL_WHISTLEBLOWER_POLICY_VER_1.1.pdf We affirm that no director/employee of the Company was denied access to the Audit Committee.

iii) The Company has complied with all the mandatory requirements of the Listing Regulations.

iv) During the period under review, the Company has not raised any funds through preferential allotment or qualified institutional placement.

v) The Company has complied with the following non-mandatory requirements as prescribed in Regulation 27 Schedule II Part E of the Listing Regulations:

a) The Company is in the regime of unmodified financial statements.

b) The internal auditor of the Company reports directly to the Audit Committee.

vi) The Company has complied with the Corporate Governance requirements specified in Regulation 15 to 27 of the SEBI Listing Regulations to the extent possible and endeavour is being made to ensure other compliances before March 31, 2023.

vii) Mr. Ritin Mawani, Company Secretary & Compliance Officer certified that none of the directors of the Company have been debarred or disqualified from being appointed or continuing as director of the Company by SEBI or Ministry of Corporate Affairs or any such statutory authority, is annexed to this Report as "Annexure A".

viii) Total fees of Rs. 0.37 Crore was paid to the Statutory Auditors (i.e. M/s. Walker Chandiook & Co. LLP and M/s. Singhi & Co.) for the FY 2021-22.

ix) The Board of Directors confirmed that during the financial year, it has accepted all recommendations received from its mandatory committees.

x) **Related Party Transactions**

The Company has a Board approved Policy on Materiality and dealing with 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. Policy on Materiality and dealing with Related Party Transactions which has been uploaded on the Company's website at <https://motilalosalhf.com/wp-content/uploads/2022/06/Policy-on-Materiality-and-Dealing-with-Related-Party-Transactions.pdf>

There were no transactions with related parties that may have potential conflict with the interest of the Company. 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. Details of material related party transactions which require approval of the shareholders of the Company has been detailed in the notice convening the ensuing AGM.

Further, there were no financial or commercial transactions by the senior management where their personal interests may have potential conflict with the interests of the Company.

xi) **CEO/CFO Certification**

The Chief Executive Officer and the Chief Financial Officer of the Company give annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of the Listing Regulations.



xii) **Code of Conduct**

The Company has Code of Conduct ("Code") for its Directors and for Senior Management of the Company. The Code has been posted on the Company's website at <https://motilaloswalhf.com/wp-content/uploads/2022/05/Code-of-Conduct-for-Directors-and-Senior-Management.pdf>.

xiii) **Disclosure of Accounting Treatment in Preparation of Financial Statements**

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2018 and the effective date of such transition is April 01, 2017, with comparative figures being restated to make them comparable. The financial statements have been prepared in accordance with the recognition and measurement principles laid down in Ind AS notified under Section 133 of Companies Act, 2013 read with relevant Rules issued thereunder and other accounting principles generally accepted in India.



Annexure A

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

To,
The Members of **Motilal Oswal Home Finance Limited**
Motilal Oswal Tower, Rahimtullah Sayani Road,
Opp. Parel ST Depot, Mumbai 400025

I hereby certify that none of the Directors on the Board of the Company as stated below have been debarred or disqualified from being appointed or continuing as Directors of Company for the Financial Year ending March 31, 2022, by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority:

Sr. No.	Name of the Director	Date of appointment	DIN
1.	Mr. Motilal Oswal (Non-Executive Director – Chairman)	October 1, 2013	00024503
2.	Mr. Raamdeo Agarawal (Non-Executive Director)	October 1, 2013	00024533
3.	Mr. Navin Agarwal (Non-Executive Director)*	March 26, 2018	00024561
4.	Mrs. Divya Momaya (Non-Executive - Independent Director)	September 25, 2020	00365757
5.	Mr. P. H. Ravikumar (Non-Executive - Independent Director)	October 27, 2021	00280010

*Ceased to be Director w.e.f April 26, 2022

For Motilal Oswal Home Finance Limited

Sd/-
Ritin Mawani
Company Secretary & Compliance Officer

Date : April 26, 2022
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

To

The Members of **Motilal Oswal Home Finance Limited**

1. Opinion

We have audited the accompanying Financial Statements of **Motilal Oswal Home Finance Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

2. Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("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 together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

3. Emphasis of Matter

We draw attention to Note 37 to the financial statements, in which the Company describes the continuing uncertainties arising from the COVID 19 pandemic.

Our opinion is not modified in respect of this matter.

4. Other Matter

The comparative financial statements of the Company as stated in the Financial Statements for the year ended March 31, 2021, were audited by the predecessor auditor who expressed an unmodified opinion on those financial statement on April 28, 2021. Accordingly, we do not express any opinion on the figures reported in the Financial Statements for the year ended March 31, 2021.

Our opinion is not modified in respect of this matter.

5. 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 year. 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.

Sr. No.	Key audit matters	How our audit addressed the key audit matter
	Expected Credit Loss (ECL) on Loans and Advances As at March 31, 2022, the carrying value of loan assets measured at amortised cost, aggregated Rs. 3,43,455 lakhs (net of allowance of ECL Rs. 8,534 lakhs).	Our Audit Approach: Our audit approach was a combination of test of internal controls and substantive procedures which included the following:



Sr. No.	Key audit matters	How our audit addressed the key audit matter
	<p>The estimation of ECL on financial instruments involves significant judgement and estimates. As part of our risk assessment, we determined that the allowance for ECL on loan assets has a high degree of estimation uncertainty, with a potential range of reasonable outcomes for the financial statements.</p> <p>The elements of estimating ECL which involved increased level of audit focus are the following:</p> <p>a) Data inputs - The application of ECL model requires several data inputs.</p> <p>b) Model estimations – Inherently judgmental models are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). The PD and the LGD are the key drivers of estimation complexity in the ECL and as a result are</p> <p>c) considered the most significant judgmental aspect of the Company’s modelling approach.</p> <p>d) Qualitative and quantitative factors used in staging the loan assets measured at amortised cost.</p> <p>e) Economic scenarios – Ind AS 109 requires the Company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weights applied to them especially when considering the current uncertain economic environment arising from ongoing COVID-19 pandemic.</p> <p>f) Adjustments to model driven ECL results to address emerging trends.</p> <p>Refer Note 31 of the Financial Statements.</p>	<p>a) Testing the design and effectiveness of internal controls over the following:</p> <ul style="list-style-type: none"> ➤ key controls over the completeness and accuracy of the key inputs, data and assumptions into the Ind AS 109 impairment models. ➤ key controls over the application of the staging criteria consistent with the definitions applied in accordance with the policy approved by the Board of Directors including the appropriateness of the qualitative factors. ➤ management’s controls over authorisation and calculation of post model adjustments and management overlays to the output of the ECL model. <p>b) Also, for a sample of ECL allowance on loan assets tested:</p> <ul style="list-style-type: none"> ➤ Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the completeness, accuracy and relevance of data, reasonableness of economic forecasts, weights, and model assumptions applied. ➤ we evaluated reasonableness of LGD estimates by comparing actual recoveries post the loan asset becoming credit impaired with estimates of LGD; and ➤ we tested the mathematical accuracy and computation of the allowances by using the same input data used by the Company. <p>c) We also evaluated the adequacy of the adjustment after stressing the inputs used in determining the output as per the ECL Model and ensured that the adjustment was in conformity with the amount approved by the Audit Committee.</p> <p>d) Testing management’s controls on compliance with disclosures to confirm the compliance with the provisions of relevant provisions of Ind AS 109 and the RBI.</p> <p>e) Evaluating the appropriateness of the Company’s Ind AS 109 impairment methodologies and reasonableness of assumptions used, including management overlays.</p> <p>f) For models which were changed or updated during the year, evaluating whether the changes were appropriate by assessing the updated model methodology.</p> <p>g) The reasonableness of the Company’s considerations of the impact of the current ongoing economic environment due to COVID-19 on the ECL determination.</p> <p>h) Read and assessed the disclosures included in the Ind AS financial statements in respect of expected credit losses with the requirements of Ind AS 107 and Ind AS 109.</p>

INDEPENDENT AUDITOR'S REPORT

(Contd...)



Sr. No.	Key audit matters	How our audit addressed the key audit matter
1.	<p>Information Technology (IT) Systems and Controls</p> <p>The Company's key financial accounting and reporting processes are highly dependent on the automated controls over the Company's information systems, such that there exists a risk that gaps in the IT general control environment could result in a misstatement of the financial accounting and reporting records. Accordingly, we have considered user access management, segregation of duties and controls over system change over key financial accounting and reporting systems, as a key audit matter.</p>	<p>Our Audit Approach:</p> <p>Our audit approach was a combination of test of internal controls and substantive procedures which included the following:</p> <p>General IT controls design, observation and operation:</p> <ul style="list-style-type: none"> ➤ Tested key controls operating over the information technology in relation to financial accounting and reporting systems, including system access and system change management, program development and computer operations. <p>User access controls operation:</p> <ul style="list-style-type: none"> ➤ Obtained management's evaluation of the access rights granted to applications relevant to financial accounting and reporting systems and tested resolution of a sample of expectations. ➤ Further, we assessed the operating effectiveness of controls over granting, removal and appropriateness of access rights. <p>Application controls:</p> <ul style="list-style-type: none"> ➤ We tested the design and operating effectiveness of automated controls critical to financial accounting and reporting. ➤ For any identified deficiencies, tested the design and operating effectiveness of compensating controls and, where necessary, extended the scope of our substantive audit procedure.

6. Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Directors Report, Corporate Governance Report and Management Discussion & Analysis Report, but does not include the Financial Statements and our auditor's report thereon. These reports are expected to be made available to us after the date of our auditor's report.

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

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

When we read the other information included in the above reports, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and determine the actions under the applicable laws and regulations.

7. Management's Responsibility for the Financial Statements

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



In preparing the financial statements, management 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.

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

8. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 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.

INDEPENDENT AUDITOR'S REPORT

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9. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's report) Order, 2020 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii. As required by section 143 (3) of the Act, based on our audit we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this report are in agreement with the relevant books of account.
 - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e. On the basis of written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section 164 (2) of the Act.
 - f. With respect to the adequacy of the internal financial controls with reference to the financial statements of the Company and the operating effectiveness of such controls, we request you to refer to our separate Report in "Annexure B" to this report.
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on the financial position in its financial statements – Refer Note 35 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
 - iv. (a) The Management has represented that no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.;
 - (b) The Management has represented that no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.



INDEPENDENT AUDITOR'S REPORT

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- (c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances; nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. No dividend was declared and paid by the Company during the year.

For Singhi & Co.

Chartered Accountants
Firm Registration No. 302049E

S. Chandrasekhar

Partner
Membership No. 007592
UDIN: 22007592AHUWDK7411

Place : Mumbai
Date : April 26, 2022

INDEPENDENT AUDITOR'S REPORT

(Contd...)



Annexure A to the Independent Auditors' Report of even date on the financial statements of Motilal Oswal Home Finance Limited

Referred to in paragraph [8(i)] under Report on Other Legal and Regulatory Requirements of our report of even date

According to the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (i) a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of Right-of-use Assets.
- B) The Company has maintained proper records showing full particulars including quantitative details and situation of Intangible Assets.
- b) The Company has a program of physical verification of property, plant and equipment whereby all the items of property, plant and equipment are verified once in three years. The property, plant and equipment were physically verified during the previous year by the Management with a regular programme of verification. In our opinion, the periodicity of the physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, 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 paragraph 3(i) (c) of the Order are not applicable.
- d) The Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or Intangible Assets during the year.
- e) According to the information, explanations and representations given to us, no proceedings have been initiated or is pending against the Company during the year for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii) a) The Company is primarily engaged in lending business. Accordingly, it does not hold any inventories. Thus paragraph 3(ii)(a) of the Order is not applicable to the Company.
- b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks and financial institutions on the basis of security of current assets. Basis the information, explanation and representation provided to us and basis our audit procedures undertaken, we have not come across any difference between the information submitted in the quarterly returns / statements filed by the Company with such banks and financial institutions when compared with the books of account and other relevant information provided by the Company.
- (iii) a) The Company is primarily engaged in lending activities and hence reporting under paragraph 3(iii)(a) of the Order is not applicable to the Company.
- b) Considering that the Company is a Non – Banking Finance Company, the investments made, security given and the terms and conditions of the grant of all loans and advances in the nature of loans are not prima facie prejudicial to the Company's interest. Further, according to the information and explanations provided to us, the Company has not provided any guarantees during the year.
- c) In respect of the loans given and advances in the nature of loans, the Company has stipulated the schedule of repayment of principal and payment of interest. However, given the nature of business of the Company being a Non – Banking Finance Company, there are some cases during the year and as at March 31, 2022 wherein the amounts were overdue vis-à-vis stipulated terms.
- d) In respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount for more than ninety days as at the Balance Sheet date except for the following cases as on March 31, 2022:

(Rs. In lakh)

Number of Cases	Principal Amount Overdue	Interest Amount Overdue	Total Amount Dues
590	5,301	493	5,794

Further, basis discussions with the management and representations given to us, we understand that the reasonable steps have been taken by the Company for recovery of the principal and interest.

- e) The Company is engaged primarily in lending activities and hence reporting under paragraph 3(iii)(e) of the Order is not applicable to the Company.



INDEPENDENT AUDITOR'S REPORT

(Contd...)

- f) Basis the information and explanations provided to us, we did not come across loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment. Thus, reporting under paragraph 3(iii)(f) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which director is interested to which provisions of section 185 of the Companies Act, 2013 apply and the provisions of Section 186 of the Companies Act 2013 are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposit as at March 31, 2022 and therefore, the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules made thereunder are not applicable to the Company. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal against the Company in this regard.
- (vi) The maintenance of cost records has not been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus, reporting under paragraph 3(vi) of the Order is not applicable to the Company.
- (vii) In respect of Statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, income tax, goods and service tax, cess and other material statutory dues applicable to it to the appropriate authorities. As explained to us, the Company did not have any dues on account of sales tax, wealth tax, duty of customs, duty of excise and value added tax.
 - There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, goods and services tax, cess and other material statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - The details of statutory dues referred to in sub- paragraph (a) above which have not been deposited as on 31 March 2022, on account of disputes are given below:

Name of the statute	Nature of the dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	0.06	F.Y. 2016-17	Commissioner of Appeal (Income-tax)

- (viii) According to the information and explanations given to us, there are no transactions which have not been recorded in the books of account but have been surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) a) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in the payment of interest thereon to any lender.
- b) Basis the information and explanation provided to us, the Company has not been declared a wilful defaulter by any bank or financial institution or other lender.
- c) According to the information, explanations and representation given to us and to the best of our knowledge and belief, in our opinion, term loans availed by the Company were, applied by the Company during the year for the purposes for which the loans were obtained, other than temporary deployment pending application of proceeds.
- d) On an overall examination of the financial statements of the Company, funds raised on short-term basis do not seem to have used during the year for long-term purposes.
- e) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under paragraph 3(ix)(e) of the Order is not applicable to the Company.
- f) The Company does not have any subsidiaries, associates or joint ventures. Accordingly, reporting under paragraph 3(ix)(f) of the Order is not applicable to the Company.
- (x) a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under paragraph 3 (x)(a) of the Order is not applicable to the Company.
- b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under paragraph 3 (x)(b) of the Order is not applicable to the Company.

INDEPENDENT AUDITOR'S REPORT

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- (xi) a) Based upon the information, explanation and representations and on audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, there have been instances of fraud on the Company by its customers amounting to Rs. 2648 lakhs as disclosed in NHB disclosure forming part of financial statements, which have been duly reported to the Reserve Bank of India. We did not come across any instances of fraud by the Company.
- b) According to the information and explanations given to us and to the best of our knowledge, no report under sub-section (12) of section 143 of the Act has been filed in Form ADT- 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
- c) According to the information, explanations and representations given to us by the management there were no whistle blower complaints received by the Company during the year and hence reporting under paragraph 3 (xi)(c) of the Order is not applicable to the Company.
- (xii) The Company is not a nidhi company and hence reporting under paragraph 3 (xii) of the Order is not applicable to the Company.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable, for all the transactions with related parties and the details of related party transaction have been disclosed in the notes to the financial statements etc, as required by the applicable accounting standards.
- (xiv) a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- b) We have taken into consideration, the internal audit reports for the period under audit issued to the Company till the date while determining the nature, timing and extent of audit procedures.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act. Thus, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) a) According to the information and explanation given to us, the Company is registered under section 45-IA of the Reserve Bank of India (RBI) Act, 1934.
- b) The Company has conducted Housing Finance activities holding a valid Certificate of Registration (CoR) from Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and hence reporting under paragraph 3 (xvi)(c) of the Order is not applicable.
- d) According to the information and explanations given to us, there is no CIC in the Group.
- (xvii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been a resignation of the Statutory Auditors during the year by virtue of RBI Circular no. RBI/2021-22/25 Ref. No. DoS. CO. ARG/SEC.01/08.91.001/2021-22 dated April 27, 2021, relating to Guidelines for appointment of Statutory Auditors and no issue, objection or concern was raised by the outgoing auditor.
- (xix) According to the information, explanations and representations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the Balance Sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the Balance Sheet date, will get discharged by the Company as and when they fall due.
- (xx) a) As the average net profit of the preceding three financial years for Corporate Social Responsibility (CSR) contribution computed in accordance with section 198 of Companies Act, 2013 is negative, the Company is not required to spent any amount towards CSR. Hence reporting under paragraph (xx) (a) is not applicable to the company.



INDEPENDENT AUDITOR'S REPORT

(Contd...)

- b) As the Company was not required to spent any amount towards CSR. Hence reporting under paragraph (xx) (b) is not applicable to the Company.
- (xxi) According to the information and explanations given to us and based on our examination of the records of the Company, there are no subsidiaries / associates / joint ventures of the Company and hence the paragraph 3(xxi) of the Order is not applicable to the Company.

For Singhi & Co.

Chartered Accountants
Firm Registration No. 302049E

S. Chandrasekhar

Partner
Membership No. 007592
UDIN: 22007592AHUWDK7411

Place : Mumbai
Date : April 26, 2022

INDEPENDENT AUDITOR'S REPORT

(Contd...)



Annexure B to the Independent Auditors' Report of even date on the financial statements of Motilal Oswal Home Finance Limited

Referred to in paragraph [8(ii)(f)] under Report on Other Legal and Regulatory Requirements of our report of even date

Report on the Internal Financial Controls over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting with reference to the Financial Statements of Motilal Oswal Home Finance Limited ("the Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



INDEPENDENT AUDITOR'S REPORT

(Contd...)

Opinion

In our opinion, to the best of our information and according to the explanations given to us the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022 based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India.

For Singhi & Co.

Chartered Accountants
Firm Registration No. 302049E

S. Chandrasekhar

Partner
Membership No. 007592
UDIN: 22007592AHUWDK7411

Place : Mumbai
Date : April 26, 2022

Balance Sheet

as at 31 March 2022



(Amount in Lakhs)

Particulars	Note	As at 31 March 2022	As at 31 March 2021
I. ASSETS			
(I) Financial Assets			
(a) Cash and cash equivalents	4	23,104	31,959
(b) Bank balances other than (a) above	5	4,243	2,695
(c) Receivables	6		
(i) Trade receivables		15	497
(d) Loans	7	3,43,455	3,47,429
(e) Investment		-	-
(f) Other financial assets	8	819	211
Total Financial assets	(A)	3,71,636	3,82,791
(II) Non-financial Assets			
(a) Current tax assets (net)	9	1,035	1,030
(b) Deferred tax assets (net)	10	2,383	4,733
(c) Property, plant and equipment	11	834	700
(d) Other intangible assets	12	211	205
(e) Other non-financial assets	13	203	299
Total Non- Financial Assets	(B)	4,666	6,967
Total Assets	(C) = (A) + (B)	3,76,302	3,89,758
II. LIABILITIES AND EQUITY			
(I) Financial liabilities			
(a) Payables			
Trade payables			
(i) Total outstanding dues of micro enterprises and small enterprises	14	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	14	729	556
(b) Debt securities	15	74,619	1,14,924
(c) Borrowings (Other than debt securities)	16	1,86,027	1,70,321
(d) Other financial liabilities	17	13,564	12,561
Total Financial liabilities	(D)	2,74,939	2,98,362
(II) Non-Financial Liabilities			
(a) Provisions	18	415	304
(b) Other non-financial liabilities	19	251	139
Total Non-Financial Liabilities	(E)	666	443
(III) EQUITY			
(a) Equity share capital	20	60,271	60,178
(b) Other equity	21	40,426	30,775
Total Equity	(F)	1,00,697	90,953
TOTAL LIABILITIES AND EQUITY	(G) = (D) + (E) + (F)	3,76,302	3,89,758

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 Singhi & Co.
Chartered Accountants
Firm's Registration No.: 302049E

S. Chandrasekhar
Partner
Membership No: 007592
Place : Mumbai
Date : 26th April 2022

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

Motilal Oswal
Chairman
DIN: 00024503

Raamdeo Agarawal
Director
DIN: 00024533

Shalibhadra Shah
Chief Financial Officer

Ritin Mawani
Company Secretary

Place : Mumbai
Date : 26th April 2022



Statement of Profit and Loss

for the year ended 31 March 2022

(Amount in Lakhs)

Particulars	Note	For the year ended 31 March 2022	For the year ended 31 March 2021
Revenue from operations	22		
Interest income		49,965	52,939
Fees and commission income		1,267	582
Net gains on fair value changes		39	398
Net gain on derecognition of financial assets		899	-
Total revenue from operations	(I)	52,170	53,919
Other income	23		
Other income		450	633
Total other income	(II)	450	633
Total Income	(III)= (I+II)	52,620	54,552
Expenses			
Finance cost	24	22,903	28,890
Impairment on financial instruments (provision for contingencies)	25	7,319	8,035
Employee benefits expenses	26	7,584	5,765
Depreciation and amortization expenses	11	469	647
Other expenses	27	2,514	2,170
Total expenses	(IV)	40,789	45,507
Profit before tax	(III-IV)	11,831	9,045
Less: Tax expense :	28		
(1) Current tax		-	-
(2) Deferred tax		2,345	5,016
(3) Prior period tax		(3)	6
Profit for the year		9,489	4,023
Other comprehensive income	29		
(A) Items that will not be reclassified to profit & loss			
(i) Actuarial gain on post retirement benefit plans		17	55
(ii) Tax impact on the above		(4)	(14)
Total other comprehensive income		13	41
Total comprehensive income for the year		9,502	4,064
Earnings per share:	30		
Basic		0.16	0.07
Diluted		0.16	0.07
Face value per share		1.00	1.00

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 Singhi & Co.
Chartered Accountants
Firm's Registration No.: 302049E

S. Chandrasekhar
Partner
Membership No: 007592
Place : Mumbai
Date : 26th April 2022

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

Motilal Oswal
Chairman
DIN: 00024503

Ramdeo Agarawal
Director
DIN: 00024533

Shalibhadra Shah
Chief Financial Officer

Ritin Mawani
Company Secretary

Place : Mumbai
Date : 26th April 2022

Statement of cash flows

for year ended 31 March 2022



(Amount in Lakhs)

Particulars	For year ended 31 March 2022	For year ended 31 March 2021
Cash flows from operating activities:		
Profit/(loss) before tax:	11,831	9,045
Adjustments :		
Depreciation and amortisation	469	647
Interest income	(50,864)	(52,939)
Interest expense	22,903	28,890
Employee share option scheme	42	72
Provisions for employee benefits	81	24
Other provisions	47	78
Impairment on financial instruments	7,319	8,035
Net gains on fair value changes	(39)	(398)
Operating profit / (loss) before working capital changes	(8,211)	(6,547)
Adjustments for increase/ decrease in operating assets and liabilities:		
(Increase)/Decrease in Trade receivables	482	(372)
(Increase)/Decrease in Loans	(3,481)	8,830
(Increase)/Decrease in Other financial assets	(608)	(365)
(Increase)/Decrease in Other non financial assets	115	433
Increase/(Decrease) in Non financial liabilities	112	(213)
Increase/(Decrease) in Trade payables	172	502
Increase/(Decrease) in Other financial liabilities	1,749	4,906
Interest Paid	(23,597)	(27,748)
Interest Received	50,808	52,734
Cash generated from/ (used in) operations	17,542	32,161
Less: Income taxes paid (net of refunds)	2	(191)
Net cash inflow / (outflow) from operating activities	17,544	31,970
Cash flows from investing activities:		
Sale of investment measured at FVTPL	-	398
(Purchase)/sale of property, plant and equipments	(629)	38
Sale of mutual funds units	84,439	5,43,650
Purchase of mutual funds units	(84,400)	(5,43,650)
(Increase)/Decrease in deposits with maturity of more than 3 months	973	(2,419)
Interest income on fixed deposit	192	130
Net cash inflow / (outflow) from investing activities	575	(1,852)
Cash flows from financing activities:		
Proceeds from issue of share capital	92	48
Share Premium on issue of share capital	104	31
Proceeds from Debt securities	30,000	37,972
Repayment of Debt securities	(70,305)	(73,894)
Proceeds from Borrowings other than debt securities	1,00,296	62,768
Repayment of Borrowings other than debt securities	(84,590)	(35,999)
Increase/(decrease) in lease liabilities (net)	-	(163)



Statement of cash flows

for year ended 31 March 2022

(Amount in lakhs)

Particulars	For year ended 31 March 2022	For year ended 31 March 2021
Payment towards lease liabilities	33	(191)
Interest paid	(86)	(73)
Net cash inflow/(outflow) from financing activities	(24,454)	(9,501)
Net Increase/(Decrease) in Cash and cash equivalents	(6,335)	20,617
Add: Cash and cash equivalents as at beginning of the year	31,959	11,342
Cash and cash equivalents at end of the year*	25,624	31,959

*Component of Cash and cash equivalents as at end of the year

Amount in lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
Cash and cash equivalents	23,104	31,959
Deposits with maturity of less than 3 months	2,520	-
Total	25,624	31,959

Changes in liabilities arising from financing activities

Particulars	For year ended 31 March 2022	For year ended 31 March 2021
Opening balance of debt securities, borrowings (other than debt securities) and subordinated liabilities	2,85,245	2,94,398
Proceeds from borrowings (other than debt securities)	1,00,296	62,768
Proceeds from issue of non-convertible debentures	30,000	37,972
Repayments of borrowings	(84,590)	(35,999)
Repayments of debts securities	(70,305)	(73,894)
Closing balance of debt securities, borrowings (other than debt securities) and subordinated liabilities	2,60,647	2,85,245

The Statement of cash flow has been prepared under the 'Indirect Method' given under Ind AS 7 - Statement of Cash Flows.

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 Singhi & Co.
Chartered Accountants
Firm's Registration No.: 302049E

S. Chandrasekhar
Partner
Membership No: 007592
Place : Mumbai
Date : 26th April 2022

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

Motilal Oswal
Chairman
DIN: 00024503

Raamdeo Agarawal
Director
DIN: 00024533

Shalibhadra Shah
Chief Financial Officer

Ritin Mawani
Company Secretary

Place : Mumbai
Date : 26th April 2022

Statement of changes in equity



(Amount in Lakhs)

A. Equity share capital

	Number	Amount
Equity Shares of Re.1 issued, subscribed and fully paid up		
Balance as at 01 April 2020	6,01,30,37,765	60,130
Changes in Equity Share Capital due to prior year errors	-	-
Restated balance at the beginning of the previous reporting year	6,01,30,37,765	60,130
Changes in equity share capital during the year	48,10,000	48
Balance as at 31 March 2021	6,01,78,47,765	60,178
Changes in Equity Share Capital due to prior year errors	-	-
Restated balance at the beginning of the previous reporting year	6,01,78,47,765	60,178
Changes in equity share capital during the year	92,43,750	92
Balance as at 31 March 2022	6,02,70,91,515	60,271

B. Other equity

Amount in Lakhs

Particulars	Other Equity				Total equity attributable to equity holders of the Company
	Securities Premium	Statutory reserve	ESOS Outstanding Account	Retained earnings	
Balance as at 01 April 2021	26,108	5,357	212	(902)	30,775
Changes in accounting policy or prior year errors	-	-	-	-	-
Restated balance at the beginning of the previous reporting year	26,108	5,357	212	(902)	30,775
Profit for the year	-	-	-	9,489	9,489
Actuarial gain/ loss during the year (net of taxes)	-	-	-	13	13
Total comprehensive income for the period	26,108	5,357	212	8,600	40,277
Transfer to statutory reserve	-	1,898	-	(1,898)	-
Stock options exercised/ lapsed	-	-	42	-	42
Securities premium on shares issued during the year	104	-	-	-	104
Others	-	-	3	-	3
Balance as at 31 March 2022	26,212	7,255	257	6,703	40,426

Particulars	Other Equity				Total equity attributable to equity holders of the Company
	Securities Premium	Statutory reserve	ESOS Outstanding Account	Retained earnings	
Balance as at 01 April 2020	26,077	4,552	141	(4,161)	26,608
Changes in accounting policy or prior year errors	-	-	-	-	-
Restated balance at the beginning of the previous reporting year	26,077	4,552	141	(4,161)	26,608
Profit for the year	-	-	-	4,023	4,023
Actuarial gain/loss during the year (net of taxes)	-	-	-	41	41



Statement of changes in equity

(Amount in Lakhs)

Particulars	Other Equity				Total equity attributable to equity holders of the Company
	Securities Premium	Statutory reserve	ESOS Outstanding Account	Retained earnings	
Total comprehensive income for the year	26,077	4,552	141	(97)	30,672
Transfer to statutory reserve	-	805	-	(805)	-
Stock options exercised/ lapsed	-	-	72	-	72
Securities premium on shares issued during the year	31	-	-	-	31
Balance as at 31 March 2021	26,108	5,357	212	(902)	30,775

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 Singhi & Co.
Chartered Accountants
Firm's Registration No.: 302049E

S. Chandrasekhar
Partner
Membership No: 007592
Place : Mumbai
Date : 26th April 2022

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

Motilal Oswal
Chairman
DIN: 00024503

Raamdeo Agarawal
Director
DIN: 00024533

Shalibhadra Shah
Chief Financial Officer

Ritin Mawani
Company Secretary

Place : Mumbai
Date : 26th April 2022



Summary of significant accounting policies and other explanatory information

Note 1: Corporate information

Motilal Oswal Home Finance Limited (“MOHFL” or “the Company”) was incorporated in India on 01 October 2013. The Company is registered with the National Housing Bank under section 29A of the National Housing Bank Act, 1987 with effect from 19 May 2014.

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

Note 2: Basis of Preparation

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

(i) Compliance with Ind AS

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (“the Act”) read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

The financial statements have been prepared using the significant accounting policies and measurement bases summarized as below. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to the existing accounting standard requires a change in the accounting policy hitherto in use. Any application guidance / clarification / directions issued by the NHB or RBI or other regulators are implemented as and when they are issued / applicable.

(ii) Historical cost convention

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

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

(iii) Preparation of financial statements

The Company is covered in the definition of Non-Banking Financial Company as defined in Companies (Indian Accounting Standards) (Amendment) Rules, 2016. As per the format prescribed under Division III of Schedule III to the Companies Act, 2013, the Company presents the Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity in the order of liquidity. A maturity analysis of recovery or settlement of assets and liabilities within 12 months after the reporting date and more than 12 months after the reporting date is presented in note 40.

(iv) Functional and presentation currency

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

(v) Use of estimates and judgment

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

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

- (a) **Provision and contingent liability:** On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is provided in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are neither provided nor disclosed in the



financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

- (b) **Allowance for impairment of financial asset:** The Company recognizes loss allowances for expected credit losses on its financial assets measured at amortized cost. At each reporting date, the Company assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
- (c) **Recognition of deferred tax assets:** Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences could be utilized. Further details are disclosed in note 10 and note 28.
- (d) **Share based payment:** The Company accounts for share based payments by measuring and recognizing as compensation expense the fair value of all share-based payment awards made to employees based on grant date fair values. The determination of fair value involves a number of significant estimates. The Company uses the Black Scholes option pricing model to estimate the fair value of employee stock options which requires a number of assumptions to determine the model inputs. These include the expected volatility of Company's stock and employee exercise behavior which are based on historical data as well as expectations of future developments over the term of the option. As share based payment expense is based on awards ultimately expected to vest. Management's estimate of exercise is based on historical experience but actual exercise could differ materially as a result of voluntary employee actions and involuntary actions which would result in significant change in share based payment expense amounts in the future.
- (e) **ESOP cost:** The stock options of the Parent Company, granted to employees pursuant to the Company's Stock Options Schemes, are measured at the fair value of the options at the grant date as per Black and Scholes model. The fair value of the options is treated as discount and accounted as employee compensation cost, with a corresponding increase in other equity, over the vesting period on a straight line basis. The amount recognised as expense in each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense, with a corresponding increase in other equity, in respect of such grant is transferred to the General reserve within other equity.
- (f) **Determination of the estimated useful lives of Property, plant and equipment:** Useful lives of property, plant and equipment are taken as prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II and in case of intangible assets, they are estimated by management based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.
- (g) **Recognition and measurement of defined benefit obligations:** The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations. Due to complexities involved in the valuation and its long term nature, defined benefit obligation is sensitive to changes in these assumptions. Further details are disclosed in note 38.
- (h) **Determining whether an arrangement contains a lease:** 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.
- (i) **Effective interest rate:** The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected behavioral life of the financial asset to the gross carrying amount of the financial asset. This estimation, by nature, requires an element of judgement regarding the expected behavior and life-cycle of the instruments, the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges) as well expected changes to the base rate and other transaction costs and fees paid or received that are integral parts of the instrument.
- (j) **Business model assessment:** Classification and measurement of financial assets depends on the results of the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company considers the frequency, volume and timing of sales in prior years, 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 realized. 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.

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

- (k) **De-recognition of Financial instruments:** In case of transfer of loans through securitisation and direct assignment transactions, the transferred loans are de-recognised and gains/losses are accounted for, only if the Company transfers substantially all risks and rewards specified in the underlying assigned loan contract. In accordance with the Ind AS 109, on de-recognition of a financial asset under assigned transactions, the difference between the carrying amount and the consideration received are recognised in the Statement of Profit and Loss.

(vi) Measurement of fair values:

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

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

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

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

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

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

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

Note 3: Summary of significant accounting policies

3.1. Financial instrument

(i) Initial recognition and measurement

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

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

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

- a) When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognized as a gain or loss.
- b) In all other cases, the difference is deferred and the timing of recognition of deferred day one profit or loss is determined individually. It is either amortized over the life of the instrument, deferred until the instrument's fair value can be determined using market observable inputs, or realized through settlement.

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



(ii) Classification and subsequent measurement

(a) Financial Assets

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

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

Classification and subsequent measurement of financial assets depend on:

- (i) the Company's business model for managing the asset; and
- (ii) the cash flow characteristics of the asset.

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

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

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

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

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

(b) Financial liability and equity instruments

(i) Equity instruments:

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

(ii) Financial liability:

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

(iii) Impairment

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

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



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

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

- Stage 1 : Low credit risk, i.e. 0 to 30 days past due
- Stage 2 : Significant increase in credit risk, i.e. 31 to 90 days past due
- Stage 3 : Impaired assets, i.e. more than 90 days past due

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

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

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

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

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

(iv) Derecognition

(a) Financial assets

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

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

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



If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not de-recognised and the proceeds received are recognised as a collateralised borrowing. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI or otherwise is recognised in profit or loss.

(b) Financial liabilities

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

(v) Offsetting

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

(vi) Write-offs

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

(vii) Derivative Financial Instruments and Hedge Accounting:

The Company enters into forward contracts to hedge the foreign currency risk of firm commitments and highly probable forecast transactions. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the Statement of Profit and Loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company enters into derivative financial instruments viz. foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage its exposure to interest rate and foreign exchange rate risks. The Company does not hold derivative financial instruments for speculative purposes.

Hedge Accounting: The Company designates certain hedging instruments in respect of foreign currency risk and interest rate risk as cash flow hedges. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve.

The gain or loss relating to the ineffective portion is recognised immediately in the Statement of Profit and Loss. Amounts previously recognised in Other Comprehensive Income and accumulated in other equity relating to (effective portion as described above) are re-classified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. Hedge accounting is discontinued when the hedging instrument expires, terminated, or exercised, without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in other equity at that time remains in other equity and is recognised when the forecast transaction is ultimately recognised in Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other equity is recognised immediately in the Statement of Profit and Loss.



3.2 Repossessed collateral

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

3.3 Revenue Recognition

(i) Revenue from contract with customers:

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

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

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

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

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

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

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation
Specific policies for the Company's different sources of revenue are explained below:

(ii) Recognition of Interest income and other charges

(a) Interest income

Interest income on a financial asset at amortised cost is recognised on a time proportion basis taking into account the amount outstanding and the effective interest rate ('EIR'). The EIR is the rate that exactly discounts estimated future cash flows of the financial asset through the expected life of the financial asset or, where appropriate, a shorter period, to the net carrying amount of the financial instrument. The internal rate of return on financial asset after netting off the fees received and cost incurred approximates the effective interest rate method of return for the financial asset. The future cash flows are estimated taking into account all the contractual terms of the instrument.

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

(b) Other financial charges

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

(iii) Dividend income

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



(iv) Other income

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

3.4 Income Tax

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

Current Taxes

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

Deferred Taxes

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

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

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

The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by 'The Taxation Laws (Amendment) Act, 2019'. Under this option, Company is not required to comply with provisions of Minimum Alternate Tax.

3.5 Leases – As lessee

For any new contracts entered into on or after 1 April 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. The Company assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

The Company has adopted Ind AS 116 "Leases" using the cumulative catch-up approach. Company has recognised Right of Use assets as at 1 April 2019 for leases previously classified as operating leases and measured at an amount equal to lease liability (adjusted for related prepayments/ accruals). The Company has discounted lease payments using the incremental borrowing rate for measuring the lease liability.

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.



The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

3.6 Cash and cash equivalents

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

3.7 Property, plant and equipment

(i) Recognition & measurement

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

(ii) Subsequent cost

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

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

The Company provides for depreciation on a straight-line basis over the useful life commencing from the month in which the asset is first put to use, over their estimated useful life prescribed under Schedule II to the Companies Act, 2013 as mentioned below

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

(iv) Gain or Loss on disposal

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

3.8 Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent cost

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

(iii) Amortisation

The Company amortizes intangible assets on a straight-line basis over the useful life of 5 years commencing from the month in which the asset is first put to use.



3.9 Employee benefits

(i) Short-term employee benefit

Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered. The Company recognises the costs of bonus payments when it has a present obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

(a) Compensated absences

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

(ii) Post-employment benefit

Defined contribution plan:

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

Defined benefits plan:

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

(iii) Other long-term employee benefit

(a) Heritage club benefit

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

(iv) Share-based payments

Employee Stock Option Scheme (ESOS)

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

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

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

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



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

3.10 Earnings per share

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

3.11 Provisions and Contingent Liabilities:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date.

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

3.12 Impairment of Non-financial assets

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

3.13 Foreign currency

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

3.14 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable to the Company from 1 April 2021.



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

Note 4 : Cash and cash equivalents

	As at 31 March 2022	As at 31 March 2021
(i) Cash on hand	222	181
(ii) Balance with banks :		
In current account	22,882	31,778
	23,104	31,959

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

Note 5 : Bank balances other than (4) above

	As at 31 March 2022	As at 31 March 2021
(i) Deposits with maturity of less than 3 months*	2,520	-
(ii) Deposits with maturity of more than 3 months but less than 12 months	1,723	2,400
(iii) Deposits with maturity of more than 12 months **	-	295
	4,243	2,695

* Held as cash collateral for securitisation of receivables

** The above deposit is lien with State Bank of Mauritius, against term loan.

Note 6 : Trade and other receivables

	As at 31 March 2022	As at 31 March 2021
Trade receivables		
(i) Considered good - unsecured	15	497
	15	497

Trade receivable ageing schedule as at 31 March 2022

Particular	Outstanding for following periods from due date of payment					
	less than 6 months	6 months 1 year	1-2 year	2-3 year	more than 3 years	Total
(i) Undisputed trade receivables- considered good	15	-	-	-	-	15
(ii) Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv) Disputed trade receivables– considered good	-	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-	-

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Trade receivable ageing schedule as at 31 March 2021

Particular		Outstanding for following periods from due date of payment					Total
		less than 6 months	6 months 1 year	1-2 year	2-3 year	more than 3 years	
(i)	Undisputed trade receivables- considered good	497	-	-	-	-	497
(ii)	Undisputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii)	Undisputed trade receivables – credit impaired	-	-	-	-	-	-
(iv)	Disputed trade receivables– considered good	-	-	-	-	-	-
(v)	Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(vi)	Disputed trade receivables – credit impaired	-	-	-	-	-	-

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

Note 7 : Loans - At amortised cost (Also, refer note 31)

	As at 31 March 2022	As at 31 March 2021
(A) Loan under management*	3,51,989	3,54,489
Less : Impairment loss allowance	8,534	7,060
Total (A)	3,43,455	3,47,429
*Comprises of housing loans and non housing loans		
(B) (i) Secured by tangible assets	3,51,989	3,54,489
(ii) unsecured	-	-
Less : Impairment loss allowance	8,534	7,060
Total (B)	3,43,455	3,47,429
C) (I) Loans in India		
(i) Public sector	-	-
(ii) Others	3,51,989	3,54,489
Less : Impairment loss allowance	8,534	7,060
Total (C) (I) Gross	3,43,455	3,47,429
C) (II) Loans outside India	-	-
Less : Impairment loss allowance	-	-
Total (C) (II) Gross	-	-
Total (C) (I) and (C) (II)	3,43,455	3,47,429



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

	As at 31 March 2022	As at 31 March 2021
Stage wise break up of loans, net of provisions		
(i) Low credit risk (stage 1)	3,29,807	3,21,697
(ii) Significant increase in credit risk (stage 2)	10,498	20,485
(iii) Credit impaired (stage 3)	3,150	5,248
Total	3,43,455	3,47,429
Loan assets pledged as security for borrowings	2,83,675	2,89,498

Note - There is no outstanding loan from Promoters, Directors, KMPs and related parties.

Note 8 : Other Financial assets

	As at 31 March 2022	As at 31 March 2021
(i) Earning interest strip	615	-
(ii) Security deposit	100	119
(iii) Loan to employees	102	90
(iv) Other receivable from related parties	2	2
	819	211

Note 9 : Current tax assets (Net)

	As at 31 March 2022	As at 31 March 2021
Advance payment of income tax (net of provision)	1,035	1,030
	1,035	1,030

Note 10 : Deferred tax assets

	As at 31 March 2022	As at 31 March 2021
Deferred tax assets (net) (Refer note 28)	2,383	4,733
	2,383	4,733

Note 11 : Property, Plant and Equipment

	Computers and data processing units	Furniture and fixtures	Electric installations	Office equipments	Motor car	Leasehold improvements	Right of use (Office premise)	Total
Reconciliation of carrying amount								
Cost or deemed cost (gross carrying amount)								
Balance as at 1 April 2020	832	395	199	336	23	746	743	3,274
Additions	27	11	7	11	-	49	-	107
Disposals	-	-	-	-	-	-	163	163
Balance as at 31 March 2021	859	406	206	347	23	795	580	3,218
Balance as at 1 April 2021	859	406	206	347	23	795	580	3,217
Additions	168	-	1	14	-	154	168	505
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	1,027	406	207	360	23	949	748	3,722

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

	Computers and data processing units	Furniture and fixtures	Electric installations	Office equipments	Motor car	Leasehold improvements	Right of use (Office premise)	Total
Accumulated depreciation and impairment losses								
Balance as at 1 April 2020	671	190	159	148	7	531	263	1,969
Depreciation for the year	66	30	25	27	3	114	283	547
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	737	220	184	175	10	645	547	2,517
Depreciation for the year	73	30	14	27	3	99	125	370
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	810	249	198	202	12	744	671	2,887
Carrying amounts (net)								
As at 31 March 2021	122	187	23	172	14	150	33	700
As at 31 March 2022	217	157	10	159	11	205	77	834

Note 12: Other Intangible assets

Reconciliation of carrying amount	Computer software
Cost or deemed cost	
Balance as at 1 April 2020	544
Additions – internally developed	17
Balance as at 31 March 2021	561
Other additions – internally developed	105
Balance as at 31 March 2022	666
Accumulated amortisation and impairment losses	
Balance as at 1 April 2020	256
Amortisation for the year	100
Balance as at 31 March 2021	356
Amortisation for the year	99
Balance as at 31 March 2022	455
Carrying amounts (net)	
As at 31 March 2021	205
As at 31 March 2022	211

Title deeds of immovable properties not held in the name of company

Relevant line in the balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of company (also indicate if in dispute)
Property, plant and equipment	NA	NA	NA	NA	NA	NA
Investment property	NA	NA	NA	NA	NA	NA
Non current assets held for sale	NA	NA	NA	NA	NA	NA
Other	NA	NA	NA	NA	NA	NA

There is no revaluation of property, plant and equipment done during the year.



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

Note 13 : Other non-financial assets

	As at 31 March 2022	As at 31 March 2021
(i) Prepaid expenses	34	24
(ii) Goods and service tax credit receivable	82	117
(iii) Capital advances	28	47
(iv) Other advances	59	111
Total	203	299

Note 14 : Trade Payables

	As at 31 March 2022	As at 31 March 2021
Total outstanding dues of micro small & medium enterprises (Refer Note 52)	-	-
Total outstanding dues of creditors other than micro small & medium enterprises	729	556
Total	729	556

Trade payable ageing schedule as at 31 March 2022

Particular	Outstanding for following periods from due date of payment				
	less than 1 years	1-2 years	2-3 years	more than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Other	729	-	-	-	729
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-

Trade payable ageing schedule as at 31 March 2021

Particular	Outstanding for following periods from due date of payment				
	less than 1 years	1-2 years	2-3 years	more than 3 years	Total
(i) MSME	-	-	-	-	-
(ii) Other	556	-	-	-	556
(iii) Disputed dues - MSME	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-
(v) Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
(vi) Disputed trade receivables – credit impaired	-	-	-	-	-

Note 15: Debt securities at amortised cost

	As at 31 March 2022	As at 31 March 2021
(i) Secured redeemable non-convertible debentures	42,304	79,633
(ii) Unsecured redeemable non-convertible debentures	32,316	35,291
Total	74,619	1,14,924
Debt securities in India	74,619	1,14,924
Debt securities outside India	-	-

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Security and other terms of debt securities

- a) During the year, Company had made quarterly submissions to debenture trustees & other holders. The quarterly statements / returns filed with debenture trustees and bankers were in line with the respective quarter financial statements.
- b) Terms of repayment as below (repayment schedule mentioned below excludes unamortised borrowing cost):

As at 31 March 2022

NCD Series	Units	Amount	Security provided	Security coverage	Rate of Interest	Maturity date
SERIES A-8 / F.Y.21/ F.Y.23	500	5,000	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.60%	29 June 2023
SERIES A-7 / F.Y.21/ F.Y.23	500	5,000	Exclusive charge over specific receivables	1.2 times of the amount outstanding	9.50%	23 June 2023
SERIES A-6 / F.Y.21/ F.Y.23	250	2,500	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.79%	22 June 2023
SERIES M-9 /F.Y.21 /F.Y.24	541	5,426	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	01 June 2023
SERIES A (2016-17)/07	997	9,970	Exclusive charge over specific receivables	1.25 times of the amount outstanding	9.85%	15 May 2023
SERIES A-9 / F.Y.21/ F.Y.23	750	7,500	Exclusive charge over specific receivables	1.25 times of the amount outstanding	9.45%	21 April 2023
SERIES M-7/FY20/FY23	378	3,795	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	29 December 2022
SERIES M-6/FY20/FY23	334	3,354	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	18 May 2022
Grand Total	4,250	42,545				

As at 31 March 2021

NCD Series	Units	Amount	Security provided	Security coverage	Rate of Interest	Maturity date
SERIES A-8 / F.Y.21/ F.Y.23	500	5,000	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.60%	29 June 2023
SERIES A-7 / F.Y.21/ F.Y.23	500	5,000	Exclusive charge over specific receivables	1.2 times of the amount outstanding	9.50%	23 June 2023
SERIES A-6 / F.Y.21/ F.Y.23	250	2,500	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.79%	22 June 2023
SERIES M-9 /F.Y.21 /F.Y.24	541	5,426	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	01 June 2023
SERIES A (2016-17)/07	997	9,970	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.85%	15 May 2023



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

NCD Series	Units	Amount	Security provided	Security coverage	Rate of Interest	Maturity date
SERIES A-9 / F.Y.21/ F.Y.23	750	7,500	Exclusive charge over specific receivables	1.25 times of the amount outstanding	9.45%	21 April 2023
SERIES A-5/FY20/FY23	2,000	20,000	Exclusive charge over specific receivables	1 times of the amount outstanding	10.00%	24 March 2023
SERIES M-7/FY20/FY23	383	3,845	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	29 December 2022
SERIES M-6/FY20/FY23	334	3,354	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	18 May 2022
SERIES A-10 /F.Y.21/F.Y.23	250	2,500	Exclusive charge over specific receivables	1.1 times of the amount outstanding	9.00%	28 January 2022
SERIES M-3/FY20/FY22	280	2,827	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	28 December 2021
SERIES M-8 /F.Y.21 /F.Y.22	1,000	10,024	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	10 December 2021
SERIES M-2/FY20/FY22	143	1,432	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	16 November 2021
SERIES M-1/FY19/FY22	46	478	Exclusive charge over specific receivables	1 times of the amount outstanding	MLD	30 April 2021
Grand Total	7,974	79,855				

Unsecured Debt securities as at 31 March 2022

NCD Series	Amount	Units	Rate of Interest	Maturity date
SERIES A (2016-17)/11 INE658R08123	2,500	250	11.00%	07 August 2026
Series MOHFL U-K1 FY2021-22 INE658R08172	29,000	2,900	6.00%	10 February 2025
Series MOHFL U-J1 FY2021-22 INE658R08164	1,000	100	6.75%	31 January 2025
Total	32,500	3,250		

Unsecured Debt securities As at 31 March 2021

NCD Series	Amount	Units	Rate of Interest	Maturity date
SERIES A (2016-17)/11	5,000	500	11.25%	07 August 2026
SERIES A-4/FY19/FY25	30,000	3,000	8.00%	27 January 2024
SERIES A (2016-17)/1	390	39	11.40%	28 April 2021
Total	35,390	3,539		



(Amount in Lakhs)

Note 16: Borrowings at Amortised cost

	As at 31 March 2022	As at 31 March 2021
Secured		
(i) Term loans from banks*	1,45,494	1,28,256
(ii) Term loans from securitization	14,733	18,411
(iii) Term loans from NHB refinance	18,254	22,500
(iv) Term Loan ECB	7,547	-
(v) Cash credit from banks #	-	1,153
Total	1,86,027	1,70,321

* As on March 31, 2022, out of the above, term loans amounting INR Nil (PY - 74,339) were secured by Corporate guarantee from the Holding Company

This represents debit balances in cash credit accounts as at 31 March 2022

Borrowings in India	1,78,480	1,70,321
Borrowings outside India	7,547	-

Security and other terms of loans are as follows :

- Rate of interest of cash credit is 3M MCLR (Marginal cost of funds-based Lending Rate) + 1.00% and is secured by way of hypothecation of receivables. Further, these are repayable on demand.
- Securitisation liability represents amounts received in respect of securitisation transactions (net of repayments & investment therein) as these transactions do not meet the derecognition criteria specified under Ind AS. These are secured by way of hypothecation of designated assets on finance receivables.
- U.S. International Development Finance Corporation (DFC) has provided long term loan under ECB route at fixed ROI and same is fully hedged with AD Cat-I bank
- During the year under audit, company had made quarterly submissions to banks & other lenders, same are in line with amounts reported in books of accounts.
- Terms of repayment of terms loans

As at 31 March 2022

- Term loans from Banks / Financial Institutions / NHB secured by way of exclusive hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	> 5 years	Total
Rate of interest					
5.25 % to 8.80% annually	54,333	58,298	26,840	24,277	1,63,748
Total	54,333	58,298	26,840	24,277	1,63,748

- Terms of maturity of securitization liability

Maturity	0-1 years	1-3 years	3-5 years	> 5 years	Total
Rate of interest					
7.50 % annually	640	1,389	1,423	11,281	14,733
Total	640	1,389	1,423	11,281	14,733



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

(iii) Term loan ECB secured by way of exclusive hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	> 5 years	Total
Rate of interest					
7.16%	-	2,264	5,283		7,547
Total	-	2,264	5,283	-	7,547

As at 31 March 2021

(i) Term loans from Banks / Financial Institutions / NHB - secured by way of exclusive hypothecation of receivables i.e. loans and advances.

Maturity	0-1 years	1-3 years	3-5 years	> 5 years	Total
Rate of interest					
5.25% to 10.95% annually	49,620	63,878	24,320	12,939	1,50,756
Total	49,620	63,878	24,320	12,939	1,50,756

(ii) Terms of maturity of securitisation liability

Maturity	0-1 years	1-3 years	3-5 years	> 5 years	Total
Rate of interest					
7.55 % annually	297	1,499	1,654	14,961	18,411
Total	297	1,499	1,654	14,961	18,411

Note 17 : Other Financial liabilities

	As at 31 March 2022	As at 31 March 2021
(i) Interest accrued but not due on borrowings	4,760	5,539
(ii) Interest Payable on assignment	23	-
(iii) Salary and bonus payable	445	252
(iv) Lease liability	218	185
(v) Book overdraft	5,514	3,994
(vi) Other liabilities	2,604	2,591
	13,564	12,561

Note 18 : Provisions

	As at 31 March 2022	As at 31 March 2021
(a) Provision for employee benefits		
(i) Gratuity (Refer note 38 B)	116	78
(ii) Other employee benefit	4	4
(iii) Compensated absences	111	85
(b) Provision for expenses	184	137
	415	304



(Amount in Lakhs)

Provision for expenses ageing schedule as at 31 March 2022

Particular		Outstanding for following periods from due date of payment				
		Less than 1 years	1-2 years	2-3 years	more than 3 years	Total
(i)	MSME	-	-	-	-	-
(ii)	Other	184	-	-	-	184
(iii)	Disputed dues - MSME	-	-	-	-	-
(iv)	Disputed dues - others	-	-	-	-	-
(v)	Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
(vi)	Disputed trade receivables – credit impaired	-	-	-	-	-

Provision for expenses ageing schedule as at 31 March 2021

Particular		Outstanding for following periods from due date of payment				
		Less than 1 years	1-2 years	2-3 years	more than 3 years	Total
(i)	MSME	-	-	-	-	-
(ii)	Other	137	-	-	-	137
(iii)	Disputed dues - MSME	-	-	-	-	-
(iv)	Disputed dues - others	-	-	-	-	-
(v)	Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-
(vi)	Disputed trade receivables – credit impaired	-	-	-	-	-

Note 19 : Other non-financial liabilities

	As at 31 March 2022	As at 31 March 2021
Statutory liabilities	251	139
	251	139

Note 20 : Equity Share Capital

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
(a) Authorised Share Capital				
Equity shares of Re. 1/- each	10,00,00,00,000	1,00,000	10,00,00,00,000	1,00,000
(b) Equity shares of Re. 1/- each issued, subscribed and fully paid up				
Equity share capital of Re. 1/- each	6,02,70,91,515	60,271	6,01,78,47,765	60,178
	6,02,70,91,515	60,271	6,01,78,47,765	60,178

- a) The Company has only one class of equity shares having a face value of Re. 1 each. Each holder of equity shares is entitled to one vote per share.
- b) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their holding. However, there exists no preferential liability as at 31 March 2022.



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

(c) Reconciliation of share capital :

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	Amount	Number	Amount
Equity shares				
Outstanding at the beginning of the year	6,01,78,47,765	60,178	6,01,30,37,765	60,130
Changes in Equity Share Capital due to prior year errors	-	-	-	-
Restated balance at the beginning of the previous reporting year	6,01,78,47,765	60,178	6,01,30,37,765	60,130
Issued during the year	92,43,750	92	48,10,000	48
Outstanding at the end of the year	6,02,70,91,515	60,271	6,01,78,47,765	60,178

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

Particulars	As at 31 March 2022		As at 31 March 2021	
	Number	% of holding	Number	% of holding
Motilal Oswal Financial Services Limited				
Equity share of Re. 1 each fully paid-up	4,83,62,67,917	80.24%	4,83,62,67,897	80.37%
Motilal Oswal Finvest Limited				
Equity share of Re. 1 each fully paid-up	60,00,00,000	9.96%	60,00,00,000	9.97%
	5,43,62,67,917	90.20%	5,43,62,67,897	90.34%

(e) Details of shares held by promoters/promoter group as at 31 March, 2022

Promoter name	Number of shares	% of total shares	% Change during the year
Motilal Oswal Financial Services Limited	4,83,62,67,917	80.24%	(0.13)%
Motilal Oswal Asset Management Company Limited	10	0.00%	0.00%
Motilal Oswal Investment Advisors Limited	26,03,44,836	4.32%	(0.01)%
Motilal Oswal Wealth Limited	19,23,07,702	3.19%	(0.01)%
Motilal Oswal Finvest Limited	60,00,00,000	9.96%	(0.01)%
Mr. Motilal Oswal	10	0.00%	0.00%
Mr. Raamdeo Agarawal	10	0.00%	0.00%
	5,88,89,20,485	97.71%	(0.16)%

Details of shares held by promoters/promoter group as at 31 March, 2021

Promoter name	Number of shares	% of total shares	% Change during the year
Motilal Oswal Financial Services Limited	4,83,62,67,897	80.37%	(0.06)%
Motilal Oswal Asset Management Company Limited	10	0.00%	0.00%
Motilal Oswal Investment Advisors Limited	26,03,44,836	4.33%	0.00%
Motilal Oswal Wealth Management Limited	19,23,07,702	3.20%	0.00%
Motilal Oswal Finvest Limited	60,00,00,000	9.97%	(0.01)%
MOPE Investment Advisors Private Limited	10	0.00%	0.00%
Motilal Oswal Real Estate Investment Advisors II Private Limited	10	0.00%	0.00%
Mr. Motilal Oswal	10	0.00%	0.00%
Mr. Raamdeo Agarawal	10	0.00%	0.00%
	5,88,89,20,485	97.87%	(0.07)%

Also refer note 40 for disclosure relating to employee stock option scheme.

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

- (f) The Company has not issued any shares for consideration other than cash nor there has been any buyback of shares during the five years immediately preceding 31 March 2022

Note 21: Other Equity

	As at 31 March 2022	As at 31 March 2021
(I) Other Reserves		
(a) Share option outstanding account		
Opening Balance	212	141
Add: Addition during the year	45	72
Total	257	212
(b) Statutory reserves		
Opening Balance		
Section 29C of The National Housing Bank Act, 1987	1,494	1,494
Special reserve u/s 36(1) (viii) of Income Tax Act, 1961	3,862	3,058
Transfer during the year		
Section 29C of The National Housing Bank Act, 1987	90	-
Special reserve u/s 36(1) (viii) of Income Tax Act, 1961	1,808	805
Closing Balance		
Section 29C of The National Housing Bank Act, 1987	1,584	1,494
Special reserve u/s 36(1) (viii) of Income Tax Act, 1961	5,670	3,862
Total	7,255	5,357
(c) Securities Premium account		
Opening Balance	26,108	26,077
Securities premium on shares issued during the year	104	31
Total	26,212	26,108
(II) Retained Earnings		
(a) Surplus/ (Deficit) in profit or loss account		
Opening Balance	(1,187)	(4,405)
(Loss) / Profit for the year	9,489	4,023
Transfer to Statutory Reserve	(1,898)	(805)
Total	6,404	(1,187)
(b) Other comprehensive income		
Opening Balance	285	244
Other Comprehensive Income (net of tax)	13	41
Total	298	285
Total Other Equity	40,426	30,775

Note: During the year, the Company has not drawn down any of the reserves.

21.1 Nature and purpose of Other Reserve

(a) Share option outstanding account

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

(b) Statutory Reserves

(i) Reserve u/s 29C of National Housing Bank Act, 1987:

The Company has created a reserve fund as required by section 29C of National Housing Bank Act, 1987, wherein a sum equal to twenty percent of its profit every year, as disclosed in the profit and loss account and before any dividend is declared, is transferred.



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

(ii) Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961:

In respect of any special reserve created and maintained by a specified entity, an amount not exceeding twenty percent of the profits derived from eligible business computed under the head "Profits and gains of business or profession" (before making any deduction under this clause) is carried to such reserve account.

(c) Securities Premium

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

(d) Retained earnings

Retained earnings represents accumulated surplus/ deficit of the Company and remeasurement gains/ (loss) on defined benefit plan.

NOTE 22: Revenue from operations

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Interest income on loan at amortised cost	49,773	52,809
(ii) Interest income on fixed deposit at amortised cost	192	130
(iii) Fees and commission income	1,267	582
(iv) Net gains on fair value changes on financial instruments at FVTPL	39	398
(v) Net gain on derecognition of financial assets	899	-
TOTAL	52,170	53,919

NOTE 23: Other income

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Other non operating income	450	633
TOTAL	450	633

NOTE 24: Finance cost

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Interest cost	20,727	27,946
(ii) Interest cost on lease liability	86	73
(iii) Interest cost on securitization	1,289	4
(iv) Other borrowing cost	801	866
TOTAL	22,903	28,890

NOTE 25: Impairment on financial instruments

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Impairment on loans (loans measured at amortised cost)	1,473	2,727
(ii) Loss on derecognition of loan assets*	5,846	5,308
TOTAL	7,319	8,035

* This majorly includes loss on sale of assets to an asset reconstruction company. Also, refer note 31 for additional details.

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

NOTE 26: Employee benefits expenses

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Salary, bonus and allowances	7,022	5,393
(ii) Share based payments	81	43
(iii) Contribution to provident & other funds (Refer note 38 A)	393	270
(iv) Staff welfare expenses	22	3
(v) Gratuity obligation (Refer note 38 B)	67	56
TOTAL	7,584	5,765

NOTE 27: OTHER EXPENSES

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Rates & taxes	202	140
(ii) Rent	240	269
(iii) Insurance	95	62
(iv) Computer maintenance & software charges	11	32
(v) Legal & professional charges	385	486
(vi) Remuneration to auditors (Refer note 32)	37	41
(vii) Data processing charges	93	92
(viii) Marketing & brand promotion expenses	48	51
(ix) Advertisement expenses	88	88
(x) Printing & stationary	31	19
(xi) Power and fuel	55	60
(xii) Communication and data charges	109	148
(xiii) Travelling, lodging and boarding expenses	337	178
(xiv) Business support service	219	219
(xv) Repair and maintenance	11	8
(xvi) Miscellaneous expenses	553	276
TOTAL	2,514	2,170

NOTE 28: Income tax expense

	For the year ended 31 March 2022	For the year ended 31 March 2021
A. Amounts recognised in statement of profit or loss		
Current tax		
Current year (a)	-	-
Changes in estimates related to prior years (b)	(3)	6
Deferred tax (c)		
Origination and reversal of temporary differences	2,345	5,016
Tax expense of continuing operations (a)+(b)+(c)	2,342	5,022
B. Amount recognised in other comprehensive income		
Remeasurements of defined benefit liability	(4)	(14)
	(4)	(14)



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

	For the year ended 31 March 2022	For the year ended 31 March 2021
C. Reconciliation of effective tax		
Profit before tax	11,831	9,045
Tax at the rate of 25.168%	2,978	2,277
Effect of:		
Prior Period tax liability on assessment	(3)	6
Loss due to restatement for the year*	-	2,731
Miscellaneous disallowance	25	8
Tax exemption on special reserve	(455)	-
Reversal of deferred tax on special reserve created in earlier years	(202)	-
Effective tax	2,342	5,022
Effective Tax Rate	19.80%	55.52%
Effective Tax Rate excluding loss due to restatement & prior period tax	-	25.26%
Effective Tax Rate before adjustment of amount transferred to special reserve & prior period tax.	25.38%	-

* The Company has elected to exercise the option permitted under section 115BAA of the Income Tax Act, 1961 as introduced by 'The Taxation Laws (Amendment) Act, 2019'. Accordingly, the Company has recognised provision for Income Tax for the year ended 31 March 2021 and re-measured its Deferred tax assets/ liability basis the rate prescribed in the aforesaid section. Accordingly, an amount of INR 2,731 lakhs for the year ended 31 March 2021, is attributable to the effect of revising the annual effective income tax rate.

D. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Difference between book depreciation and tax depreciation	135	158
Other employee benefits	(67)	(12)
Unamortised borrowing cost	(189)	(43)
Deposit and rent equalization	59	59
Provision for compensated absence	28	21
Provision for loan assets	2,149	1,778
Reserve created u/s 36(1)(viii)	-	(202)
Business loss	329	2,829
Unamortised upfront income and expenses	(60)	146
	2,383	4,733

NOTE 29: Other comprehensive income

	For the year ended 31 March 2022	For the year ended 31 March 2021
(i) Items that will not be reclassified to profit or loss		
Actuarial gain/(loss) on post retirement benefit plans	17	55
(ii) Deferred tax impact on the above	(4)	(14)
Total other comprehensive income, net of tax	13	41

Note 30: Earnings per share

	For the year ended 31 March 2022	For the year ended 31 March 2021
Basic earnings per share		
Profit attributable to equity shareholders (Rupees) [A]	9,489	4,023
Nominal value per share (in Rupees)	1.00	1.00

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

	For the year ended 31 March 2022	For the year ended 31 March 2021
Weighted average number of equity shares outstanding during the year [B] (Face value Rs 1)	60,225	60,154
Basic earnings per share [A] / [B] (Rupees)	0.16	0.07
Diluted earnings per share		
(Loss)/Profit attributable to equity shareholders (Rupees)	9,489	4,023
Less : Impact on profit due to exercise of diluted potential equity shares	-	-
Net profit attributable to equity shareholders for calculation of diluted earnings per share [A]	9,489	4,023
Weighted average number of equity shares used in computing basic earnings per share	60,225	60,154
Effect of potential equity shares for stock options outstanding	(651)	(182)
Weighted number of equity shares used in computing diluted earnings per share [B]	59,575	59,973
Diluted earnings per share (Rupees) [A] / [B]	0.16	0.07

Note 31: Loans and ECL movement

1 Loan book movement - during the year ended 31 March 2022

Particulars	Total
Opening	3,54,489
Origination of new loans	64,313
Derecognition of loans*	(16,540)
Repayments received during the year	(50,273)
Closing	3,51,989

*Derecognition of loan includes loan assets sold to an Asset Reconstruction Company (ARC) & loan assets sold through Direct assignment transaction:

During the current year, the Company has sold in two tranches a pool of certain non performing loan assets aggregating to INR 12,271 to an Asset Reconstruction Company vide separate agreements dated 24 September 2021 and 30 December 2021 respectively. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets was done on "no-recourse" basis and on true sale basis. This has resulted in reversal of ECL amounting to INR 3,511 which represents the amount of ECL allowance created on such loans.

During the year, the Company sold certain portion of loans measured at amortised cost under an assignment deal. As per the terms of deal, the derecognition criteria as per Ind AS 109, including transfer of substantially all the risks and rewards relating to assets being transferred to the buyer being met, the assets amounting Rs 4,269 lakhs have been derecognised and corresponding gain amounting Rs 899 Lakhs on such derecognition is recognised in these results.

2 Loan book movement - during the year ended 31 March 2021

Particulars	Total
Opening	3,68,159
Origination of new loan	27,266
Derecognition of loans**	(11,355)
Repayments received during the year	(29,580)
Closing	3,54,489

**Derecognition of loan includes loan assets sold to an Asset Reconstruction Company (ARC):

During the current year, the Company has sold in three tranches a pool of certain non performing loan assets aggregating to INR 11,355 to an Asset Reconstruction Company vide separate agreements dated 29 September 2020, 29 December 2020 and 1 March 2021 respectively. These loan assets have been de-recognised from the loan portfolio of the Company as the sale of loan assets was done on "no-recourse" basis and on true sale basis. This has resulted in reversal of ECL amounting to INR 2,725 which represents the amount of ECL allowance created on such loans.



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

3 Break - up of loans under

Particulars	As at 31 March 2022	As at 31 March 2021
Low credit risk (Stage 1)	3,34,049	3,24,065
Significant increase in credit risk (Stage 2)	12,215	22,763
Credit impaired (Stage 3)	5,725	7,662
Closing	3,51,989	3,54,489

4 ECL movement as at 31 March 2022

Particulars	As at 31 March 2022	As at 31 March 2021
Opening	7,060	4,333
ECL impact due to sale of loans to ARC	(3,511)	(2,725)
Movement during the year	4,985	5,452
Closing	8,534	7,060

5 Break - up of ECL

Particulars	As at 31 March 2022	As at 31 March 2021
Low credit risk (Stage1)	4,243	2,368
Significant increase in credit risk (Stage2)	1,716	2,278
Credit impaired (Stage3)	2,575	2,415
Closing	8,534	7,060

6 Non performing asset % (NPA %) are given as below

Ratios	As at 31 March 2022	As at 31 March 2021
Gross non performing asset ratio (GNPA %)	1.64%	2.18%
Net non performing asset ratio (NNPA %)	0.90%	1.49%

Note:

- The above ECL calculation is inclusive of impairment calculated on overdue principal and interest.
- Pursuant to the RBI circular dated 12 November 2021 - "Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances - Clarifications", the company is in process to put in place necessary system/technology to align its definition of non-performing assets ('NPA') from the number of instalments outstanding to Days Past Due Approach and loan accounts will be upgraded from NPA to standard asset upon settlement of entire overdue balance. Accordingly basis the RBI circular dated 15th February 2022 company would be re-classifying & implementing new NPA definition by 30th September 2022. However company has already provided excess amount of 585 lakhs for the impact arising out of said implementation.

Note 32: Remuneration to auditors	For the year ended 31 March 2022	For the year ended 31 March 2021
Payment to Auditor		
Statutory audit	15	21
Limited review of quarterly results	9	14
For certification work	9	4
As Auditor	33	38
Reimbursement of expenses	2	1
Goods and service tax	2	2
Total*	37	41

*Amount includes Goods and service tax for which Input credit has been disallowed

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Note 33: Corporate Social Responsibility

- During the year, Company has spent Nil amount (previous year Nil) on CSR activities, considering the average book profit computed as per section 198 of the Companies Act for last three financial years is negative.
- Details of CSR spent during the Financial Year:
 - Total amount to be spent for the Financial Year: Nil
 - Amount unspent, if any: NA
 - Manner in which the amount spent during the Financial Year is detailed below:

For the year ended 31 March 2022

CSR Project or Activity identified	Sector in which the project is covered (As in Schedule VII)	Address	Amount Outlay (Budget) or Project or program wise	Amount spent on the project or program Subheads:	Cumulative Expenditure upto the reporting period	Amount spent: directly or through implementing agency
NA	NA	NA	NA	NA	NA	NA

For the year ended 31 March 2021

CSR Project or Activity identified	Sector in which the project is covered (As in Schedule VII)	Address	Amount Outlay (Budget) or Project or program wise	Amount spent on the project or program Subheads:	Cumulative Expenditure upto the reporting period	Amount spent: directly or through implementing agency
NA	NA	NA	NA	NA	NA	NA

For the year ended 31 March 2022

Amount required to be spent by the company during the year	Amount of expenditure incurred	Shortfall at the end of the year	Total of Previous year shortfall	Reason for shortfall	Nature of CSR activities	Details of related party transaction	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.
NA	NA	NA	NA	NA	NA	NA	NA

For the year ended 31 March 2021

Amount required to be spent by the company during the year	Amount of expenditure incurred	Shortfall at the end of the year	Total of Previous year shortfall	Reason for shortfall	Nature of CSR activities	Details of related party transaction	Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.
NA	NA	NA	NA	NA	NA	NA	NA



(Amount in Lakhs)

Note 34: Contingent liabilities and commitments

Particulars	As at 31 March 2022	As at 31 March 2021
Claims against the Company not acknowledge as debt		
(a) Income tax matter*	-	-
(b) Undrawn committed sanctions to borrowers	5,409	3,946
Total	5,409	3,946

* The Hon'ble Supreme Court of India ("SC") by their order dated 28 February 2019, in the case of Surya Roshani Limited & others v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Pending directions from the EPFO for the applicability of SC judgement for the past period, if any, the impact is not ascertainable at present and consequently no effect has been given in the books of account.

Note 35: Leases

The Company has taken various office premises on operating lease for the period which ranges from 12 months to 60 months with an option to renew the lease by mutual consent on mutually agreeable terms.

Information about leases for which the Company is a lessee are presented below:

(A) Right of use assets

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at 1 April 2021	33	480
Movement during the year	168	(163)
Depreciation on Right-Of-Use (ROU) assets	(125)	(283)
Balance as at 31 March 2022	77	33

(B) Lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Balance as at 1 April 2021	185	539
Adjustment on transition to Ind AS 116		
Movement during the year	168	(163)
Add: Interest cost accrued during the period	86	73
Less: Payment of lease liabilities	(220)	(264)
Balance as at 31 March 2022	218	185

(C) Maturity analysis - Discounted Cashflows of Contractual maturities of lease liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Less than three months	46	20
Three to twelve months	112	139
One to five years	60	25
More than five years	-	-
Total	218	185

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

(D) Amount recognised in statement of profit & loss

Particulars	As at 31 March 2022	As at 31 March 2021
Interest cost on lease liabilities	86	73
Depreciation on right of use assets	125	283
Rental Expenses recorded for short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability	240	269

(E) Amount recognised in statement of cash flows

Particulars	As at 31 March 2022	As at 31 March 2021
Cash payments for the principal & interest portion of the lease liability within financing activities	(220)	(264)
Short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.	240	269

Note 36: Credit Rating

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

Nature of borrowing	As at 31 March 2022			As at 31 March 2021		
	Rating / outlook			Rating / outlook		
	CRISIL	India Ratings	ICRA	CRISIL	India Ratings	ICRA
Short Term						
Commercial paper	CRISIL A1+	IND A1+	[ICRA]A1+	CRISIL A1+	IND A1+	[ICRA]A1+
Long Term						
Non-Convertible Debentures	CRISIL AA / Stable	IND AA / Stable	[ICRA] AA-(Stable)	CRISIL AA-/ Stable	-	ICRA]A+(Stable)
Market linked Debentures	CRISIL PP-MLD AA r/ Stable	-	[ICRA] PP-MLD ICRA AA-/Stable	CRISIL PP-MLD AA-r/ Stable		PP-MLD[ICRA] A+(Stable)
Bank Borrowings	CRISIL AA / Stable	IND AA / Stable	-	CRISIL AA-/ Stable	-	-

Notes:

- CRISIL has upgraded its ratings to CRISIL AA/Stable CRISIL PP-MLD AAr/Stable and reaffirmed CRISIL A1+' from its 'CRISIL AA-/CRISIL PP-MLD AA-r/Stable/CRISIL A1+' rating on the debt instruments and bank loan facilities of the Company.
- India Ratings and Research (Ind-Ra) has assigned a Short-Term Issuer Rating of 'IND A1+' to the Company and IND AA/ Stable for its long term debt instruments and Bank Borrowings.
- ICRA has upgraded its ratings to [ICRA]AA-(Stable)/ PP-MLD ICRA AA-/Stable/ and reaffirmed ICRA A1+ from its '[ICRA]A+(Stable)/ PP-MLD ICRA A+/Stable/ICRA A1+' rating on the debt instruments.

Note 37: Estimation of uncertainties relating to the global health pandemic from COVID-19

The SARS-CoV-2 virus responsible for COVID -19 continues to spread across the globe and India. On 11 March 2020 , the COVID-19 outbreaks was declared as a global pandemic by the World Health Organisation. Governments and companies including Motilal Oswal Home Finance Limited have introduced & continued a variety of measures to contain the spread of the virus.

The economic fallout on account of the Covid-19 pandemic has led to significant financial stress for borrowers across the board. RBI in view of same on 6 August 2020 & 5 May 2021 came up with resolution plan Framework for COVID-19-related Stress. The intent was to facilitate revival of real estate sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible borrowers.



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

In cognizance of above RBI Circular, Company duly implemented measure to offer the facility of restructuring to its eligible customers identified basis RBI circular on resolution plan & joint decision of credit, risk, collection & legal departments of the company. The Company has Board approved policy dated 29 October 2020 for implementation of resolution plan.

The Company has recognised provisions as on 31 March 2022 towards its loans based on the information available at this point of time including economic forecasts, in accordance with the Expected Credit Loss method. The Company believes that it has taken into account all the possible impact of known events arising out of COVID 19 pandemic in the preparation of financial results. However the impact assessment of COVID 19 is a continuing process given its nature and duration. The Company will continue to monitor for any material changes to future economic conditions

Note 38: Disclosure pursuant to Ind AS 19 - Employee Benefits

A) Defined contribution plan :

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

Particulars	As at 31 March 2022	As at 31 March 2021
Employer's contribution to provident fund	337	221
Employer's contribution to ESIC	49	48
Employer's contribution to National Pension Scheme	7	2
Total	393	270

B) Defined benefit plan :

The details of the Company's post- retirement benefit plans for its employees including whole time directors are given below which is as certified by the actuary and relied upon by the auditors.

Principal actuarial assumptions at the balance sheet date

Particulars	As at 31 March 2022	As at 31 March 2021
Interest / Discount Rate	3.92%	3.93%
Rate of increase in compensation	4.51%	7.08%
Employee attrition rate (Past Service) (PS)	PS: 0 to 37 : 74.09%	PS: 0 to 40 : 74.90%

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

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation at the beginning of the year	78	78
Current service cost	60	56
Past service cost	5	(3)
Interest cost	2	3
Benefit paid	(11)	(2)
Curtailment cost		
Settlement cost		
Net actuarial gain or loss recognized in the year	(17)	(55)
Present value of obligation at the end of the year	116	78

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Fair value of plan assets

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation at the beginning of the year	(78)	78
Actual return on plan assets	-	-
Contributions	11	2
Benefit paid	(11)	(2)
Fair value of plan assets at end of period	-	-
Funded status (including unrecognized past service cost)	(116)	(78)
Excess of actual over estimated return of plan assets	-	-

Experience history

Particulars	As at 31 March 2022	As at 31 March 2021
(Gain) on obligation due to change in assumption	(359)	(22)
Experience (gain)/loss on obligation	342	(33)
Actuarial gain/(loss) on plan assets	(17)	(55)

Amounts to be recognized in the balance sheet

Particulars	As at 31 March 2022	As at 31 March 2021
Present value of obligation at the beginning of the year	116	78
Fair value of plan assets at end of period	-	-
Funded status	(116)	(78)
Unrecognized actuarial gain/(loss)	-	-
Unrecognized past service cost - non vested benefits	-	-
Net assets/(liability) recognized in balance sheet	(116)	(78)

Expense recognized in the statement of profit and loss account

Particulars	As at 31 March 2022	As at 31 March 2021
Current service cost	60	56
Interest cost	2	3
Past service cost (non vested benefits)	5	(3)
Past service cost (vested benefits)	-	-
Unrecognized past service cost - non vested benefits	-	-
Expected return on plan assets	-	-
Net actuarial gain/ (loss) recognized for the period	-	-
Expense recognized in the statement of profit and loss account	67	56

Movements in the liability recognized in balance sheet

Amount in Lakhs

Particulars	As at 31 March 2022	As at 31 March 2021
Opening net liability	78	78
Expenses as above	62	59
Transfer in liability	5	1
Transfer Out liability	-	(3)
Expenses recognized	67	56



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Employer's contributions	(11)	(2)
Other Comprehensive Income(OCI)	(17)	(55)
Closing net liability	116	78
Closing provisions at the end of the year	116	78

Defined benefit plans

Particulars	As at 31 March 2022	As at 31 March 2021
Defined benefit obligation	116	78
Plan assets	(116)	(78)
Experience adjustments :		
On plan liabilities	-	-
On plan assets	-	-

Sensitivity analysis

Particulars	DR: Discount Rate		ER Salary Escalation Rate	
	PVO DR +1%	PVO DR -1%	PVO ER + 1%	PVO ER - 1%
Present value of obligation (PVO)	1,15,25,170	1,17,62,293	1,17,04,048	1,15,80,392

Expected Payout

Year	Expected Outgo First	Expected Outgo Second	Expected Outgo Third	Expected Outgo Fourth	Expected Outgo Fifth	Expected Outgo Six to Ten years
Payouts	73	32	11	3	1	0

Asset Liability Comparisons

Year	31 March 2018	31 March 2019	31 March 2020	31 March 2021	31 March 2022
PVO at the end of year	151	106	78	78	116
Plan Assets	-	-	-	-	-
Surplus / (Deficit)	(151)	(106)	(78)	(78)	(116)
Experience adjustments on plan assets	-	-	-	-	-

Note 39: Disclosure relating to Employee stock option scheme

The Company has following stock option schemes:

Motilal Oswal Home Finance Ltd -Employees' Stock Option Scheme 2014 - (ESOS - 2014)

The Scheme was approved by Board of Directors on 11 September 2014 and by the shareholders in EGM dated 16 October 2014 for issue of 50,000,000 options representing 50,000,000 Equity shares of Re. 1 each. The grant of stock options for the aforesaid scheme has been done in three tranches.

Motilal Oswal Home Finance Ltd - Employees' Stock Option Scheme 2016 (ESOS-2016)

The Scheme was approved by Board of Directors on 29 April 2016 and by the shareholders in AGM dated 07 July 2016 for issue of 50,000,000 options representing 50,000,000 Equity shares of Re. 1 each. The grant of stock options for the aforesaid scheme has been done in five tranches.

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Motilal Oswal Home Finance Ltd - Employees' Stock Option Scheme 2017 (ESOS-2017)

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 10,000,000 options representing 10,000,000 Equity shares of Re. 1 each. The grant of stock options for the aforesaid scheme has been done in two tranches.

Motilal Oswal Home Finance Ltd - Employees' Stock Option Scheme 2017 (ESOS-2017 H Co.) (Issued to Holding Company Employees)

The Scheme was approved by Board of Directors on 25 April 2017 and by the shareholders in EGM dated 25 May 2017 for issue of 30,000,000 options representing 30,000,000 Equity shares of Re. 1 each.

The activity in the (ESOS 2014), (ESOS 2016), (ESOS 2017) and (ESOS 2017 H Co.) during the year ended 31 March 2022 and 31 March 2021 is set below:

Equity Shares	As at 31 March 2022 (in numbers)	Weighted Average Exercise price	As at 31 March 2021 (in numbers)	Weighted Average Exercise price
The MOHFL (ESOS 2014) : (Face value of Re. 1 each) *				
Options outstanding at the beginning of the year	99,85,000	2.88	1,71,45,000	2.92
Add: Granted	2,35,95,000	3.50	-	NA
Less: Exercised	10,39,000	2.62	-	NA
Less: Lapsed	83,18,000	3.20	71,60,000	2.97
Options outstanding at the end of the year	2,42,23,000	3.39	99,85,000	2.88
Exercisable at the end of the year	5,09,000	3.00	15,38,500	2.22
The MOHFL (ESOS 2016) : (Face value of Re. 1 each) *				
Options outstanding at the beginning of the year	3,83,87,500	3.28	1,77,15,000	2.82
Add: Granted	2,00,95,000	3.61	3,32,50,000	3.50
Less: Exercised	29,75,500	1.68	7,97,500	1.66
Less: Lapsed	1,44,35,000	3.34	1,17,80,000	3.31
Options outstanding at the end of the year	4,10,72,000	3.54	3,83,87,500	3.28
Exercisable at the end of the year	3,51,000	1.88	21,29,500	1.65
The MOHFL (ESOS 2017) : (Face value of Re. 1 each)				
Options outstanding at the beginning of the year	19,11,750	3.03	23,04,500	2.83
Add: Granted	-	NA	7,00,000	3.50
Less: Exercised	1,95,500	1.60	1,71,000	2.83
Less: Lapsed	3,74,250	1.60	9,21,750	2.93
Options outstanding at the end of the year	13,42,000	3.63	19,11,750	3.03
Exercisable at the end of the year	3,19,700	4.28	1,82,225	3.38
The MOHFL (ESOS 2017) (Holding Company): (Face value of Re. 1 each)				
Options outstanding at the beginning of the year	1,06,02,000	1.60	1,55,94,500	1.60
Add: Granted	9,00,000	3.78	-	-
Less: Exercised	50,33,750	1.60	38,41,500	1.60
Less: Lapsed	21,15,250	1.60	11,51,000	1.60
Options outstanding at the end of the year	43,53,000	2.05	1,06,02,000	1.60
Exercisable at the end of the year	24,72,835	1.60	22,62,218	1.60



Notes to Financial Statement

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(Amount in Lakhs)

Employees' Stock Options Scheme (ESOS) :

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

Particulars	ESOS 2014	ESOS 2016	ESOS 2017	ESOS 2017 H Co.
Date of grant	Various dates	Various dates	Various dates	Various dates
Date of board approval	11 September 2014	29 April 2016	25 April 2017	25 April 2017
Date of shareholders' approval	16 October 2014	07 July 2016	25 May 2017	25 May 2017
Number of options granted	7,05,20,000	12,71,25,000	91,35,000	3,02,90,000
Method of settlement	Equity shares	Equity shares	Equity shares	Equity shares
Vesting period	1 year to 4 years	1 year to 4 years	1 year to 4 years	1 year to 5 years
Vesting pattern	30:30:40	10:20:30:40	10:20:30:40	10:17:25:33:15
Weighted average remaining contractual life				
Granted but not vested	2.88 Years	3.94 Years	2.05 Years	1.93 Years
Vested but not exercised	0 Years	0 Years	0.03 Years	0 Years
Weighted average share price at the date of exercise for stock option exercised during the year	CY Rs. 3.51 (PY Rs. 3.42)	CY Rs. 3.51 (PY Rs. 3.42)	CY Rs. 3.51 (PY Rs. 3.42)	CY Rs. 3.51 (PY Rs. 3.42)
Exercise period	Within a period of 12 months from the date of vesting or in case of resignation, the options shall be exercised within 6 months from the date of resignation or such extended period as may be decided by the Nomination and Remuneration Committee.		Within a period of 6 months from the date of vesting or in case of resignation, the options shall be exercised within 6 months from the date of resignation or such extended period as may be decided by the Nomination and Remuneration Committee.	
Vesting conditions	Vesting of Options would be subject to continued employment with the Company and/or its holding/subsidiary, and thus the Options would vest on passage of time. In addition to this, the Remuneration/Compensation Committee may also specify certain performance parameters subject to which the options would vest. In case of performance based vesting, the options would vest on achievement of performance parameters irrespective of the time horizon.			
Weighted average fair value of options as on grant date	1.14	1.33	0.89	0.83

Note: The vesting period of the Grant I & II of MOHFL ESOS 2014 and Grant I of ESOS 2016 has been extended from 6 months to 1 year pursuant to the resolution passed by the nomination and remuneration committee at its meeting held on 22 January 2018.

Exercise pricing formula

The exercise pricing formula for MOHFL ESOS 2014, MOHFL ESOS 2016, MOHFL ESOS 2017 and MOHFL ESOS 2017 H Co. are as under:

The nomination and remuneration committee shall have the authority to determine the exercise price having regard to the valuation report of an independent practicing chartered accountant that may be based on such valuation method, as may be considered suitable by him, including but not restricted to the Net Asset Value Method, Discounted Cash Flow Method, Earnings Capitalisation Method, Dividend Yield Model, etc. and may also rely upon the future projections of the Company, which would be prepared by the management from time to time having regard to the future potential and prospects of the Company. The said committee shall in its absolute discretion, have the authority to grant the options at such discount as it may deem fit.

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Fair Value Methodology:

The fair value of options have been estimated on the date of grant using Black-Scholes model as under:

The key assumptions used in Black-Scholes model for calculating fair value under ESOS 2014, ESOS 2016, ESOS 2017 and ESOS 2017 H Co., as on the date of grant are as follow :

Particulars	ESOS 2014	ESOS 2016	ESOS 2017	ESOS 2017 H Co.
Risk-free interest rate	7.37% - 8.40%	6.18% - 7.37%	6.79%	6.79%
Expected dividend yield	1.00%	1.00%	1.00%	1.00%
Expected volatility of share price*	40%	40%	40%	40%

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

Note 40: Maturity analysis of assets and liabilities

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

Amount in Lakhs

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial assets						
Cash and cash equivalents	23,104	-	23,104	31,959	-	31,959
Bank balance other than cash and cash equivalents above	4,243	-	4,243	2,400	295	2,695
Receivables						
(i) Trade receivables	15	-	15	497	-	497
Loans	47,932	2,95,524	3,43,455	11,532	3,35,898	3,47,429
Investments	-	-	-	-	-	-
Other financial assets	549	270	819	211	-	211
Total Financial Assets (A)	75,842	2,95,794	3,71,636	46,598	3,36,193	3,82,791
Non-financial assets						
Current tax assets (Net)	1,035	-	1,035	1,030	-	1,030
Deferred tax assets (Net)	-	2,383	2,383	-	4,733	4,733
Property, plant and equipment	-	834	834	-	700	700
Other intangible assets	-	211	211	-	206	205
Other non-financial assets	202	-	203	299	-	299
Total Non-Financial Assets (B)	1,238	3,429	4,666	1,329	5,638	6,967
Total assets (C) = (A) + (B)	77,079	2,99,223	3,76,302	47,927	3,41,830	3,89,758

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
Financial liabilities						
Payables						
Trade payables						
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-	-	-	-



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

Particulars	As at 31 March 2022			As at 31 March 2021		
	Within 12 months	After 12 months	Total	Within 12 months	After 12 months	Total
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	728	-	729	556	-	556
Debt securities*	7,149	67,896	75,045	17,650	97,595	1,15,245
Borrowings (Other than debt securities)*	55,348	1,31,740	1,87,088	51,226	1,19,568	1,70,793
Other financial liabilities	12,793	771	13,564	11,452	1,109	12,561
Total Financial Liabilities (A)	76,019	2,00,407	2,76,426	80,884	2,18,272	2,99,155
Non-financial Liabilities						
Provisions	207	207	415	152	152	304
Other non-financial liabilities	252	-	251	139	-	139
Total Non-Financial Liabilities (B)	459	207	666	291	152	443
Total liabilities (C) = (A)+(B)	76,478	2,00,614	2,77,092	81,175	2,18,423	2,99,599

* The above borrowings and debt securities are shown at unamortised cost.

Note 41: Segmental Reporting

The Company is primarily engaged into business of providing loans for purchase or construction of residential houses. The Company also provides consumer loans (top-up loans) and loan against properties. The Board reviews the Company's performance as a single business. Further the Company does not have any separate geographical segment in India. There being only one segment, disclosure for segment as per Ind AS 108 is not applicable. Further, no clients individually accounted for more than 10% of the revenue in financial year ended 31 March 2022 and 31 March 2021.

Note 42: Related parties

List of related parties as per IndAS 24 with whom transaction have taken place during the year.

(A) Names of related parties

Passionate Investment Management Private Limited - Ultimate holding Company (merged with Motilal Oswal Financial Services Limited w.e.f. 01/04/2020 being appointed date of merger)
 Motilal Oswal Financial Services Limited - Holding Company
 Motilal Oswal Wealth Management Limited - Fellow Subsidiary Company
 Motilal Oswal Finvest Limited - Fellow Subsidiary Company

(B) Key managerial personnel

Motilal Oswal - Chairman & Non Executive Director
 Raamdeo Agarawal - Non Executive Director
 Navin Agarwal - Non Executive Director
 Sanjaya Kulkarni - Independent Director (upto 14 January 2022)
 Arvind Hali - Managing Director & Chief Executive Officer (upto 31 March 2022)
 Shalibhadra Shah - Chief Financial Officer
 Divya Momaya - Independent Director
 Ritin Mawani - Company Secretary
 P H Ravikumar - Independent Director (from 27 October 2021)
 Rekha Shah - Independent Director (upto 01 Oct 2020)
 Vivek Kannan - Chief Business Officer (upto 30 June 2020)

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

(C) Transactions with related parties are as enumerated below:

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Reimbursement of expenses by the Company		
Motilal Oswal Financial Services Limited		
- Sundry expenses	7	5
- Rent	169	169
- Electricity expense	11	8
Share based payment cost incurred by Holding Company		
Motilal Oswal Financial Services Limited	6	25
Motilal Oswal Finvest Limited	0	0
Loan Received		
Motilal Oswal Financial Services Limited	1,12,000	7,280
Motilal Oswal Finvest Limited	23,000	-
Loan repaid		
Motilal Oswal Financial Services Limited	1,12,000	7,280
Motilal Oswal Finvest Limited	23,000	-
Loan Given		
Motilal Oswal Financial Services Limited	4,19,800	1,35,800
Motilal Oswal Finvest Limited	4,70,200	48,600
Loan repayment received		
Motilal Oswal Financial Services Limited	4,19,800	1,35,800
Motilal Oswal Finvest Limited	4,70,200	48,600
Interest paid		
Motilal Oswal Financial Services Limited	28	9
Motilal Oswal Finvest Limited	65	-
Interest Income		
Motilal Oswal Financial Services Limited	1,051	830
Motilal Oswal Finvest Limited	542	382
Payment towards collections from derecognised loan assets		
Motilal Oswal Finvest Limited	7,295	5,666
Arranger fees paid		
Motilal Oswal Wealth Management Limited	7	23

Particulars	As at 31 March 2022	As at 31 March 2021
Business Support Charges paid		
Motilal Oswal Financial Services Limited	219	219
Rent Income		
Motilal Oswal Financial Services Limited	22	11
Referral Fees		
Motilal Oswal Financial Services Limited	-	392
Commission on Bank Guarantee		
Motilal Oswal Financial Services Limited	164	201
Remuneration paid including accrual for compensated absences * (including Director sitting fees)		



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

Particulars	As at 31 March 2022	As at 31 March 2021
Mr. Arvind Hali	208	74
Mr. P H Ravikumar**	3	-
Mr. Sanjaya Kulkarni**	2	3
Mrs. Rekha Shah**	-	2
Mrs. Divya Momaya**	4	1
Mr. Vivek Kannan	-	26
*The above figures do not include provision for gratuity since it is actuarially determined for the Company as a whole.		
** Director sitting fees.		
Subscription of equity shares (under ESOP scheme) including premium		
Mr. Shalibhadra Shah	3	1
Balance payable		
Motilal Oswal Finvest Limited	473	543
Motilal Oswal Financial Services Limited	3	8
Balance Receivable		
Motilal Oswal Finvest Limited	42	95
Motilal Oswal Financial Services Limited	134	626
Corporate guarantee received (to the extent of outstanding amount)		
Motilal Oswal Financial Services Limited	-	74,339

Key Management personnel compensation		
Short term employee benefit	208	100
Share based payments	-	-

Note 43: Unhedged Foreign Currency Exposure

In terms of RBI Circular No. DBOD.No. BP.BC.85/21.06.200/2013-14 dt. 15.01.2014, there is no unhedged foreign currency exposure of the Company as at Balance sheet date.

Note 44 : Fair value measurement

a) Financial instruments by category

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets						
Cash and cash equivalents	-	-	23,104	-	-	31,959
Bank balance other than cash and cash equivalents above	-	-	4,243	-	-	2,695
Trade receivables	-	-	15	-	-	497
Loans	-	-	3,43,455	-	-	3,47,429
Investments	-	-	-	-	-	-
Other financial assets	-	-	819	-	-	211
Total financial assets	-	-	3,71,636	-	-	3,82,791
Financial liabilities						
total outstanding dues of creditors other than micro enterprises and small enterprises	-	-	729	-	-	556
Debt securities	-	-	74,619	-	-	1,14,924

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Particulars	As at 31 March 2022			As at 31 March 2021		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Borrowings (Other than debt securities)	-	-	1,86,027	-	-	1,70,321
Other financial liabilities	-	-	13,564	-	-	12,561
Total financial liabilities	-	-	2,74,939	-	-	2,98,362

b) As at 31 March 2022

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				
- Mutual funds	-	-	-	-
Total financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

As at 31 March 2021

Assets and liabilities measured at fair value - recurring fair value measurements	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments at FVTPL				
- Mutual funds	-	-	-	-
Total financial assets	-	-	-	-
Financial liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

Fair value of financial assets and liabilities measured at amortised cost

The fair values for security deposits is calculated based on cash flows discounted using a current lending rate, however the change in current rate does not have any significant impact on fair values as at the current year end. For financial assets and liabilities that are measured at amortised cost, the carrying amounts are equal to the fair values.

Note 45: Financial risk management

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

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

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalents, loans, bank balance, trade and other receivables, Investments and other financial assets	<ul style="list-style-type: none"> measured as the amount that could be lost if a customer or counterparty fails to make repayments; monitored using various internal risk management measures and within limits approved by individuals within a framework of delegated authorities; and managed through a robust risk control framework, which outlines clear and consistent policies, principles and guidance for risk managers.



(Amount in Lakhs)

Risk	Exposure arising from	Measurement
Liquidity risk	Debt securities, Borrowings (other than debts), trade and other payable and other financial liabilities.	<ul style="list-style-type: none"> measured using a range of metrics, including liquidity coverage ratio and net stable funding ratio; monitored against the Company's liquidity and funding risk framework.
Market risk	Long term borrowings at variable rate and loans	<ul style="list-style-type: none"> measured using sensitivities, value at risk and stress testing, giving a detailed picture of potential gains and losses for a range of market movements and scenarios, as well as tail risks over specified time horizons; managed using risk limits approved by the RMM and the risk management meeting in various global businesses.

A - Credit risk

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

Management of credit risk

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

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

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

Expected credit loss measurement

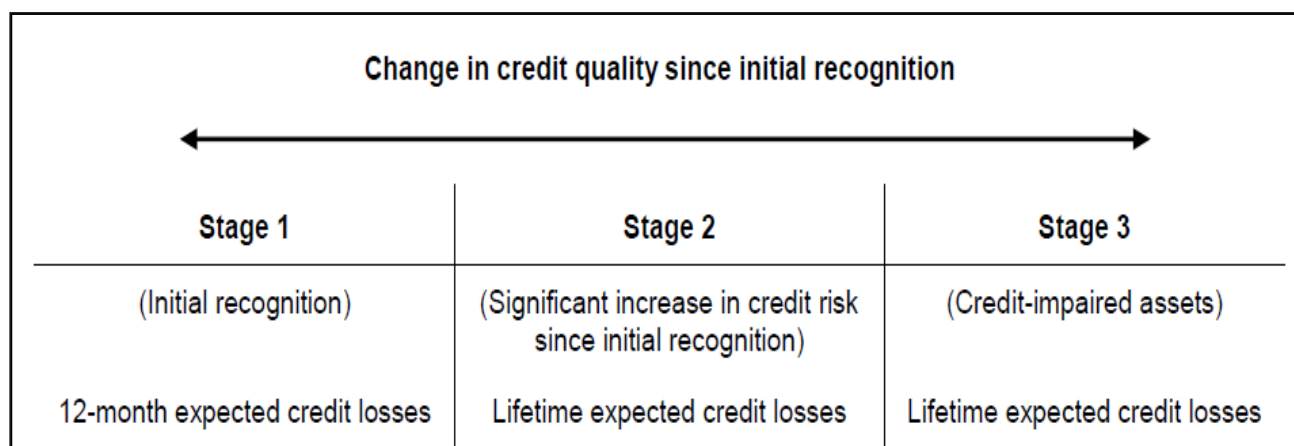
Ind AS 109 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

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

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



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



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

Significant increase in credit risk (SICR)

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

a. Quantitative criteria:

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

b. Qualitative criteria:

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

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

Default and credit-impaired assets

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

a. Quantitative criteria

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

b. Qualitative criteria

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

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



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

Measuring ECL - Explanation of inputs, assumptions and estimation techniques

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

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

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

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

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

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the loans. This is supported by historical analysis.

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

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

Forward-looking information : Forward- looking economic variable/assumptions used are – such as how the maturity profile of the PDs and how collateral values change etc. – are monitored and reviewed on a quarterly basis. While estimating the expected credit losses, the Company reviews macro-economic developments occurring in the economy and market it operates in. On a periodic basis, the Company analyses if there is any relationship between key economic trends like GDP, inflations rates set by International Monetary Fund, inflation etc. with the estimate of PD, LGD determined by the Company based on its internal data. While the internal estimates of PD, LGD rates by the Company may not be always reflective of such relationships, temporary overlays are embedded in the methodology to reflect such macro-economic trends reasonably.

RBI Circular - COVID-19 – Resolution plan

RBI on 5th May 2021 came up with resolution plan Framework for COVID-19-related Stress, it has been decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible borrowers. Company in view of same duly implemented one time measure to offer the facility of restructuring to its eligible customers identified basis RBI circular on resolution plan & joint decision of credit, risk, collection & legal departments of the Company. Company is of the view that the restructuring under the disruption scenario is not indicative of increase in credit risk. Accordingly, the same should ideally not be considered as a factor for considering SICR and in turn, should not result in



shifting of the financial instruments from one stage to another. However, considering the requirements of RBI circular on resolution plan, Company's management has recognised provisions in terms of the requirements of the circular.

The Company has identified certain pool of assets where as per Company's internal evolution of risk is higher considering implementation of resolution plan, their repayment history & valuation of its collaterals, basis this evaluation the company has decided to recognise additional provision on such pool of assets.

Loss allowance

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

- a. Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" between 12-month and Lifetime ECL;
- b. Additional allowances for financial instruments de-recognised in the period;
- c. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- d. Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Write-off policy

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

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

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

Modification of financial assets

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

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

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

Note 46: Liquidity risk and funding management

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

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



Notes to Financial Statement

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(Amount in Lakhs)

Analysis of financial assets and liabilities by remaining contractual maturities

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

As at 31 March 2022

Contractual maturities of assets and liabilities	Less than 3 months	3 to 12 months	1 to 5 years	above 5 years	Total
Financial assets					
Cash and cash equivalents	23,104	-	-	-	23,104
Bank balance other than cash and cash equivalents above	2,520	1,723	-	-	4,243
Trade receivables	9	6	-	-	15
Loans	14,083	33,848	2,03,945	91,579	3,43,455
Investments	-	-	-	-	-
Other financial assets	197	351	270	-	819
Total financial assets	39,913	35,929	2,04,215	91,579	3,71,636
Financial liabilities					
(I) Trade payables					
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	486	243	-	-	729
Debt securities*	3,354	3,795	67,896	-	75,045
Borrowings (Other than debt securities)*	28,608	26,740	96,054	35,686	1,87,088
Other financial liabilities	10,367	2,426	771	-	13,564
Total financial liabilities	42,815	33,204	1,64,721	35,686	2,76,426

*The above borrowings and debt securities are shown at unamortised cost.

Contractual maturities of assets and liabilities	Less than 3 months	"3 to 12 months"	1 to 5 years	above 5 years	Total
Financial assets					
Cash and cash equivalents	31,959	-	-	-	31,959
Bank balance other than cash and cash equivalents above	-	2,400	295	-	2,695
Trade receivables	298	199	-	-	497
Loans	5,778	5,753	46,642	2,89,256	3,47,429
Investments	-	-	-	-	-
Other financial assets	126	85	-	-	211
Total financial assets	38,161	8,438	46,937	2,89,256	3,82,791
Financial liabilities					
Payables					
(I) Trade payables					
(i) total outstanding dues of creditors other than micro enterprises and small enterprises	371	185	-	-	556
Debt securities	868	16,782	92,595	5,000	1,15,245
Borrowings (Other than debt securities)	17,375	33,850	91,627	27,941	1,70,793
Other financial liabilities	7,959	3,493	1,109	-	12,561
Total financial liabilities	26,573	54,311	1,85,331	32,941	2,99,155



(Amount in Lakhs)

(C) Market Risk

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

(i) Foreign currency risk

The company has foreign currency exposure, however same is not exposed to risk as it is fully hedged with AD Cat-I bank.

(ii) Cash flow and fair value interest rate risk

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

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

Interest rate risk exposure

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

Sensitivity

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

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

Particulars	Impact on profit after tax	
	As at 31 March 2022	As at 31 March 2021
Loans		
Interest rates – increase by 100 basis points	2,346	2,438
Interest rates – decrease by 100 basis points	(2,346)	(2,438)
Borrowings		
Interest rates – increase by 100 basis points	(1,286)	(1,383)
Interest rates – decrease by 100 basis points	1,286	1,383

(iii) Exposure of price risk

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



(Amount in Lakhs)

Note 47: Securitisation transactions note

Transferred financial assets that are not derecognised in their entirety

The following tables provide a summary of financial assets that have been transferred in such a way that part or all of the transferred financial assets do not qualify for derecognition, together with the associated liabilities:

Particulars	31 March 2022	31 March 2021
Number of pools	1	1
Carrying amount of transferred assets measured at amortised cost	14,733	18,411
Carrying amount of associated liabilities	(14,733)	(18,411)

A description of the nature of the relationship between the transferred assets and the associated liabilities, including restrictions arising from the transfer on the reporting entity's use of the transferred assets is as follows:

Loans and advances to customers are sold by the Company to securitisation vehicles, which in turn issue PTCs to investors collateralised by the purchased assets. In securitisation transactions entered, the Company transfers loans and advances to an unconsolidated securitisation vehicle, however it retains credit risk (principally through credit enhancement provided by the Company).

Since substantially all the risks and rewards of the loans transferred has been retained by the Company, it does not derecognise the loans transferred in its entirety and recognise an associated liability for the consideration received.

Note 48: Direct Assignment note

Disclosure pursuant to RBI Circular- RBI/DOR/2021-22/86/DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021

a) with respect to Direct Assignment transaction during the year ended 31 March 2022.

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Number of loans	617	-
Aggregate Amount	4744	-
Sale consideration	4269	-
Number of transactions	1	-
Weighted average remaining maturity (in months)	144 Months	-
Weighted average holding period after origination (in months)	56 Months	-
Retention of beneficial economic interest (average)	10%	-
Coverage of tangible security coverage	NA	-
Rating wise distribution of related loans	NA	-
Number of instances (transactions) where transferor has agreed to replace the transferred loans	NA	-
Number of transferred loans replaced	NA	-

b) with respect to details of stressed loan transferred during the year ended 31 March 2022.

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Number of accounts	1,486	1,050
Aggregate principal outstanding of loans transferred	12,287	11,364
Weighted average residual tenor of the loans transferred	242 Months	274 Months
Retention of beneficial economic interest	-	-
Aggregate consideration	8,600	7,494
Additional consideration realised in respect of accounts transferred in earlier years	Nil	Nil

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Note 49: Restructuring note

The economic fallout on account of the Covid-19 pandemic has led to significant financial stress for borrowers across the board. RBI in view of same on 6 August 2020 and 5 May 2021 came up with resolution plan Framework for COVID-19-related Stress. The intent was to facilitate revival of real estate sector activities and mitigate the impact on the ultimate borrowers, it has been decided to provide a window under the Prudential Framework to enable the lenders to implement a resolution plan in respect of eligible borrowers.

In accordance with Resolution Framework for COVID-19 announced by RBI on 6 August 2020 and 5 May 2021, the Company has implemented one-time restructuring for certain eligible borrowers identified in accordance with the above framework and joint decision of credit, risk, collection and legal departments of the Company.

Details of resolution plan implemented under the Resolution Framework for COVID-19-related Stress as per RBI circular dated 6 August 2020 and 05 May 2021 are given below.

Type of Borrowers *	Exposure to accounts classified as standard consequent to implementation of resolution plan - Position as at the end of the previous half-year (A)	Of (A), aggregate debt that slipped into NPA during the half-year	Of (A), amount written off during the half-year	Of (A), amount paid by the borrowers during the half-year	Exposure to accounts classified as Standard consequent to implementation of resolution plan - Position as at the end of this half-year
Personal loans - Housing/Non Housing loans	26,433	1,821	-	1,608	30,711
Total	26,433	1,821	-	1,608	30,711

* Disclosed to the extent the category of borrowers as prescribed in the aforesaid circular were present in the Company's portfolio at the time of implementation of resolution plan.

Note 50: Disclosure for comparison between provisions required under IRACP and impairment allowances made under Ind AS 109

The following disclosures have been given in terms of Master Direction RBI/2019-20/170 DOR (NBFC).CC.PD. No.109/22.10.106/2019-20dated13March2020andcircularno.RBI/2020-21/60DOR.NBFC(HFC).CC.No.118/03.10.136/2020-21 dated 22 October 2020:

Template for Disclosure in Notes to Financial Statements						
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	3,31,152	4,243	3,26,909	1,357	2,886
	Stage 2	11,771	1,716	10,055	42	1,674
Subtotal		3,42,923	5,959	3,36,964	1,399	4,560
Non-Performing Assets (NPA)						
Substandard	Stage 3	4,822	2,172	2,650	740	1,432
Doubtful - up to 1 year	Stage 3	716	342	374	186	156
1 to 3 years	Stage 3	75	57	19	37	20
More than 3 years	Stage 3	3	3	-	3	-
Subtotal for doubtful		5,617	2,575	3,043	966	1,609
Loss	Stage 3	-	-	-	-	-
Subtotal for NPA		-	-	-	-	-



Notes to Financial Statement

(Contd...)

(Amount in Lakhs)

Template for Disclosure in Notes to Financial Statements						
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)
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	-	-	-	-	-
	Stage 2	-	-	-	-	-
	Stage 3	-	-	-	-	-
Subtotal		-	-	-	-	-
Total	Stage 1	3,31,152	4,243	3,26,909	1,357	2,886
	Stage 2	11,771	1,716	10,055	42	1,674
	Stage 3	5,617	2,575	3,043	966	1,609
	Total	3,48,540	8,534	3,40,006	2,365	6,169

* Amounts are excluding overdue principal and interest, however, provision is duly created on the same and reported.

** As provided in RBI circular dated 6th August 2020 & 5th May 2021, company has created a provision of Rs 2950 lakhs on restructured cases which are classified as standard as at 31st March 2022. Considering same total provision under IRACP norms is Rs 5315 Lakhs & net difference will be 3219 lakhs.

Note 51: Capital management

The primary objectives of the Company's capital management policy is to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholder value. No changes have been made to the objectives, policies and processes from the previous years. The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities.

Net Debt-to-Equity Ratio:

Net Debt-to-Equity Ratio as at 31 March 2022	2.32 times
Net Debt-to-Equity Ratio as at 31 March 2021	2.76 times

Net Debt represents the Total Debt securities and Borrowings, as reduced by cash and cash equivalents and other bank balances as at year end.

Equity represents the Total equity as disclosed in the financials as at year end.

Analytical Ratios

Following analytical ratios need to be disclosed:

	Numerator	Denominator	As at 31 March 2022	As at 31 March 2021	% Variances	Reason for variances (if above 25%)
(i) Capital to risk-weighted asset ratio (CRAR)	97,064	1,88,186	51.57%	50.03%	1.54%	NA
(ii) Tier I CRAR	94,746	1,88,186	50.34%	49.34%	1.00%	NA
(iii) Tier II CRAR	2,319	1,88,186	1.23%	0.69%	0.54%	NA
(iv) Liquidity coverage ratio	27,347	17,344	158%	NA	NA	NA

Notes to Financial Statement

(Contd...)



(Amount in Lakhs)

Note 52: Details of dues to micro enterprises and small enterprises

Under the Micro, Small and Medium Enterprises Development Act 2006 (MSMED Act, 2006), certain disclosures are required to be made relating to dues to Micro and Small enterprises. On the basis of information and records available with the management, following disclosures are made:

Particulars	As at 31 March 2022	As at 31 March 2021
1. The principal amount remaining unpaid at the end of the year.	-	-
2. The interest amount remaining unpaid at the end of the year.	-	-
3. The amount of interest paid by the buyer under MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
4. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
5. The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid)	-	-
6. The amount of interest accrued and remaining unpaid at the end of accounting year	-	-
7. The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-
The balance of MSMED parties as at the end of the year	-	-

Note 53: Additional information required in terms of Master Direction RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated 17 February 2021 issued by the RBI and Notification no. NHB.HFC.CG DIR.1/MD&CEO/2016 dated 9 February 2017 issued by the NHB, is given in Annexure 1, which have been presented solely based on the information compiled by the Management.

Note 54: The previous period figures have been regrouped/reclassified wherever necessary to correspond with the current period's presentation.

For Singhi & Co.
Chartered Accountants
Firm's Registration No.: 302049E

S. Chandrasekhar
Partner
Membership No: 007592
Place : Mumbai
Date : 26th April 2022

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

Motilal Oswal
Chairman
DIN: 00024503

Raamdeo Agarawal
Director
DIN: 00024533

Shalibhadra Shah
Chief Financial Officer

Ritin Mawani
Company Secretary

Place : Mumbai
Date : 26th April 2022



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

I Disclosures pursuant to Reserve Bank of India (RBI) Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021

The following disclosures have been given in pursuant to Master Direction RBI/2020-21/73 DOR.FIN.HFC. CC.No.120/03.10.136/2020-21 dated 17 February 2021 (as amended from time to time), issued by the RBI and have been presented solely based on the information compiled by the Management.

1 Summary of Significant Accounting Policies

Summary of significant accounting policies applied in preparation of Financial Statements are disclosed under Notes to Financial Statements.

Reconciliation of loans as per IGAAP and IND AS

Housing and Non-housing Loan	As at 31 March 2022	As at 31 March 2021
(i) Loans as per IGAAP	3,485.40	3,512.24
(ii) Unamortized upfront income / expense- IND AS Adjustment	(4.53)	(9.00)
(iii) Overdue EMI and Interest accrued on loans	39.02	41.66
Total Loans (i) +(ii)+ (iii)	3,519.89	3,544.89
less : Impairment loss allowance	(85.34)	(70.60)
Loans as per IND AS	3,434.55	3,474.29

2 Disclosures

2.1 Capital

Particulars	As at 31 March 2022	As at 31 March 2021
CRAR (%)*	51.57%	50.03%
CRAR - Tier I Capital (%)	50.34%	49.34%
CRAR - Tier II Capital (%)	1.23%	0.69%
Amount of subordinated debt raised as Tier - II Capital	-	-
Amount raised by issue of perpetual debt Instruments	-	-

* CRAR (%) as at 31 March , is shown as per NHB prudential norms.

2.2 Reserve Fund under 29C of NHB Act, 1987

Statutory reserve

Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year		
a) Statutory reserve (As per Section 29C of The National Housing Bank Act, 1987)	14.94	14.94
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987	38.62	30.58
Total	53.57	45.52
Addition / appropriation / withdrawals during the year		
Add:		
a) Amount transferred as per Section 29C of The National Housing Bank Act, 1987.	0.90	-

Annexure 1 to the financial statements

for the year ended 31 March 2022



(Rs. in crore)

Particulars	As at 31 March 2022	As at 31 March 2021
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987	18.08	8.05
Less:		
a) Amount appropriate as per Section 29C of The National Housing Bank Act, 1987.	-	-
b) Amount of withdrawn from special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken in to account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987.	-	-
Balance at the end of the year		
a) Statutory reserve under Section 29C of The National Housing Bank Act, 1987	15.84	14.94
b) Amount of special reserve u/s 36(1) (viii) of Income Tax Act, 1961 taken into account for the purpose of statutory reserve under Section 29C of the NHB Act, 1987.	56.70	38.62
Total	72.55	53.57

2.3 Investment

Particulars	As at 31 March 2022	As at 31 March 2021
(a) Value of Investments		
(I) Gross value of investments		
(a) In India	-	-
(a) Outside India	-	-
(II) Provisions for Depreciation		
(a) In India	-	-
(a) Outside India	-	-
(III) Net value of investments		
(a) In India	-	-
(a) Outside India	-	-
(b) Movements of provisions held towards depreciation in investments		
(I) Opening balance	-	-
(II) Add : Provisions made during the year	-	-
(III) Less : Write-off/ Written- back of excess provisions during the year	-	-
(IV) Closing balance	-	-

2.4 Derivatives

2.4.1 Forward Rate Agreement (FRA)/ Interest Rate Swap

Particulars	As at 31 March 2022	As at 31 March 2021
(I) The notional principal of swap agreements	75.47	-
(II) Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	-	-
(III) Collateral required by the HFC upon entering into swaps	NA	-
(IV) Concentration of credit risk arising from the swaps*	-	-
(V) The fair value of the swap book	75.47	-

* The counterparty for Swap agreement entered is a Schedule Commercial Bank.



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

2.4.2 Exchange Traded Interest Rate (IR) Derivative.

The Company has not entered into any exchange traded interest rate derivative.

2.4.3 Disclosure on Risk exposure in derivative.

A. Qualitative Disclosure

The information related to Qualitative Disclosures are disclosed in Note No. 46 to Financial Statements

B. Quantitative Disclosure

Particulars	As at 31 March 2022	As at 31 March 2021
(I) Derivatives (Notional Principal Amount)	75.47	-
(II) Marked to Market Positions (1)		
(a) Assets	Nil	-
(b) Liability	Nil	-
(III) Credit exposure	-	-
(IV) Unhedged exposure	Nil	-

2.5 ALM in next sheet

2.6 Exposure

2.6.1 Exposure to Real estate sector

Particulars	As at 31 March 2022	As at 31 March 2021
a) Direct exposure		
(i) Residential mortgage:		
Lending fully secured by mortgage on residential property that is or will be occupied by the borrower or that is rented;	3,171.09	3,428.21
(ii) Commercial real estate:		-
Lending secured by mortgages on commercial real estates (office building, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or ware house space, hotels, land acquisitions, development and construction, etc.) Exposure would also include non-fund based (NFB) limits;	314.31	84.02
(iii) Investment in mortgage backed securities (MBS) and other securitised exposures:		
(a) Residential	-	-
(b) Commercial real estate	-	-
b) Indirect exposure		
Fund based and non fund based exposures on National Housing bank (NHB) and Housing Finance Companies (HFCs)	-	-
Total Exposure to Real Estate Sector	3,485.40	3,512.24

Annexure 1 to the financial statements

for the year ended 31 March 2022



2.5 Asset liability management

Maturity pattern of certain items of asset and liabilities - As at 31 March 2022

Particulars	(Rs. in Crore)										Total	
	1 day to 7 days	8 to 14 days	15 days to 30-31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years		
Liabilities												
Deposits												-
Borrowings from banks*	59.57	0.51	124.93	24.00	76.85	84.56	182.83	600.64	284.37	357.15	1,795.41	
Market Borrowings*	-	-	-	33.54	-	-	37.95	653.96	25.00	-	750.45	
Foreign Currency Liabilities								22.66	52.81		75.47	
Assets												
Advances	-	23.91	38.91	38.98	39.03	114.25	224.23	977.49	1,061.96	915.79	3,434.55	
Investments											-	
Foreign Currency Asset											-	

Maturity pattern of certain items of asset and liabilities - As at 31 March 2021

Particulars	(Rs. in Crore)										Total	
	1 day to 7 days	8 to 14 days	15 days to 30-31 days	Over one month to 2 months	Over 2 months upto 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years		
Liabilities												
Deposits	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings from banks*	8.15	8.15	4.85	96.90	55.70	163.89	174.62	655.77	260.50	279.41	1,707.93	
Market Borrowings*	-	-	8.68	-	-	-	167.82	925.95	-	50.00	1,152.45	
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-	
Assets												
Advances	20.45	20.45	-	8.42	8.46	21.07	36.46	181.44	284.98	2,892.56	3,474.29	
Investments	-	-	-	-	-	-	-	-	-	-	-	
Foreign Currency Asset	-	-	-	-	-	-	-	-	-	-	-	

* The above Banks and Market Borrowings are shown at unamortised cost.



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

2.6.2. Exposure to Capital Market

Particulars	As at 31 March 2022	As at 31 March 2021
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances';	-	-
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds/Alternate Investment Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	-	-

2.6.3. Details of financing of parent company products

Particulars	As at 31 March 2022	As at 31 March 2021
Details of financing of parent company products	-	-

2.6.4. Details of Single Borrower Limit (SGL)/ Group Borrower Limit (GBL)

Particulars	As at 31 March 2022	As at 31 March 2021
Sanctioned Limit/ Amount outstanding for Single borrower limit	-	-
Sanctioned Limit/ Amount outstanding for Group borrower limit	-	-

2.6.5. Unsecured Advances

Particulars	As at 31 March 2022	As at 31 March 2021
Amount of unsecured advances given against rights, licenses, authorisations etc.	-	-

2.6.6. Exposure to group companies engaged in real estate business

Particulars	As at 31 March 2022	
	Amount	% of owned fund
(i) Exposure to any single entity in a group engaged in real estate business	-	-
(ii) Exposure to all entities in a group engaged in real estate business	-	-

Annexure 1 to the financial statements

for the year ended 31 March 2022



(Rs. in crore)

Description	As at 31 March 2021	
	Amount	% of owned fund
(i) Exposure to any single entity in a group engaged in real estate business	-	-
(ii) Exposure to all entities in a group engaged in real estate business	-	-

3 Miscellaneous

3.1 Registration/ license/ authorisation obtained from other financial sector regulators

Registration has been obtained from Reserve Bank of India having Registration Number DOR-00111

3.2 Disclosure of Penalties imposed /Adverse comments by National Housing Bank (NHB)/Reserve Bank of India (RBI)/ Other Regulators

3.2.1 Penalty

Particulars	As at 31 March 2022	As at 31 March 2021
Penalty levied by NHB/RBI *	-	15,000
Total	-	15,000

*National Housing Bank had levied penalty of above amount during annual audit/inspection carried out for the year 2019-20

3.2.2 Adverse comments

Particulars	As at 31 March 2022	As at 31 March 2021
Adverse comments if any given by NHB/RBI	-	-

3.3 Related Party Transactions- Detail of material transaction

The information related to Related Party Transactions are disclosed in Note No. 42 to Financial Statements

3.4 Group Structure

The information related to Group Structure is disclosed in Board's Report.

3.5 Rating assigned by Credit Rating Agencies and migration of rating during the year

Nature of Borrowing	As at 31 March 2022		
	Credit Rating / Outlook		
	CRISIL	India Ratings	ICRA
Short Term			
Commercial paper	CRISIL A1+	IND A1+	[ICRA]A1+
Long Term			
Non-Convertible Debentures	CRISIL AA (Stable)	IND AA (Stable)	[ICRA]AA- (Stable)
Market linked Debentures	CRISIL PP-MLD AA-r/Stable	-	PP-MLD[ICRA] AA- (Stable)
Bank Borrowings	CRISIL AA (Stable)	IND AA (Stable)	-



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

Nature of Borrowing	As at 31 March 2021		
	Credit Rating / Outlook		
	CRISIL	India Ratings	ICRA
Short Term			
Commercial paper	CRISIL A1+	IND A1+	[ICRA]A1+
Long Term			
Non-Convertible Debentures	CRISIL AA-/Stable	-	[ICRA]A+ (Stable)
Market linked Debentures	CRISIL PP-MLD AA-r/Stable		PP-MLD[ICRA]A+(Stable)
Bank Borrowings	CRISIL AA-/Stable	-	-

3.6 Remuneration of Directors

The information related to pecuniary relationship or transactions with the non-executive director of the company is disclosed in Note No. 42 to Financial Statements

3.7 Management

The Management Discussion and Analysis Report forms part of Annual report.

3.8 Net Profit or Loss for the period, prior period items and changes in accounting policies

Particulars	As at March 31, 2022	As at March 31, 2021
Net profit/Loss for the period	94.89	40.23
Impact of prior period items on current year's profit:		
Prior Period Tax*	(0.03)	0.06
Reason for Changes in accounting policies	Not Applicable	Not Applicable

*Prior period tax is in relation to payment against Income Tax Liability aroused at the time of scrutiny

3.9 Revenue Recognition

There were no circumstances requiring postponement of Revenue Recognition for the year ended on 31st March 2022 & 31st March 2021.

3.10 Consolidated Financial Statements (CFS)

MOHFL has no subsidiary as on date.

3.11 Information for area, country of operation and joint venture partners with regard to joint ventures and overseas subsidiaries

Particulars	As at March 31, 2022	As at March 31, 2021
Area	-	-
Country of operation	-	-
Partners of Joint Venture	-	-
Overseas subsidiaries	-	-

Annexure 1 to the financial statements

for the year ended 31 March 2022



(Rs. in crore)

4 Additional Disclosures

4.1 Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	For the year ended 31 March 2022	For the year ended 31 March 2021
1. Provisions for depreciation on investment	-	-
2. Provisions made towards income tax	23.42	50.22
3. Provisions towards NPAs	1.60	7.64
4. Provisions for standard assets (with details like teaser loan, CRE, CRE-RH etc.)	13.14	19.63
5. Other provision and contingencies		
Gratuity	0.67	0.56
Compensated absence	0.26	-0.27
Heritage Club	0.07	0.10
Provision for expenses	1.84	1.30

Break up of Loans & Advances & Provisions thereon	As at 31 March 2022	
	Housing Loans	Non-Housing Loans
Standard Asset		
Principal outstanding	2,797.06	632.17
Overdue principal	0.60	0.13
Interest accrued	26.44	6.06
Total Outstanding Amount	2,824.10	638.35
Provisions made	43.41	16.18
Sub-standard assets		
Principal outstanding	38.25	9.97
Overdue principal	0.50	0.09
Interest accrued	3.10	0.61
Total Outstanding Amount	41.84	10.68
Provisions made	17.20	4.52
Doubtful assets- Category I		
Principal outstanding	6.22	0.94
Overdue principal	0.26	0.03
Interest accrued	1.22	0.12
Total Outstanding Amount	7.69	1.09
Provisions made	2.99	0.43
Doubtful assets- Category II		
Principal outstanding	0.75	-
Overdue principal	0.16	-
Interest accrued	0.30	-
Total Outstanding Amount	1.22	-
Provisions made	0.57	-
Doubtful assets- Category III		
Principal outstanding	0.03	-
Overdue principal	0.04	-



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

Break up of Loans & Advances & Provisions thereon	As at 31 March 2022	
	Housing Loans	Non-Housing Loans
Interest accrued	0.03	-
Total Outstanding Amount	0.11	-
Provisions made	0.03	-
Loss assets		
Principal outstanding	-	-
Overdue principal	-	-
Interest accrued	-	-
Total Outstanding Amount	-	-
Provisions made	-	-
Total		
Principal outstanding	2,842.32	643.08
Overdue principal	1.55	0.25
Interest accrued	31.08	6.79
Total Outstanding Amount	2,874.95	650.12
Provisions made	64.20	21.14

Break up of Loans & Advances & Provisions thereon	As at 31 March 2021	
	Housing Loans	Non-Housing Loans
Standard Asset		
Principal outstanding	2,995.98	439.73
Overdue principal	0.50	0.07
Interest accrued	31.15	4.36
Total Outstanding Amount	3,027.63	444.16
Provisions made	38.09	8.36
Sub-standard assets		
Principal outstanding	64.59	10.58
Overdue principal	0.08	0.01
Interest accrued	5.31	0.77
Total Outstanding Amount	69.97	11.37
Provisions made	20.68	2.91
Doubtful assets- Category I		
Principal outstanding	1.08	0.05
Overdue principal	0.01	0.00
Interest accrued	0.35	0.01
Total Outstanding Amount	1.44	0.06
Provisions made	0.40	0.02
Doubtful assets- Category II		
Principal outstanding	0.23	-
Overdue principal	0.00	-
Interest accrued	0.17	-
Total Outstanding Amount	0.40	-

Annexure 1 to the financial statements

for the year ended 31 March 2022



(Rs. in crore)

Break up of Loans & Advances & Provisions thereon	As at 31 March 2021	
	Housing Loans	Non-Housing Loans
Provisions made	0.14	-
Doubtful assets- Category III		
Principal outstanding	-	-
Overdue principal	-	-
Interest accrued	-	-
Total Outstanding Amount	-	-
Provisions made	-	-
Loss assets		
Principal outstanding	-	-
Overdue principal	-	-
Interest accrued	-	-
Total Outstanding Amount	-	-
Provisions made	-	-
Total		
Principal outstanding	3,061.87	450.36
Overdue principal	0.59	0.08
Interest accrued	36.98	5.15
Total Outstanding Amount	3,099.44	455.59
Provisions made	59.31	11.29

4.2 Draw Down from Reserves

There were no draw down from Reserves during FY 2021-2022.

4.3 Concentration of Public Deposits, Advances, Exposures and NPAs

4.3.1 Concentration of Public Deposits

Particulars	As at 31 March 2022	As at 31 March 2021
Total Deposits of twenty largest depositors	-	-
Percentage of Deposits of twenty largest depositors to total deposits of the HFC	-	-

4.3.2 Concentration of Loans & Advances

Particulars	As at 31 March 2022	As at 31 March 2021
Total Loans & Advances to twenty largest borrowers	239.50	50.93
Percentage of Loans & Advances to twenty largest borrowers to total advances of the HFC	6.87%	1.45%

4.3.3 Concentration of all Exposure (including off-balance sheet exposure)

Particulars	As at 31 March 2022	As at 31 March 2021
Total Exposure to twenty largest borrowers / customers	239.87	50.93
Percentage of exposure to twenty largest borrowers / customers to total exposure of the HFC on borrowers / customers.	6.78%	1.45%



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

4.3.4 Concentration of NPAs

Particulars	As at 31 March 2022	As at 31 March 2021
Total Exposure to top ten NPA accounts	2.89	2.72

4.3.5 Sector-wise NPA

Sector	As at 31 March 2022	As at 31 March 2021
A. Housing Loans: (in %) (out of total advances in that sector)		
(I) Individuals	1.64%	2.15%
(II) Builders / Project Loans		
(III) Corporates		
(IV) Others (Specify)		
B. Non - Housing Loans: (in %) (out of total advances in that sector)		
(I) Individuals	1.79%	2.54%
(II) Builders / Project Loans		
(III) Corporates		
(IV) Others (Specify) - Commercial Real Estate (CRE)	5.53%	2.79%

4.4 Movement of NPAs.

Particulars	As at 31 March 2022	As at 31 March 2021
(I) Net NPAs to Net Advances (%) *	0.93%	1.52%
(II) Movement of Gross NPAs		
(a) Opening Balance	76.62	66.00
(b) Additions during the year (excluding write off's)	46.51	70.33
(c) Reduction during the year (excluding write off's)	65.89	59.71
(d) Closing balance	57.25	76.62
(III) Movement of Net NPAs		
(a) Opening Balance	52.48	49.49
(b) Additions during the year (excluding write off's)	33.49	53.45
(c) Reduction during the year (excluding write off's)	54.46	50.47
(d) Closing balance	31.50	52.48
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
(a) Opening Balance	24.15	16.51
(b) Provisions made during the year (excluding write off's)	13.02	16.88
(c) Write off/ write back of excess provision	11.43	9.24
(d) Closing balance	25.75	24.15

* As per notification's wordings, total loan book net of provision made is considered as net of advances. Whereas in Note 31 of financials, total loan book is considered for computation of ratios.

Annexure 1 to the financial statements

for the year ended 31 March 2022



(Rs. in crore)

4.5 Overseas Assets

Particulars	As at 31 March 2022	As at 31 March 2021
	-	-

4.6 Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms)-

Name of the SPV sponsored	As at 31 March 2022	As at 31 March 2021
Domestic	-	-
Overseas	-	-

5 Disclosure of Complaints

5.1 Customer Complaints.

Particulars	As at 31 March 2022	As at 31 March 2021
(a) No. of complaints pending at the beginning of the year	-	2
(b) No. of complaints received during the year	125	145
(c) No. of complaints redressed during the year	125	147
(d) No. of complaints pending at the end of the year	-	-

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

6 Principal Business Criteria

Particulars	As at 31 March 2022	As at 31 March 2021
Percentage of total assets towards Housing Finance (net of intangible assets)	76.36%	79.73%
Percentage of total assets towards Housing Finance for Individual (net of intangible assets)	75.39%	79.73%

7 Percentage of outstanding loans granted against collateral of gold jewellery to their outstanding total assets.

There are no outstanding loans granted against collateral of gold jewellery to their outstanding total assets as at 31st March 2022 & 31st March 2021.

8 Details of all off-balance sheet exposures

The information related to off-balance sheet exposures are disclosed in Note No. 34 to Financial Statements



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

9. Schedule to Motilal Oswal Home Finance Ltd. Balance Sheet as at 31st March 2022.

Particulars		Amount (Rs. in crore)	
Liabilities side		Amount outstanding	Amount overdue
(1) Loans and advances availed by the HFC inclusive of interest accrued thereon but not paid:			
(a)	Debtures : Secured	423.04	-
	Debtures : Unsecured (other than falling within the meaning of public deposits*)	323.16	-
(b)	Deferred Credits	-	-
(c)	Term Loans	1,860.27	-
(d)	Inter-corporate loans and borrowing	-	-
(e)	Commercial Paper	-	-
(f)	Public Deposits	-	-
(g)	Other Loans (specify nature)	-	-
(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 side			Amount outstanding
(3) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:			
(a)	Secured		3,519.89
(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		-
(5) Break-up of Investments			
Current Investments			
1.	<u>Quoted</u>		
	(i) Shares		
	(a) Equity		-
	(b) Preference		-
	(ii) Debtures and Bonds		-
	(iii) Units of mutual funds		-
	(iv) Government Securities		-
	(v) Others (please specify)		-

Annexure 1 to the financial statements

for the year ended 31 March 2022



(Rs. in crore)

2.	<u>Unquoted</u>		
(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.	<u>Quoted</u>		
(i)	Share		
	(a) Equity		-
	(b) Preference		-
(ii)	Debentures and Bonds		-
(iii)	Units of mutual funds		-
(iv)	Government Securities		-
(v)	Others (please specify)		-
2.	<u>Unquoted</u>		
(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.	Related Parties **			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group	-	-	-
	(c) Other related parties	-	-	-
2.	Other than related parties	3,519.89	-	3,519.89
Total		3,519.89	-	3,519.89

(7) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):				
Category		Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)	
1.	Related Parties **			
	(a) Subsidiaries		-	-
	(b) Companies in the same group		-	-
	(c) Other related parties		-	-
2.	Other than related parties		-	-
Total			-	-

** As per applicable Accounting Standard



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

(8) Other information		
Particulars		Amount (Rs. in crore)
(i)	Gross Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	57.25
(ii)	Net Non-Performing Assets	
	(a) Related parties	
	(b) Other than related parties	31.50
(iii)	Assets acquired in satisfaction of debt	7.87

II. Disclosures pursuant to Reserve Bank of India (RBI) Master Direction-Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021

The following disclosures have been given in pursuant to Master Direction RBI/DOR/2021-22/85 DOR.STR.REC.53/21.04.177/2021-22 dated September 24, 2021 issued by the RBI.

1 Securitisation

		As at 31 March 2022	As at 31 March 2021
(I)	No of SPEs holding assets for securitisation transactions originated by the originator (only the SPVs relating to outstanding securitization exposures to be reported here)	1.00	1.00
(II)	Total amount of securitised assets as per books of the SPEs	147.33	184.11
(III)	Total amount of exposures retained by the originator to comply with MRR as on the date of balance sheet		
	(a) Off-balance sheet exposure <ul style="list-style-type: none"> • First loss • Others 	-	-
	(b) On-balance sheet exposures <ul style="list-style-type: none"> • First loss • Others 	25.20	24.00
(IV)	Amount of exposures to securitisation transactions other than MRR		
	(a) Off-balance sheet exposure		
	(i) Exposure to own securitisations <ul style="list-style-type: none"> • First loss • Others 	-	-
	(ii) Exposure to third party securitisations <ul style="list-style-type: none"> • First loss • Others 	-	-
	(b) On-balance sheet exposures		
	(i) Exposure to own securitisations <ul style="list-style-type: none"> • First loss • Others 	-	-
	(ii) Exposure to third party securitisations <ul style="list-style-type: none"> • First loss • Others 	-	-
(V)	Sale consideration received for the securitised assets and gain/loss on sale on account of securitisation	-	-
(VI)	Form and quantum (outstanding value) of services provided by way of liquidity support, post-securitisation asset servicing, etc.	-	-

Annexure 1 to the financial statements

for the year ended 31 March 2022



(Rs. in crore)

		As at 31 March 2022	As at 31 March 2021
(VII)	Performance of facility provided. Please provide separately for each facility viz. Credit enhancement, liquidity support, servicing agent etc. Mention percent in bracket as of total value of facility provided. (a) Amount paid (b) Repayment received (c) Outstanding amount	-	-
(VIII)	Average default rate of portfolios observed in the past. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc (may mention average default rate of previous 5 years)"	-	-
(IX)	Amount and number of additional/top up loan given on same underlying asset. Please provide breakup separately for each asset class i.e. RMBS, Vehicle Loans etc	-	-
(X)	Investor complaints	-	-
	(a) Directly/Indirectly received and;		
	(b) Complaints outstanding		

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

		As at 31 March 2022	As at 31 March 2021
(I)	No. of accounts	1,486	1,050
(II)	Aggregate value (net of provisions) of accounts sold to SC / RC	87.76	86.38
(III)	Aggregate consideration	86.00	74.94
(IV)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(V)	Aggregate gain/(loss) over net book value	(1.76)	(11.44)

3 Details of assignment transactions undertaken by HFCs.

Particulars		As at 31 March 2022	As at 31 March 2021
(I)	No. of accounts	617	-
(II)	Aggregate value (net of provisions) of accounts sold to SC / RC	42.61	-
(III)	Aggregate consideration	42.69	-
(IV)	Additional consideration realized in respect of accounts transferred in earlier years	-	-
(V)	Aggregate gain / loss over net book value*	0.08	-

*As per Ind AS 109, derecognition criteria is met and accordingly Company has recognised an upfront profit of INR 899 lakhs.

4 Details of non-performing financial assets purchased / sold

4.1 Details of non-performing financial assets purchased

Particulars		As at 31 March 2022	As at 31 March 2021
(I)	No. of accounts purchased during the year	-	-
(II)	Aggregate outstanding	-	-
(III)	Of these, number of accounts restructured during the year	-	-
(IV)	Aggregate outstanding	-	-



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

4.2 Details of non-performing financial assets sold:

Particulars	As at 31 March 2022	As at 31 March 2021
(I) No. of accounts sold	1,486	1,050
(II) Aggregate outstanding	122.87	113.64
(III) Aggregate consideration received	86.00	74.94

III. Disclosures pursuant to Reserve Bank of India (RBI) Master Direction – Reserve Bank of India (Transfer of Loan Exposures) Directions, 2021

The following disclosures have been given in pursuant to Master Direction RBI/DOR/2021-22/86DOR.STR.REC.51/21.04.048/2021-22 dated September 24, 2021 issued by the RBI.

1 Disclosure on loans not in default that are transferred or acquired

Particulars	Amount
Weighted average maturity	144 months
Weighted average holding period	56 months
Retention of beneficial economic interest	10%
Coverage of tangible security coverage	NA
Rating-wise distribution of related loans	NA
Break-up of:	
(i) Loans transferred	42.69
(ii) Acquired through assignment	-
(iii) Novation and loan participation	-

2 Disclosure for stressed loans transferred or acquired

Details of stressed loans transferred during the year (to be made separately for loans classified as NPA and SMA)

Particulars	To ARCs
No: of accounts	1,486
Aggregate principal outstanding of loans transferred	122.87
Weighted average residual tenor of the loans transferred	242 months
Net book value of loans transferred (at the time of transfer)	87.76
Aggregate consideration	86.00
Additional consideration realized in respect of accounts transferred in earlier years	-

Particulars	To permitted transferees
No: of accounts	-
Aggregate principal outstanding of loans transferred	-
Weighted average residual tenor of the loans transferred	-
Net book value of loans transferred (at the time of transfer)	-
Aggregate consideration	-
Additional consideration realized in respect of accounts transferred in earlier years	-

Particulars	To other transferees
No: of accounts	-
Aggregate principal outstanding of loans transferred	-
Weighted average residual tenor of the loans transferred	-

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for the year ended 31 March 2022



(Rs. in crore)

Particulars	To other transferees
Net book value of loans transferred (at the time of transfer)	-
Aggregate consideration	-
Additional consideration realized in respect of accounts transferred in earlier years	-

Details of loans acquired during the year

Particulars	From lenders	From ARCs
Aggregate principal outstanding of loans acquired	-	-
Aggregate consideration paid	-	-
Weighted average residual tenor of loans acquired	-	-

IV. Disclosures pursuant to Reserve Bank of India (RBI) Master Direction-Monitoring of Frauds in NBFCs (Reserve Bank) Directions, 2016

The following disclosures have been given in pursuant to Master Direction RBI/DNBS/2016-17/49 DNBS. PPD.01/66.15.001/2016-17 dated September 29, 2016 (as amended from time to time), issued by the RBI.

1 Reporting of Fraud

Particulars	As at 31 March 2022	As at 31 March 2021
Amount of Fraud outstanding at the end of the year	26.48	26.95

V. Public Disclosure for year/quarter ended March 31, 2022 pursuant to Paragraph 3 of Liquidity Risk Management Framework for Non-Banking Financial Companies and Core Investment Companies

i) Funding Concentration based on significant counterparty (both deposits and borrowings)

Sr. no.	Type of instrument	Number of Significant Counter parties	Amount	% of Total deposits	% of Total Liabilities
1	Deposits	NA	NA	NA	NA
2	Borrowings	21	2,408	NA	87.38%

ii) Top 20 large deposits (% of total deposits)

Sr. no.	Description	Amount	% of Total deposits
1	Total for Top 20 large deposits	NA	NA

iii) Top 10 borrowings (% of total borrowings)

Sr. no.	Type of instrument	Amount	% of Total borrowings
1	Total for Top 10 borrowings	1,773	68.03%

iv) Funding Concentration based on significant instrument/product

Sr. no.	Name of instrument/product	Amount	% of Total Liabilities
1	Term loans from banks	1,466	53.18%
2	Term loans from Securitization	147	5.35%
3	Term loans from NHB Refinance	183	6.62%
4	Secured redeemable non-convertible debentures	425	15.44%



Annexure 1 to the financial statements

for the year ended 31 March 2022

(Rs. in crore)

Sr. no.	Name of instrument/product	Amount	% of Total Liabilities
5	Unsecured redeemable non-convertible debentures	325	11.79%
6	External Commercial Borrowings	75	2.74%
	Total funding Concentration pertaining to significant instruments/products	2,621	
	Funding Concentration pertaining to insignificant instruments/products	-	
	Total borrowings under all instruments/products	2,621	

v) Stock Ratios

Sr. no.	Name of instrument/product	Amount	% of Public Funds	% of Total Liabilities	% of Total Assets
1	Commercial papers (CPs)	-	NA	-	-
2	Non-convertible debentures (NCDs) with original maturity of less than one year	-	NA	-	-
3	Other short-term liabilities	625	NA	22.68%	16.61%

vi) Institutional set-up for liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of directors, which has established Asset-Liability Management ('ALM') Policy & Asset and Liability Management Committee (ALCO). The ALM Policy provides the governance framework for the identification, measurement, monitoring and reporting of liquidity risk arising out of Company's lending and borrowing activities. The liquidity risk is measured in terms of structural liquidity gaps across various time-buckets. Actual liquidity gaps against the Gap Limits are discussed every quarter in the ALCO meeting. ALCO manages Company's short, medium and long-term funding and liquidity management requirements. The ALCO meets regularly to review the liquidity position based on future cash flows. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities. The Company also maintains adequate liquid assets, banking facilities and reserve borrowing facilities against unexpected requirements.

Definition of terms as used in the table above:

a) Significant counterparty:

A "Significant counterparty" is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the NBFC's total liabilities.

b) Significant instrument/product:

A "Significant instrument/product" is defined as a single instrument/product of group of similar instruments/products which in aggregate amount to more than 1% of the NBFC's total liabilities.

c) Total liabilities:

Total liabilities include all external liabilities (other than equity).

d) Other short-term liabilities:

All short-term borrowings other than CPs and NCDs with original maturity less than 12 months.

e) Borrowings:

Borrowings are inclusive of Debt securities and are considered at unamortised cost.



Motilal Oswal Home Finance Limited

CIN: U65923MH2013PLC248741

Regd Office: Motilal Oswal Tower, Rahimtullah Sayani Rd, Opp.

Parel ST Depot, Prabhadevi, Mumbai - 400 025.

☎ +91 8291889898 Fax: 022 5036 2365

Email: hfquery@motilaloswal.com