

BOARD REPORT 2020-21
AVIOM INDIA HOUSING FINANCE PRIVATE LIMITED



**CORPORATE IDENTITY
NUMBER**

U65993DL2016PTC291377

**BOARD OF DIRECTORS &
KEY MANAGERIAL
PERSONNEL**

Ms Kaajal Aijaz Ilmi, *MD & CEO*
Mr Arvind Kumar Agarwal, *NOMINEE DIRECTOR*
Mr Sanjay Gandhi, *NOMINEE DIRECTOR*
Mr Kunal Sikka, *Non- Executive Director (w.e.f February 25, 2021)*
Mr Ramandeep Singh Gill, *Chief Financial Officer (w.e.f December 30, 2020)*
Ms Divyani Chand, *Company Secretary*

INTERNAL AUDITORS

Agarwal & Saxena, Chartered Accountants
D-111 FGF, Pansheel Enclave,
New Delhi-1100017

REGISTERED OFFICE

83, First Floor, Poorvi Marg
Vasant Vihar, New Delhi- 110057

EMAIL & WEBSITE

connect@aviom.in
www.aviom.in

STATUTORY AUDITORS

B S R & Associates LLP
Building No 10, 8th Floor, Tower B
DLF Cyber City, Phase-II, Gurugram

BANKERS

ICICI Bank Limited
Axis Bank Limited
Jana Small Finance Bank Limited
Bank of India
IndusInd Bank Limited
HDFC Bank Limited
AU Small Finance Bank Limited
State Bank of India



BOARD'S REPORT

Dear Members,

AVIOM India Housing Finance Private Limited

Your directors have pleasure in presenting the Fifth (6th) Board's Report on the business and operations of AVIOM India Housing Finance Private Limited (hereinafter referred to as "the Company" or "AVIOM"), together with draft Audited Financial Statements and Accounts for the Financial year ended on March 31, 2021.

FINANCIAL REVIEW OF OPERATIONS

A. Income

Your Company posted total income of Rs 890,597,179/- during the year, as compared to Rs 445,052,972/- in the previous financial year. Out of this, Interest income on loans has increased from Rs Rs.359,547,029/- in the previous financial year to Rs. 668,062,398/- in the Financial Year 2020-21. The "Income other than interest income" has increased from Rs 85,505,943 in previous financial year to Rs 222,534,781/- in Financial Year 2020-21.

B. Expenses

Expenses for the year stood at Rs 868,254,549/- as compared to Rs 406,304,926/- for the previous year representing an increase of 114%. The increase in expenses is attributable to expansion done by company from 3 states and 22 branches in previous financial year to 14 states and 104 branches in financial year 2020-21 increase in the interest expense and other operating expenses arising out of manpower addition. During the year the company has borrowed additional debt of Rs 249.70 Crores which led to increase in the interest expense in consonance with business growth.

C. Profits

Your Company earned a Profit after tax of Rs.19,329,309 for the year as against profit after tax of Rs. 24,570,668 in the previous financial year. This is primarily attributable to higher business numbers with the change in strategy and the new branches expansion.

(in Rupees)

| Particulars | FY 2020-21 | FY 2019-20 |
|---|--------------|---------------|
| Total Revenues | 89,05,97,179 | 44,50,52,972 |
| Less: Total Expenditures | 86,82,54,549 | 40,63,04,926 |
| Profit before Tax (PBT) | 2,23,42,630 | 3,87,48,046 |
| Provisions for Tax | - | (1,302,164) |
| Deferred tax assets/(liability) | (30,13,321) | (1,28,75,214) |
| Profit after Tax (PAT) | 1,93,29,309 | 2,45,70,668 |
| Transfer to Reserves fund u/s 29C of NHB act,1987 | 38,65,862 | 49,14,134 |



| | | |
|----------------------------|-------------|-------------|
| Profit/ Loss Carry forward | 1,54,63,447 | 1,96,56,534 |
|----------------------------|-------------|-------------|

BUSINESS PERFORMANCE HIGHLIGHTS

a) Sanctions

During the year, your Company has sanctioned loans amounting to Rs 3,769,909,420/- as compared to Rs 1,848,997,570/- in the previous year, recording a growth of 104%.

b) Disbursements

During the year, your company has disbursed loans amounting to Rs 2,462,027,587/- as compared to Rs 1,298,443,428/- in the previous year, recording a growth of 90%. The cumulative loan disbursements from inception to the end of the FY 20-21 stood at Rs 5,105,198,600/-.

c) Loans outstanding (Loan Book)

The total loan outstanding as on March 31, 2021 were Rs 463.17 Crores, recording a growth of 92% over last year which was Rs 241.38 Crores.

d) Non-Performing Assets (NPA)

Your Company has developed a strong collection and recovery mechanism, which together with strong origination standards, has resulted in Nil NPAs in its portfolio.

Your Company continued to review its portfolio quality periodically to avoid any delinquencies, and apply course corrections if any required, apart from maintaining high lending standards to mitigate risks.

During the year under review, your Company has made a provision for Rs 67,24,951 towards Standard Assets, in compliance with the guidelines issued by the Regulator National Housing Bank.

e) COVID - 19 Pandemic

The "Severe Acute Respiratory Syndrome Coronavirus 2" (SARS-CoV-2), generally known as COVID-19, which was declared as a pandemic by the WHO on 11.03.2020 caused an unprecedented level of disruption on socio- economic front Globally including India. In India, Government announced complete lockdown from 25.03.2020 to contain the spread of the virus.

Further, in accordance with the RBI Circulars dated 27.03.2020, 17.04.2020 (Moratorium -1) and 23.05.2020 (Moratorium -2) with regard to providing relief to the Borrower, Company has offered moratorium to eligible borrowers in accordance with the Board approved Policy.

f) Credit Rating

During the year, the Company received "ACUIT BBB: Stable rating for the total bank facilities from ACUITE Ratings & Research.

TRANSFER TO RESERVES

Your company has transferred an amount of Rs 3,865,862/- to Reserves for the financial year ended March 31, 2021 out of which Rs Nil is transferred to Special Reserve under section 36(1)(viii) of the Income Tax Act and Rs 3,865,862/- to Reserve under section 29C of the NHB Act.



DIVIDEND

In order to augment capital required for supporting growth of your company, through retention of Internal accruals, there is no dividend recommended for the year.

PORTFOLIO OF THE COMPANY

The portfolio of the total loan outstanding, of your company stood at Rs 463.17 Crores as on March 31, 2021 as against Rs 241.38 Crores in the previous year.

The average ticket size on portfolio as on March 31, 2021 stood at Rs 2.73 lakh against Rs 2.80 lakhs in the previous year.

CAPITAL ADEQUACY

As required under Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021, your Company is presently required to maintain a minimum capital adequacy of 14% on a standalone basis. The Capital Adequacy Ratio (CAR) of the Company as on March 31, 2021 was 23.80% as compared to previous year 49.29% as compared to the regulatory requirement of 14%.

EXPANSION OF BRANCH NETWORK

Your Company has undertaken rapid branch expansion to effectively cater to the Lower Income target segments. Your Company's branch network has increased from 23 locations as on 31st March 2020 to 104 locations as on 31st March 2021.

Details of the branches are given below:

| Region | Branch Count | Locations |
|----------------|--------------|--|
| Rajasthan | 17 | AJMER, BARAN, BEAWAR, BHILWAR, BIJAYNAGAR, BIKANER, CHITTORGARH, JAIPUR, JHALAWAR, JODHPUR, KISHANGARH, KOTA, PALLI, SIKAR, SRIGANGANAGAR, SUMERPUR |
| Madhya Pradesh | 19 | ASHTA, BHOPAL, CHINDWARA, DEWAS, DHAR, HOSHANGABAD, INDORE, JABALPUR, JAORA, KATNI, KHARGONE, MANDSAUR, NEEMUCH, RATLAM, SAGAR, SATNA, SEHORE, UJJAIN, VIDISHA |
| Haryana | 11 | AMBALA, FARIDABAD, KAITHAL, KARNAL, KURUSHETRA, PANIPAT, YAMUNANAGR, HISAR, PALWAL, SIRSA, SONEPAT |
| ANDHRA PRADESH | 6 | CHIRALA, ELURU, GUNTUR, KURNOOL, NELLORE, RAJAHMUNDRY |



| | | |
|---------------|-----|--|
| CHATTISGARH | 1 | BILASPUR |
| DELHI | 2 | KARAMPURA, UTTAM NAGAR |
| GUJARAT | 5 | BHAVNAGAR, JAMNAGAR, NARODA, PRAHLADNAGAR, RAJKOT |
| KARNATAKA | 13 | ARSIKERE, BAGALKOT, CHANDAPURA, DAVANGERE, GADAG, HOSUR, HUBLI, KANAKPURA, MYSORE, NAGARBHAVI, TUMKUR, VIJAYPURA, YELHANKA |
| MAHARASTRA | 4 | AURANGABAD, GONDIA, NAGPUR, NASIK |
| PUNJAB | 5 | AMRITSAR, BHATINDA, JALANDHAR, LUDHIANA, PATIALA |
| TELANGANA | 6 | KAMAREDDY, KARIMNAGAR, NIRMAL, NIZAMABAD, SURYAPET, WARANGAL |
| UTTAR PRADESH | 12 | AGRA, ALIGARH, ALLAHABAD, BULANDSAHAR, GHAZIABAD, KANPUR, LUCKNOW, MATHURA, MEERUT, MIRZAPUR, SAHARANPUR, VARANASI |
| UTTARANCHAL | 3 | DEHRADUN, HARIDWAR, RUDRAPUR |
| Total | 104 | |

STATE OF COMPANY'S AFFAIRS

Despite the challenging business environment throughout the year due to Coronavirus (Covid 19) pandemic, during the FY 2021, your Company delivered a much-improved performance.

Some key parameters and milestones are as follows:

1. The Company started operating in 104 locations as compared with 23 locations in the previous year.
2. The team strength has increased to 1304 during the year as compared to 357 the previous year. The same has been done with a view to build up and expand the business capacity in the early formative years of the Company.
3. The team strength has been increased in Sales as well as risk functions like Credit, Technical, Legal and Fraud Control Units.
4. The loan portfolio as of March 2021 stood at Rs 463.17 Crores as against Rs 241.38 Crores as of March 2020.
5. Gross NPA and Net NPA ratio were NIL.

There is no change in the fundamental nature of business of the Company for the year under review



Alternate Channel- AVIOM Shakti, AVIOM Saathi and AVIOM Paathshala

During the Financial Year ended March 31, 2021, 5834 Shakti's were identified and enrolled with the Company. The total logins procured during the Financial Year 2020-21 through the Shakti channel were 8623. Further, each branch has a designated place called Shakti Paathshala - a place to learn, a place to connect with other Shakti's and a place to celebrate their success. Training sessions are conducted regularly in these Shakti Paathshala and Shakti's are trained to generate good quality references whereas AVIOM Saathi's helps us to enhance our reach, improves visibility in the target market, provide strong references on customer behaviour, helps us reduce cost of customer acquisition plus enhance productivity of our loan officers. During the Financial Year 2020-21 4335 Saathi's got associated with the Company. The total logins during the Financial Year 2020-21 through the Saathi channel was 2162.

There is no change in the fundamental nature of business of the Company for the year under review.

MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments, affecting the financial position of the Company which has occurred between the financial year end of the Company i.e. March 31, 2021 till date of the Board's Report.

REGULATORY GUIDELINES

Your Company has been complying with applicable Guidelines, Circulars and Directions issued by National Housing Bank ("NHB") from time to time. The Company has been maintaining capital adequacy as prescribed by the NHB periodically.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of the Business of the Company

PUBLIC DEPOSITS

Your Company is a non-deposit accepting Housing Finance Company as per Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions, 2021 and the provision of section 73 of the Companies Act, 2013 are not applicable to the Company. The Company has NIL public deposits for the period ended 31st March 2021.

Further, during the year ended March 31, 2021, the Company has not accepted, renewed or held any public deposit as on the balance sheet date.

Since the Company has neither accepted nor renewed any public deposits during the year under review, accordingly, requirement of maintaining liquid assets as specified under Section 29B of the National Housing Bank Act, 1987, does not arise.



FINANCE

During the Financial Year 2020-21, the Company met its funding requirements through Term Loans, working Capital Loans and Non- Convertible Debentures. The details of which are as follows:

| S. No | Charge ID | Name of the Charge Holder | Date of creation of charge | Amount |
|-------|-----------|--|----------------------------|--------------|
| | | | | (in Rupees) |
| 1 | 100339217 | NATIONAL HOUSING BANK | 21-05-2020 | 4,50,00,000 |
| 2 | 100342792 | NATIONAL HOUSING BANK | 21-05-2020 | 7,00,00,000 |
| 3 | 100355330 | AGILE FINSERV PRIVATE LIMITED | 10-07-2020 | 1,00,00,000 |
| 4 | 100358120 | NORTHERN ARC CAPITAL LIMITED | 15-07-2020 | 10,00,00,000 |
| 5 | 100350677 | INDUSIND BANK LTD. | 16-07-2020 | 35,00,00,000 |
| 6 | 100357748 | EXCLUSIVE LEASING AND FINANCE LIMITED | 16-07-2020 | 1,00,00,000 |
| 7 | 100357501 | WESTERN CAPITAL ADVISORS PRIVATE LIMITED | 21-07-2020 | 3,00,00,000 |
| 8 | 100361184 | CASPIAN IMPACT INVESTMENTS PRIVATE LIMITED | 24-07-2020 | 5,00,00,000 |
| 9 | 100360364 | MAS FINANCIAL SERVICES LIMITED | 28-07-2020 | 3,00,00,000 |
| 10 | 100358095 | AMBIT FINVEST PRIVATE LIMITED | 28-07-2020 | 3,00,00,000 |
| 11 | 100361428 | VIVRITI CAPITAL PRIVATE LIMITED | 29-07-2020 | 5,00,00,000 |
| 12 | 100380538 | CATALYST TRUSTEESHIP LIMITED | 25-08-2020 | 5,00,00,000 |
| 13 | 100371682 | HINDUJA HOUSING FINANCE LIMITED | 31-08-2020 | 10,00,00,000 |
| 14 | 100367219 | JANA SMALL FINANCE BANK LIMITED | 31-08-2020 | 10,00,00,000 |
| 15 | 100366501 | ECLEAR LEASING & FINANCE PRIVATE LIMITED | 07-09-2020 | 10,00,00,000 |
| 16 | 100381427 | AGILE FINSERV PRIVATE LIMITED | 28-09-2020 | 2,00,00,000 |
| 17 | 100381411 | PHF LEASING LIMITED | 30-09-2020 | 70,00,000 |
| 18 | 100374370 | INDIA FINSEC LIMITED | 05-10-2020 | 5,00,00,000 |
| 19 | 100402033 | HINDUJA HOUSING FINANCE LIMITED | 23-11-2020 | 10,00,00,000 |
| 20 | 100400579 | EXCLUSIVE LEASING AND FINANCE LIMITED | 27-11-2020 | 2,00,00,000 |
| 21 | 100399084 | UC INCLUSIVE CREDIT PRIVATE LIMITED | 28-11-2020 | 6,50,00,000 |



| | | | | |
|--|-----------|--|------------|-----------------------|
| 22 | 100393612 | SUNDARAM HOME FINANCE LIMITED | 08-12-2020 | 10,00,00,000 |
| 23 | 100409520 | NORTHERN ARC CAPITAL LIMITED | 09-12-2020 | 10,00,00,000 |
| 24 | 100404276 | JANA SMALL FINANCE BANK LIMITED | 17-12-2020 | 10,00,00,000 |
| 25 | 100406002 | CAPITAL INDIA FINANCE LIMITED | 18-12-2020 | 5,00,00,000 |
| 26 | 100421257 | CATALYST TRUSTEESHIP LIMITED | 31-12-2020 | 5,00,00,000 |
| 27 | 100406001 | ASHV FINANCE LIMITED | 05-01-2021 | 5,00,00,000 |
| 28 | 100423411 | VISTRA ITCL (INDIA) LIMITED | 21-01-2021 | 10,00,00,000 |
| 29 | 100406708 | Axis Bank Limited | 22-01-2021 | 1,00,00,000 |
| 30 | 100418587 | CASPIAN IMPACT INVESTMENTS PRIVATE LIMITED | 28-01-2021 | 7,00,00,000 |
| 31 | 100413494 | State Bank of India | 12-02-2021 | 30,00,00,000 |
| 32 | 100424105 | INCRED FINANCIAL SERVICES LIMITED | 17-02-2021 | 10,00,00,000 |
| 33 | 100448844 | VISTRA ITCL (INDIA) LIMITED | 18-02-2021 | 15,00,00,000 |
| 34 | 100429793 | ALWAR GENERAL FINANCE CO. PVT. LTD. | 26-02-2021 | 3,00,00,000 |
| 35 | 100429749 | JANA SMALL FINANCE BANK LIMITED | 04-03-2021 | 2,50,00,000 |
| 36 | 424340 | NATIONAL HOUSING BANK | 04-03-2021 | 25,00,00,000 |
| 37 | 100432551 | USHA FINANCIAL SERVICES PRIVATE LIMITED | 24-03-2021 | 5,00,00,000 |
| 38 | 100442014 | NORTHERN ARC CAPITAL LIMITED | 30-03-2021 | 10,00,00,000 |
| TOTAL BORROWING DURING THE YEAR | | | | 3,02,20,00,000 |

The aggregate outstanding bank borrowings i.e. Term Loans plus overdraft at the end of the Financial Year stood at Rs 415.17 Crore as compared to Rs 208.66 Crore at the end of the Previous Year. Further the overall borrowings are within regulatory ceiling as well as aggregate borrowing limit of the Company

The overall cost of borrowings (average) was 13 % p.a. as on March 31, 2021.

NON-CONVERTIBLE DEBENTURES:

Secured Non- Convertible Debentures amounting to Rs 35 Crores were issued by the Company on Private Placement Basis during the year under review:

The Company's principal outstanding from Non- Convertible Debentures ("NCD") stood at Rs 33.52 Cr. The detailed break-up of NCDs as on March 31 2021 and the rating assigned by the rating agencies are as under:

| S.no | ISIN | No of Debentures | Amount | Principal Outstanding as on March 31 2021 | Ratings | Listed/ Unlisted |
|------|--------------|------------------|---------|---|------------|------------------|
| 1 | INE0E2307013 | 50 | Rs 5 Cr | Rs 5.00 Cr | [ICRA]BBB- | Unlisted |



| | | | | | | |
|--------------|--------------|-------------|-----------------|--------------------|---------------|----------|
| 2 | INE0E2307021 | 500 | Rs 5 Cr | Rs 5.00 Cr | ACUITE BBB | Unlisted |
| 3 | INE0E2307039 | 200 | Rs 10 Cr | Rs 9.17 Cr | ACUITE BBB | Unlisted |
| 4 | INE0E2307047 | 300 | Rs 15 Cr | Rs 14.35 Cr | ACUITE BBB | Unlisted |
| Total | | 1050 | Rs 35 Cr | Rs 33.52 Cr | | |

REFINANCE FROM NHB

During the Financial year under review NHB sanctioned the Company Rs 36.50 Crore under NHB's regular refinance scheme.

Further in wake of COVID-19 pandemic Reserve Bank of India has provided a Special Liquidity Facility (SRF) of Rs 10000 Crore to National Housing Bank to enable it to infuse liquidity into the housing sector through Housing Finance Companies at affordable rates to meet the credit needs of the sector.

Accordingly, NHB launched Special Refinance Facility (SRF) to provide short term refinance support. Under this scheme NHB Sanctioned Rs 4.5 Crore to the Company during the period under review.

SUBSIDIARY COMPANY

The Company has no subsidiaries as on March 31, 2021.

ASSOCIATE COMPANIES

Pursuant to Rule 8 (5)(iv) of Companies (Accounts) Rules 2014 the Company is required to give the names of the companies which have become or ceased to be its Subsidiaries Joint Ventures or Associate Companies during the year.

During the year No Company has become or ceased to be subsidiary Joint Venture or Associate Company of the Company.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The provisions of Section 135 of the Act with respect to Corporate Social Responsibility (CSR) are at present not applicable on the Company.

RELATED PARTY TRANSACTIONS

There are no material significant related party transactions as per Companies Act 2013 made by the Company with Promoters Directors and Key Managerial Personnel which may have a potential conflict with the interest of the Company at large. The details of Related Party Transactions have been provided in Form AOC -2 marked as *Annexure C*.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

AUTHORISED SHARE CAPITAL

The Authorised Share Capital as on March 31 2021 stood at Rs 482000000/- (Rupees Forty Eight Crores Twenty Lakhs Only) divided into 27000000 (Rupees Two Crores Seventy Lakhs Only) Equity Shares of



Rs 10/-(Rupees Ten Only) and 21200000 (Two Crores Twelve Lakhs Only) Preference Shares of Rs 10/-(Rupees Ten only) each.

ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL

There has been no Allotment made by the Company during the Financial Year 2020-21.

On March 31 2021 the Issued Subscribed and Paid-up Share Capital of the Company stood at Rs 343055800/- (Rupees Thirty-Four Crores Thirty Lakhs Fifty Five Thousand Eight Hundred Only) divided into 13181030 (One Crore Thirty One Lakhs Eighty One Thousand and Thirty Only) Equity Shares of Rs 10/- (Rupees Ten Only) each and 21124550 (Two Crores Eleven Lakhs Twenty Four Thousand Five Hundred and Fifty Only) Compulsorily Convertible Preference Shares of Rs 10/-(Rupees Ten Only) each.

During the year under review the Company has not:

- i. Issued Equity Shares with differential rights as to dividend voting or otherwise as per Section 43 of the Companies Act, 2013.
- ii. Issued shares (including sweat equity shares) to employees of the Company under any scheme pursuant to Section 54 of the Companies Act 2013; and
- iii. Issued Equity Shares under Employees Stock Option Scheme as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules 2014.

SHAREHOLDING OF THE COMPANY

During the year under review 750010 Equity Shares and 6124939 Compulsorily Convertible Preference Shares held by Insitor Impact Asia Fund Pte. were transferred to Gojo and Company Inc.

The shareholding pattern of the Company as on March 31, 2021, was as follows:

1. EQUITY SHARE CAPITAL

| S. No. | Name of Shareholder | Number of Shares | % of Shareholding |
|--------|------------------------------|------------------|-------------------|
| 1 | Ms. Kaajal Aijaz Ilmi | 9721667 | 73.76% |
| 2 | Mr. Om Parkash Sikka | 1000 | 0.01% |
| 3 | Mr. Kunal Sikka | 2000000 | 15.17% |
| 4 | Mr. Alok Joshi & Reena Joshi | 333333 | 2.53% |
| 5 | Ms. Aarushi Gupta | 62500 | 0.47% |
| 6 | Ms. Nidhi Mittal | 62500 | 0.47% |
| 7 | Mr. Abhishek Jain | 150000 | 1.14% |
| 8 | Mr. Abhinav Jain | 100000 | 0.76% |
| 10 | Gojo & Company Inc | 750020 | 5.69% |



| | | | |
|----|--|-----------------|-------------|
| 11 | Capital 4 Development Asia Fund Cooperatief U.A. | 10 | 0.00% |
| | Total | 13181030 | 100% |

2. PREFERENCE SHARE CAPITAL

| S. No. | Name of Shareholder | Number of Shares | % of Shareholding |
|--------|--|------------------|-------------------|
| 1. | Gojo & Company Inc | 17624646 | 83.43% |
| 2. | Capital 4 Development Asia Fund Cooperatief U.A. | 3499904 | 16.57% |
| | Total | 21124550 | 100% |

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

a. Board of Directors

As at the year ended 31st March 2021 the Board of Directors comprised as below:

| Name of Director | DIN | Type |
|----------------------|----------|-------------------------|
| Ms Kaajal Aijaz Ilmi | 01390771 | Managing Director & CEO |
| Mr Sanjay Gandhi | 02234298 | Nominee Director |
| Mr Arvind Agarwal | 07405470 | Nominee Director |
| Mr Kunal Sikka | 09082591 | Additional Director |

During the year under review the following were the changes in the composition of the Board of Directors of the Company:

During the year under review the following were the changes in the composition of the Board of Directors of the Company:

- Mr Kunal Sikka was appointed as Additional Director of the Company w.e.f February 25, 2021.
- Ms Micaela Ratini resigned from the position of Nominee Director of Insitor Impact Asia Fund on May 12, 2020.
- Mr Om Parkash Sikka sudden demise led to vacation of his office w.e.f December 17, 2020.

b. Directors Disclosures

Based on the declarations and confirmations received in terms of the provisions of the Act circular(s) / notification(s) / direction(s) issued by the Reserve Bank of India (RBI) as well as National Housing Bank (NHB) and such other applicable laws none of the Directors of the Board of your Company are disqualified from being appointed as Directors.



c. Key Managerial Personnel

In accordance with the provisions of Section 203 of the Companies Act 2013 and rules made thereunder the following are the Key Managerial Personnel (KMP) of the Company:

| Name | Designation |
|---------------------------|-------------------------------|
| Mr. Ramandeep Singh Gill* | Chief Finance Officer ("CFO") |
| Ms. Divyani Chand | Company Secretary |

*Mr Ramandeep Singh Gill Chief Financial Officer w.e.f December 30, 2020.

COMMITTEES OF THE BOARD:

Asset Liabilities Management Committee

The Board has constituted Asset Liabilities Management Committee as a sub-committee of the Board on January 24 2018. The Committee consists of following Members as on March 31, 2021:

| # | Name of the Member | Designation |
|---|----------------------|-------------------------|
| 1 | Ms Kaajal Aijaz Ilmi | Managing Director & CEO |
| 2 | Mr Sanjay Gandhi | Nominee Director |
| 3 | Mr Arvind Agarwal | Nominee Director |
| 4 | Mr Ramandeep Singh | Chief Financial Officer |
| 5 | Mr Satish Bansal | Chief Risk Officer |

Risk Management Committee

The Board has constituted Risk Management Committee on January 24, 2018. The Committee consists of following Members as on March 31, 2021:

| # | Name of the Member | Designation |
|---|----------------------|-------------------------|
| 1 | Ms Kaajal Aijaz Ilmi | Managing Director & CEO |
| 2 | Mr Sanjay Gandhi | Nominee Director |



| | | |
|---|--------------------|-------------------------|
| 3 | Mr Arvind Agarwal | Nominee Director |
| 4 | Mr Ramandeep Singh | Chief Financial Officer |
| 5 | Mr Satish Bansal | Chief Risk Officer |

Credit Committee

The Board has constituted Credit Committee on February 05, 2018. The Committee consists of following Members as on March 31, 2021:

| # | Name of the Member | Designation |
|---|----------------------|-------------------------|
| 1 | Ms Kaajal Aijaz Ilmi | Managing Director & CEO |
| 2 | Mr Satish Bansal | Chief Risk Officer |

LOAN REVIEW MECHANISM COMMITTEE

The Board has constituted Loan Review Mechanism Committee on January 24, 2018. The Committee consists of following Members as on March 31, 2021:

| # | Name of the Member | Designation |
|---|----------------------|-------------------------|
| 1 | Ms Kaajal Aijaz Ilmi | Managing Director & CEO |
| 2 | Mr Ramandeep Singh | Chief Financial Officer |
| 3 | Mr Satish Bansal | Chief Risk Officer |
| 4 | Mr Vineet Ranjan | Chief Strategy Officer |

FAIR PRACTICE CODE COMMITTEE

The Board has constituted Fair Practice Code Committee on February 05, 2018. The Committee consists of following Members as on March 31, 2021:

| # | Name of the Member | Designation |
|---|----------------------|-------------------------|
| 1 | Ms Kaajal Aijaz Ilmi | Managing Director & CEO |
| 2 | Mr Satish Bansal | Chief Risk Officer |
| 3 | Mr Vineet Ranjan | Chief Strategy Officer |
| 4 | Mr Shashi Chandra | Senior Manager-HR |



IT STRATEGY COMMITTEE

The Board has constituted IT Strategy Committee on September 30, 2019. The Committee consists of following Members as on March 31, 2021:

| S No | Members | Designation |
|------|-------------------|---|
| 1 | Kaajal Aijaz Ilmi | Managing Director & CEO Member |
| 2 | Mr Kunal Sikka | Director Member |
| 3 | Mr Mool Raj Rana | Chief Information Officer and Chief Technology Officer Member |

IT EXECUTIVE COMMITTEE

The Board has constituted IT Executive Committee on September 30, 2019. The Committee consists of following Members as on March 31, 2020:

| S No | Members | Designation |
|------|----------------------|---|
| 1 | Ms Kaajal Aijaz Ilmi | Managing Director & CEO Chairperson of the Committee |
| 2 | Mr Vineet Ranjan | Chief Strategy Officer |
| 3 | Mr Mool Raj Rana | Chief Information Officer and Chief Technology Officer Member |

WORKING COMMITTEE

The Board has constituted Working Committee on September 21, 2020. The Committee consists of following Members as on March 31, 2021:

| S No | Members | Designation |
|------|-------------------------|-------------------------|
| 1 | Ms Kaajal Aijaz Ilmi | Managing Director & CEO |
| 2 | Ms Divyani Chand | Company Secretary |
| 3 | Mr Ramandeep Singh Gill | Chief Financial officer |



NUMBER OF MEETINGS HELD DURING THE FINANCIAL YEAR 2020-21:

Table containing details of Board Meetings and Committees Meetings along with dates are as follows:

| S. No | Name of Committee | No. of Meetings | Date of Meetings |
|-------|--|-----------------|---|
| 1. | Board Meetings | 6 (Six) | 1. May 19, 2020. 2. August 20, 2020. 3. September 21, 2020. 4. December 30, 2020. 5. January 28, 2021. 6. February 17, 2021. |
| 2. | Asset Liability Management Committee **1 | 9 (Nine) | 1. July 03, 2020. 2. July 07, 2020. 3. July 15, 2020. 4. July 24, 2020. 5. July 28, 2020. 6. July 29, 2020. 7. August 31, 2020. 8. September 07, 2020. 9. January 28, 2021. |
| 3. | Credit Committee | 5 (Five) | 1. October 20, 2020. 2. November 18, 2020. 3. December 21, 2020. 4. January 06, 2021. 5. February 25, 2021. |
| 6 | Risk Management Committee | 2(Two) | 1. September 01, 2020. 2. January 28, 2021. |
| 7 | IT Strategy Committee | 2(Two) | 1. September 25, 2020. 2. February 26, 2021. |
| 8 | IT Executive Committee | 2(Two) | 1. September 25, 2020. 2. February 26, 2021. |
| 9 | Working Committee**2 | 18 (Eighteen) | 1. September 25, 2020 2. September 29, 2020 3. October 05, 2020 4. November 23, 2020 5. November 27, 2020 6. December 03, 2020 7. December 08, 2020 8. December 14, 2020 9. December 17, 2020 10. December 31, 2020 11. January 05, 2021 12. January 28, 2021 13. February 05, 2021 14. February 11, 2021 15. February 17, 2021 16. March 03, 2021 17. March 24, 2021 18. March 30, 2021 |



**

1. *The Scope of work and Composition of the Asset Liability Management Committee was revised by the Board of Directors in the Board Meeting held on September 21, 2020. The Borrowing power that was earlier delegated to the Asset Liability Management Committee was transferred to a Working Committee Constituted in the Board Meeting dated September 21, 2020.*
2. *Working Committee was constituted in the Board Meeting held on September 21, 2020, and the scope of work of the Committee was defined.*

ATTENDANCE OF DIRECTORS AT BOARD MEETINGS AS PER COMPANIES ACT 2013

| # | Name | Board Meetings | |
|----|------------------------|----------------|----------|
| | | Meetings held | Attended |
| 1. | Ms Kaajal Aijaz Ilmi | 6 | 6 |
| 2 | Mr Om Parkash Sikka**1 | 6 | 1 |
| 3 | Ms Micaela Ratini**2 | 6 | 0 |
| 2. | Mr Sanjay Gandhi | 6 | 6 |
| 3. | Mr Arvind Agarwal | 6 | 6 |
| 4 | Mr Kunal Sikka**3 | 6 | 0 |

**

1. Due to sudden demise of Mr Om Parkash Sikka there was a casual vacancy w.e.f December 17, 2020.
2. Ms Micaela Ratini resigned from the designation of Nominee Director of Insitor Impact Asia Pte Fund w.e.f May 12, 2020.
3. Mr Kunal Sikka was appointed as Non- Executive Director w.e.f February 25, 2021.

EXTRACTS OF ANNUAL RETURN

In terms of provisions of Section 92 of the Companies Act 2013 read with Rule 12 of Companies (Management and Administration) Rules the extracts of Annual Return of the Company in form MGT-9 is attached here as *Annexure- A* and the same is also available on the website of the Company at www.aviom.in.

CONFIRMATION ON NIL FRAUD MISFEASANCE OR ANY IRREGULARITY IN THE COMPANY

There were no instances of fraud misfeasance or irregularity detected and reported in the Company during the financial year 2020-21.



AUDITORS AND THEIR REPORTS:

The matters related to Auditors and their Reports are as under:

a. STATUTORY AUDITORS

In terms of provisions of Section 139 of the Companies Act 2013 and Companies (Audit and Auditors) Rules 2014 M/s BSR & Associates LLP were appointed as the Statutory Auditors of the Company from the conclusion of second Annual General Meeting till the conclusion of 7th Annual General Meeting of the Company.

The Auditors' Report for the financial year ended 31st March 2021 contain a qualification on non- payment of statutory dues for an amount of Rs 447931 under Employees Provident Fund and Miscellaneous Provision Act 1952; Rs 503017 under Professional Tax Act 1987 and Rs 45423 under Labour Welfare Fund Act 1965.

The Management response on the same is:

- I. For the observation under Employees Provident Fund and Miscellaneous Provision Act 1952. The Hon'ble Supreme Court of India, vide their ruling dated 28 February 2020, set out the principles based on which certain allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed by a third party and is pending before the Supreme Court for disposal. In view of the management, pending decision on the subject review petition and directions from the EPFO, the management has a view that the applicability of the decisions is prospective. Since the Company had commenced its operations in previous year, the impact of this, if any, is expected to be insignificant.
- II. For the observation under Professional Tax Act 1987 the Company was unable to get its Professional Tax Registration done as there was no online dealing at the respective department due to COVID-19, which lead to disruption of the entire process. The Company shall close the same by September 30, 2021.
- III. For the observation under Labour Welfare Fund Act 1965 due to technical error the Labour Welfare Fund was not submitted on time. The amount of Rs 45,423 is now deposited with the respective authority on July 26, 2021.

b. Statutory Audit Report

Statutory Auditors in their report(s) on the annual audited financial statements of your Company for the financial year ended March 31, 2021, have not submitted any qualifications reservations adverse remarks or disclaimers. However, clarifications wherever necessary have been included in the 'Notes to Accounts' of the Annual Report. Furthermore, a report under para 70 & 71 of the Chapter XII of the Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions 2021 is attached and is self-explanatory

c. Fraud Reporting

There has been no instance of fraud reported by the Auditors under Section 143(12) of the Companies Act 2013 and the Rules framed thereunder either to the Company or to the Central Government.



INTERNAL AUDITOR

As part of effort to evaluate the effectiveness of the Internal Control System your Company has appointed Agarwal & Saxena Chartered Accountants as the Internal Auditor of the Company to review the Internal audit function and other control measures on periodic basis.

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Remuneration of Directors and Key Managerial Personnel are given in MGT-9 (Annexure A).

PARTICULARS OF LOANS GUARANTEES OR INVESTMENTS UNDER SECTION 186

Details of Loans provided by the Company during the Financial Year 2017-2018 as per Section 186 of Companies Act 2013 are as under:

| S. No. | Date of making Loan | Name of the Body Corporate | Amount of Loan (in Rupees) | Rate of Interest | Date of Maturity | Date of Passing Board Resolution |
|--------|---------------------|----------------------------|----------------------------|------------------|------------------|----------------------------------|
| NIL | | | | | | |

DISCLOSURES PERTAINING TO RBI & NHB GUIDELINES

a. RISK MANAGEMENT

Your Company has set up a strong operating framework and developed robust credit appraisal policies to evaluate income and repayment capabilities of customers. The Company continues to practice prudence in terms of its lending practices and uses effective checks and balances to mitigate risk exposure. This includes a credit history check from credit bureau data an employment business and residence check through personal discussions and in-house legal technical and fraud checks.

Company's Risk Management framework provides the mechanism for risk assessment and mitigation. The Board has delegated responsibility of overseeing Risk Management framework to the Risk Management Committee. The Risk Management Committee (RMC) of your Company comprises of Ms Kaajal Aijaz Ilmi Managing Director & CEO Mr Sanjay Gandhi Nominee Director Mr Arvind Agarwal Nominee Director Mr Ramandeep Singh Chief Financial Officer and Mr Satish Bansal Chief Risk Officer of the Company. The Risk Management Committee will be responsible for reviewing the risks associated with the business of the Company its root causes and the efficacy of the measures taken to mitigate the same.

b. Guidelines on Corporate Governance

In line with adoption of best practices and greater transparency in the operations of the Company and in compliance with the directions issued by Reserve Bank of India (RBI) under Chapter IX of Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions 2021 the Board of Directors of the Company had approved and adopted the "Internal Guidelines on Corporate Governance". The said Guidelines are available on the website of the Company at www.aviom.in

c. Information pursuant to para 44 of Chapter VII of Master Direction - Non-Banking Financial Company - Housing Finance Company (Reserve Bank) Directions 2021



- the total number of accounts of public deposit of the company which have not been claimed by the depositors or not paid by the company after the date on which the deposit became due for repayment - Not applicable
 - the total amount due under such accounts remaining unclaimed or unpaid beyond the date referred as aforesaid - Not applicable
- d. **Information pursuant to para 68 of Chapter XI 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 housing finance company after the date on which the non-convertible debentures became due for redemption - Not applicable
 - The total amount in respect of such debentures remaining unclaimed or unpaid beyond the date referred as aforesaid - Not applicable

WHISTLE BLOWER POLICY

Your Company has adopted a Whistle Blower Policy as part of HR Policy and established a mechanism for Directors and Employees to report concerns about unethical behaviour actual or suspected fraud or violation of code of conduct. The mechanism also provides for adequate safeguard against the victimisation of employees who avail the mechanism.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION PROHIBITION AND REDRESSAL) ACT 2013

The Company has formed an Anti-Sexual Harassment Policy ('Policy') in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention Prohibition and Redressal) Act 2013. Internal Complaints Committee (ICC) has been set-up to redress complaints received regarding sexual harassment.

The Internal Complaint Committee of your Company consists of following Members:

| # | Name of the Member | Designation |
|----|----------------------|-------------|
| 1 | Ms Kaajal Aijaz Ilmi | Chairperson |
| 2 | Mr Shashi Chandra | Member |
| 3 | Ms Divyani Chand | Member |
| 4. | Mr Vineet Ranjan | Member |

During the financial year 2020-21 the Company had received NIL complaints on sexual harassment and the same was disposed off in accordance with the Company's policy on prevention prohibition and redressal of sexual harassment at workplace.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act 2013 the Directors to the best of their knowledge and belief confirm that:

- a) In the preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation relating to material departures.



- b) The Directors 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 at the end of the financial year and of the profit and loss 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 this 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; and
- e) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws while ensuring that such systems were adequate and operating effectively.

ENERGY CONSERVATION TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since the Company provides Home Loans most of the information as required under Section 134(3) of the Companies Act 2013 read with the Rule 8 of Companies (Accounts of Companies) Rules 2014 is not applicable. However, the information as applicable has been given in *Annexure - B* and forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO

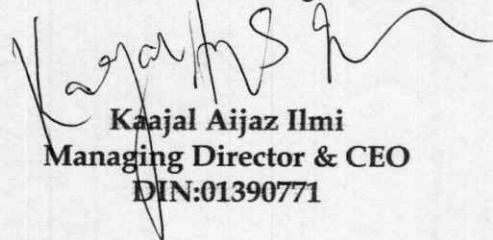
| | For the Financial year ended as on 31 st March 2021(Amt in crores) | For the Financial year ended as on 31 st March 2020 (Amt in crores) |
|----------------------------------|---|--|
| Actual Foreign Exchange earnings | Nil | Nil |
| Actual Foreign Exchange outgo | 0.13 | 0.10 |

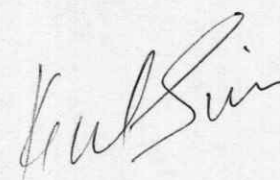
ACKNOWLEDGEMENT

Your director's take this opportunity to express their sincere gratitude to the customers of AVIOM for their confidence and patronage; to the shareholders regulatory bodies bankers and rating agencies for their unyielding support and guidance; and to the employees for their commitment hard work and zeal during the year.

By the Order of the Board of Directors

For AVIOM India Housing Finance Private Limited


Kaajal Aijaz Ilmi
 Managing Director & CEO
 DIN:01390771


Kunal Sikka
 Director
 DIN: 09082591

Date: August 11, 2021
 Place: New Delhi



Form No. MGT-9**Extract of Annual Return as on the Financial Year ended on March 31, 2021**

[Pursuant to section 92(3) of the Companies Act 2013 and rule 12(1) of the
Companies (Management and Administration) Rules 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|------|---|--|
| i. | CIN | U65993DL2016PTC291377 |
| ii. | Registration Date | February 18 2016 |
| iii. | Name of the Company | AVIOM India Housing Finance Private Limited |
| iv. | Category / Sub-Category of the Company | Company Limited by Shares |
| | | Indian Non- Government Company |
| v. | Address of the Registered office and contact details | 83 First Floor Basant Lok Vasant Vihar New Delhi-110057 |
| vi. | Whether listed company | Unlisted |
| vii. | Name Address and Contact details of Registrar and Transfer Agent if any | Link Intime India Private Limited |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---------|--|----------------------------------|------------------------------------|
| 1 | Housing Finance Activities | 65922 | 100% |

III. PARTICULARS OF HOLDING SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|---------------------------------|---------|--------------------------------|------------------|--------------------|
| | - | - | - | - | - |

IV. SHARE HOLDING PATTERN

(EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--|---|-----------------|------------------|-------------------|---|-----------------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoter | | | | | | | | | |
| 1) Indian | | | | | | | | | |
| a) Individual/HUF | - | 9722667 | 97226670 | 73.76 | - | 9722667 | 97226670 | 73.76 | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any Other | - | - | - | - | - | - | - | - | - |
| Subtotal(A) (1):- | - | 9722667 | 97226670 | 73.76 | - | 9722667 | 97226670 | 73.76 | - |
| 2) Foreign | - | - | - | - | - | - | - | - | - |
| g) NRIs Individuals | - | 2000000 | 20000000 | 15.17 | - | 2000000 | 20000000 | 15.17 | - |
| h) Other-Individuals | - | - | - | - | - | - | - | - | - |
| i) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| j) Banks / FI | - | - | - | - | - | - | - | - | - |
| k) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2):- | - | 2000000 | 20000000 | 15.17 | - | 2000000 | 20000000 | 15.17 | - |
| Total Promoter Shareholding (A)=(A)(1)+(A)(2) | | 11722667 | 117226670 | 88.93 | - | 11722667 | 117226670 | 88.93 | - |
| B. Public Shareholding | | | | | | | | | |
| 1. Institutions | - | - | - | - | - | - | - | - | - |



| | | | | | | | | | |
|---|---|----------------|-----------------|--------------|----------|----------------|-----------------|--------------|-------------|
| a) Mutual Funds | - | - | - | - | - | - | - | - | - |
| b) Banks/ FI | - | - | - | - | - | - | - | - | - |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | - | - | - | - | - | - | - | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies | - | - | - | - | - | - | - | - | - |
| g) FIIs | - | - | - | - | - | - | - | - | - |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| a) Bodies Corp. | | | | | | | | | - |
| (i) Indian | | | | | | | | | |
| (ii) Overseas | | 750010 | 7500100 | 5.69 | - | 750030 | 7500300 | 5.69 | |
| b) Individuals | | | | | | | | | |
| (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | | 225000 | 2250000 | 1.7 | - | 225000 | 2250000 | 1.7 | - |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | 483333 | 4833330 | 3.67 | - | 483333 | 4833330 | 3.67 | - |
| c) Other (Specify) | - | | | | | | | | - |
| Non-Resident Indians | | | | | | | | | |
| Sub-total (B)(2) | | 1458343 | 14583430 | 11.06 | - | 1458363 | 14583630 | 11.06 | 0.00 |



| | | | | | | | | | |
|---|---|----------|-----------|-------|---|----------|-----------|-------|------|
| Total Public Shareholding (B)=(B)(1)+(B)(2) | | 1458343 | 14583430 | 11.06 | - | 1458363 | 14583630 | 11.06 | 0.00 |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | | 13181010 | 131810100 | 100 | - | 13181030 | 131810300 | 100 | - |

ii. Category-wise Share Holding (Preference Shareholding)

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during the year |
|--------------------------|---|----------|-------|-------------------|---|----------|-------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| C. Promoter | | | | | | | | | |
| 3) Indian | | | | | | | | | |
| l) Individual / HUF | - | - | - | - | - | - | - | - | - |
| m) Central Govt | - | - | - | - | - | - | - | - | - |
| n) State Govt(s) | - | - | - | - | - | - | - | - | - |
| o) Bodies Corp | - | - | - | - | - | - | - | - | - |
| p) Banks / FI | - | - | - | - | - | - | - | - | - |
| q) Any Other | - | - | - | - | - | - | - | - | - |
| Subtotal(A) (1):- | - | - | - | - | - | - | - | - | - |
| 4) Foreign | | | | | | | | | |
| r) NRIs- Individuals | - | - | - | - | - | - | - | - | - |
| s) Other- Individuals | - | - | - | - | - | - | - | - | - |
| t) Bodies Corp. | - | - | - | - | - | - | - | - | - |



| | | | | | | | | | |
|--|---|---------|----------|-----|---|----------|-----------|-----|---|
| u) Banks / FI | - | - | - | - | - | - | - | - | - |
| v) Any Other.... | - | - | - | - | - | - | - | - | - |
| Sub-total (A)(2):- | - | - | - | - | - | - | - | - | - |
| Total Promoter Shareholding (A)=(A)(1)+(A)(2) | - | - | - | - | - | - | - | - | - |
| D. Public Shareholding | - | - | - | - | - | - | - | - | - |
| 2. Institutions | - | - | - | - | - | - | - | - | - |
| j) Mutual Funds | - | - | - | - | - | - | - | - | - |
| k) Banks / FI | - | - | - | - | - | - | - | - | - |
| l) Central Govt | - | - | - | - | - | - | - | - | - |
| m) State Govt(s) | - | - | - | - | - | - | - | - | - |
| n) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| o) Insurance Companies | - | - | - | - | - | - | - | - | - |
| p) FIIs | - | - | - | - | - | - | - | - | - |
| q) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| r) Others (specify) | - | - | - | - | - | - | - | - | - |
| Sub-total (B)(1) | - | - | - | - | - | - | - | - | - |
| 2. Non Institutions | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. (i) Indian | - | - | - | - | - | - | - | - | - |
| (ii) Overseas | - | 6124939 | 61249390 | 100 | - | 21124550 | 211245500 | 100 | - |



| | | | | | | | | | |
|---|---|---------|----------|-----|---|----------|-----------|-----|---|
| e) Individuals | | - | - | - | - | - | - | - | - |
| (i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | | | | | | | | | |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | | - | - | - | - | - | - | - | - |
| f) Others (Specify) | - | - | - | - | - | - | - | - | - |
| Non-Resident Indians | | | | | | | | | |
| Sub-total (B)(2) | | 6124939 | 61249390 | 100 | - | 21124550 | 211245500 | 100 | - |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | | - | - | - | - | - | - | - | - |
| C. Shares held by Custodian for GDRs & ADRs | - | - | - | - | - | - | - | - | - |
| Grand Total (A+B+C) | | 6124939 | 61249390 | 100 | - | 21124550 | 211245500 | 100 | - |



Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|----------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledge d / encum bered to total | |
| 1. | Ms Kaajal Aijaz Ilmi | 9721667 | 73.76% | - | 9721667 | 73.76% | - | - |
| 2. | Mr Om Parkash Sikka | 1000 | 0.00% | - | 1000 | 0.00% | - | - |
| 3. | Mr Kunal Sikka | 2000000 | 15.17% | - | 2000000 | 15.17% | - | - |
| | Total | 11722667 | 88.93% | - | 11722667 | 88.93% | - | - |

iii. Change in Promoters' Shareholding (please specify if there is no change)

| | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|------------------------------|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| Ms Kaajal Aijaz Ilmi | | | | |
| At the beginning of the year | 9721667 | 73.76% | 9721667 | 73.76% |
| At the End of the year | 9721667 | 73.76% | 9721667 | 73.76% |
| Mr Om Parkash Sikka | | | | |
| At the beginning of the year | 1000 | 0.01% | 1000 | 0.00% |
| At the End of the year | 1000 | 0.01% | 1000 | 0.00% |
| MR KUNAL SIKKA | | | | |
| At the beginning of the year | 2000000 | 15.17 | 2000000 | 15.17 |
| At the End of the year | 2000000 | 15.17 | 2000000 | 15.17 |



iv. **Shareholding Pattern of top ten Equity Shareholders (other than Directors Promoters and Holders of GDRs and ADRs):**

| For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. MR ALOK JOSHI & REENA JOSHI | | | | |
| At the beginning of the year | 333333 | 2.53 | 333333 | 2.53 |
| (At the End of the year (or on the date of separation if separated during the year) | 333333 | 2.53 | 333333 | 2.53 |
| 2. MS AARUSHI GUPTA | | | | |
| At the beginning of the year | 62500 | 0.47 | 62500 | 0.47 |
| (At the End of the year or on the date of separation if separated during the year) | 62500 | 0.47 | 62500 | 0.47 |
| 3. MS NIDHI MITTAL | | | | |
| At the beginning of the year | 62500 | 0.47 | 62500 | 0.47 |
| (At the End of the year or on the date of separation if separated during the year) | 62500 | 0.47 | 62500 | 0.47 |
| 4. MR ABHISHEK JAIN | | | | |
| At the beginning of the year | 150000 | 1.14 | 150000 | 1.14 |
| (At the End of the year or on the date of separation if separated during the year) | 150000 | 1.14 | 150000 | 1.14 |
| 5. MR ABHINAV JAIN | | | | |
| At the beginning of the year | 100000 | 0.76 | 100000 | 0.76 |
| (At the End of the year or on the date of separation if separated during the year) | 100000 | 0.76 | 100000 | 0.76 |
| 6. GOJO & COMPANY INC | | | | |
| At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| (At the End of the year or on the date of separation if separated during the year) | 750020 | 5.69 | 750020 | 5.69 |
| 8. CAPITAL 4 DEVELOPMENT ASIA FUND COOPERATIEF U.A | | | | |
| At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| (At the End of the year or on the date of separation if separated during the year) | 10 | 0.00 | 10 | 0.00 |



Shareholding Pattern of top ten Preference Shareholders (other than Directors Promoters and Holders of GDRs and ADRs):

| For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the Company | No. of shares | % of total shares of the company |
| 1. GOJO & COMPANY INC | | | | |
| At the beginning of the year | 11499707 | 54.43% | 11499707 | 54.43% |
| At the End of the year (or on the date of separation if separated during the year) | 17624646 | 83.43% | 17624646 | 83.43% |
| 2. CAPITAL 4 DEVELOPMENT ASIA FUND COOPERATIEF U.A | | | | |
| At the beginning of the year | 3499904 | 16.56% | 3499904 | 16.56% |
| At the End of the year (or on the date of separation if separated during the year) | 3499904 | 16.56% | 3499904 | 16.56% |

(v) Shareholding of Directors and Key Managerial Personnel:

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--|---|----------------------------------|---|----------------------------------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| MS KAAJAL AIJAZ ILMI | | | | |
| At the beginning of the year | 97,21,667 | 73.76% | 97,21,667 | 73.76% |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | - | - | - | - |
| At the End of the year | 97,21,667 | 73.76% | 97,21,667 | 73.76% |
| MR OM PARKASH SIKKA (Vacancy w.e.f December 17, 2020 due to sudden demise) | | | | |
| At the beginning of the year | 1,000 | 0.00% | 1,000 | 0.00% |
| Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc.): | - | - | - | - |
| At the End of the year | 1,000 | 0.00% | 1,000 | 0.00% |
| MR KUNAL SIKKA (Director w.e.f February 25, 2021) | | | | |
| At the beginning of the year | 20,00,000 | 15.17% | 20,00,000 | 15.17% |



| | | | | |
|--|-----------|--------|-----------|--------|
| Date wise Increase / Decrease in Shareholding during the year specifying the | - | - | - | - |
| At the End of the year | 20,00,000 | 15.17% | 20,00,000 | 15.17% |

V. Indebtedness

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

(Amount in Rs Crores)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|--------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 208.67 | | | 208.67 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 0.85 | - | - | 0.85 |
| Total (i+ii+iii) | 209.52 | | | 209.52 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | 249.70 | | | 249.70 |
| - Reduction | 43.20 | | | 43.20 |
| Net Change | 206.50 | | | 206.50 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 415.17 | | | 415.17 |
| ii) Interest due but not paid | - | | | - |
| iii) Interest accrued but not due | 2.36 | | | 2.36 |
| Total (i+ii+iii) | 417.53 | | | 417.53 |



VI. **Remuneration of Directors and Key Managerial Personnel**

i. **Remuneration to Managing Director Whole-time Directors and/or Manager**

| Particulars of Remuneration | Name of MD/WTD/ Manager | (Amount in Rs) | |
|--|---|----------------|--------------|
| | | | Total Amount |
| | Ms Kaajal Aijaz Ilmi Managing Director & CEO | | |
| Gross salary | | | |
| (a) Salary as per provisions contained in section 17(1) of the Income-tax Act 1961 | 1,33,98,400 | | |
| (b) Value of perquisites u/s 17(2) Income-tax Act 1961 | - | | |
| (c) Profits in lieu of salary under section 17(3) Income- tax Act 1961 | - | | |
| Number of Stock Options | - | | - |
| Sweat Equity | - | | - |
| Commission | | | - |
| - as % of profit | - | | |
| - others specify... | - | | |
| Others please specify | | | - |
| Variable Compensation as per Employment Agreement | 24,00,000 | | |
| Total (A) | 1,57,98,400 | | |
| Ceiling as per the Act | - | | |



ii. Remuneration to Key Managerial Personnel other than Directors

(Amount in Rs)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | |
|---------|--|--|---|-------------|
| | | Mr Ramandeep Singh Gill (Chief Financial Officer) | Ms Divyani Chand (Company Secretary) | Total |
| 1. | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act 1961 | Rs 21,10,732/- | Rs 6,43,696/- | 27,54,428 |
| | (b) Value of perquisites u/s17(2) Income-tax Act 1961 | Rs 2,16,969/- | | Rs 2,16,969 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act 1961 | | | |
| 2. | Stock Option | | | |
| 3. | Sweat Equity | | | |
| 4. | Commission | | | |
| | - as % of profit | | | |
| | - others specify... | | | |
| 5. | Others please specify (Incentive) | Rs 50,000/- | | Rs 50,000 |
| 6. | Total | Rs 23,77,701/- | Rs 6,43,696/- | |



iii. Remuneration to Directors Other Than MD/Manager/WTD

(Amount in Rs)

| Sl. No. | Particulars of Remuneration | Directors | | | Total Amount |
|---------|--|--|--------------------------------------|---|--------------|
| | | MR SANJAY GANDHI (NOMINEE DIRECTOR) | MR ARVIND AGARWAL (NOMINEE DIRECTOR) | MR KUNAL SIKKA (NON-EXECUTIVE DIRECTOR) | |
| | Non-Executive Directors | | | | |
| | · Fee for attending board committee meetings | - | - | - | - |
| | · Commission | - | - | - | - |
| | · Others please specify (Conveyance Charges) | | | | |
| | Total | - | - | - | |
| | Overall Ceiling as per the Act | Not exceeding Rupees One Lakh per Director per Meeting of Board or Committee thereof | | | |

VII. Penalties / Punishment/ Compounding of Offences:

| Type | Section of the Companies Act | Brief description | Details of Penalty/ Punishment/ Compounding fees imposed | Authority [RD/ NCLT/ Court] | Appeal made. If any (give details) |
|-------------------|------------------------------|-------------------|--|-----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |



| | | | | | |
|-------------------------------------|---|---|---|---|---|
| Compounding | - | - | - | - | - |
| B. Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |



INFORMATION RELATED TO CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3)(m) OF THE COMPANIES ACT 2013 READ WITH RULE (8)(3) OF THE COMPANIES (ACCOUNTS) RULES 2014

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Conservation of Energy and Technology Absorption

The information in Part A and B pertaining to conversation of energy and technology absorption are not applicable to AVIOM India Housing Finance Private Limited as it is a Home Loan provider. However, the Company requires energy for its operations and every endeavour has been to ensure the optimal use of energy avoid wastage and conserve energy as far as possible.

The Company continuously evaluates global innovation and technology as a benchmark and wherever required entered arrangements to avail of the latest technology trends and practices.

Foreign Exchange Earnings and Outgo

Further during the year under review there were no foreign exchange earnings. The foreign exchange outgo was Rs 13,08,060/-.



FORM NO. AOC.2

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

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

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

| S.No | Particulars | Details |
|------|--|---------|
| a. | Name(s) of the related party and nature of relationship: | NA |
| b. | Nature of contracts/arrangements/transactions: | NA |
| c. | Duration of the contracts/arrangements/transactions | NA |
| d. | Salient terms of the contracts or arrangements or transactions including the value if any: | NA |
| e. | Justification for entering into such contracts or arrangements or transactions | NA |
| f. | Date(s) of approval by the Board: | NA |
| g. | Amount paid as advances if any: | NA |
| h. | Date on which the special resolution was passed in general meeting as required under first proviso to Section 188: | NA |

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

| S. No | Name(s) of the related party and nature of relationship | Nature of contracts/arrangements/transactions | Duration of the contracts/arrangements/transactions | Salient terms of the contracts or arrangements or transactions including the value if any | Date(s) of approval by the Board if any | Amount paid as advances if any |
|-------|---|---|---|---|---|--------------------------------|
| NA | | | | | | |



**ANNEXURE TO THE DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

1. ECONOMY AND INDUSTRY OVERVIEW

The COVID-19 pandemic has also affected the fastest growing economy in the world - the Indian economy - and has derailed its growth trajectory. Starting the 25.03.2020, a series of stringent lockdowns were announced by the government of India in a bid to prevent the spread of respiratory disease. As a result, the Indian economy witnessed de-growth, demand depression, supply side stress, lowering of industrial output & profits and high unemployment in first quarter of Financial Year 2020- 21.

Thereafter, with the gradual lifting of restrictions placed due to Covid, the Indian economy started to recover from the lows of April- May 2020. Starting July 2020, a resilient Indian economy saw V-shaped recovery propelled by robust stimulus packages, liquidity infusion and long-term structural reforms by the government of India & The Reserve Bank of India.

The Housing Finance Companies (HFCs), which were already facing growth moderation and asset quality woes in the wholesale segment, witnessed an even more challenging operating environment in FY21 due to the Covid 19 induced disruptions. These HFCs not only witnessed slowdown in disbursements and hence moderation in portfolio growth, but also witnessed increased pressure on asset quality in FY21. However, the affordable housing finance companies (AHFCs) seems to have grown at a pace of 8-10% in FY 2021 as compared to sector's overall negative growth. The long-term growth outlook for the affordable housing finance sector remains positive given the large underserved market, favourable demographic profile, housing shortage and Government support in the form of tax sops and subsidies and the sector is expected to grow around 12-15% in FY2022.

To provide a growth impetus to the housing finance sector multiple policy measures were announced, some of which were:

- reduced GST on certain category of housing.
- income tax relief for home loan customers and developers of affordable housing.
- liquidity infusion measures through Emergency Credit Linked Guarantee Scheme (ECLGS),
- Special liquidity Schemes, TLTRO & Partial Credit Guarantee Scheme.
- Moratorium facility to provide temporary relief to the borrowers whose businesses/cash inflows were severely impacted by Covid.
- One-time restructuring for re-scheduling EMLs of borrowers impacted by Covid.
- timeline extensions or other relaxations in the regulatory compliances of the HFCs
- Scheme for grant of ex-gratia payment of difference between compound interest and simple interest (Interest on Interest waiver)

INITIATIVES BY THE GOVERNMENT TO BOOST UP DEMAND

There has been a steady offtake in the affordable housing segment due to government's various incentives and efforts to stimulate the industry, some of which are listed below:

- Extension of the income tax rebate of Rs 1.5 lakh for affordable home loans till March 2022
- Extension of PMAY CLSS for MTG-I & MIG-II categories till March 2021 and for other categories till March 2022.
- An additional outlay of ~ 18000 crores were announced for Pradhan Mantri Awaas Yojana Urban ("PMA Y-U")
-



**ANNEXURE TO THE DIRECTORS' REPORT
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- Historically low repo rate by RBI has led to lower cost of funds for Banks/NBFCs/HFCs which has led to lower interest rates to borrowers.
- Aatmanirbhar stimulus packages were announced by Government of India from time to time during FY 2021 to boost employment, help housing infrastructure and enhance ease of doing business, among others

With all these developments in FY21, outlook of affordable housing finance segment looks promising

2. INDUSTRY STRUCTURE AND DEVELOPMENTS

Housing finance market in India has had a sound, stable and sustainable growth. Housing finance industry is highly competitive and HFCs, like ours, compete against Banks/NBFCs. Housing finance sector of late is seeing a renewed competition from Banks and NBFCs who have shifted their focus from wholesale loans to retail individual loans. The ability of Banks and large NBFCs to tap cheaper funds has affected ability of HFCs to offer competitive interest rates to customers. The continuous pressure on interest rates from Banks can affect the HFCs' ability to expand drastically by maintaining or increasing their margins.

However, your Company is better placed in terms of brand, management, quality portfolio and track record to tap funds.

The demand for housing in India shall continue to grow due to rapid urbanisation, increasing income levels, per capita income, emergence of nuclear families and moderation in housing prices. This growth has been given a further impetus by the Pradhan Mantri Awas Yojana [PMAY] for affordable housing.

Risk Factors for Housing Finance Companies (HFCs):

- Significant delays in construction by developers
- Treatment of homebuyers as financial creditors under the Insolvency and Bankruptcy Code (IBC). Any delay in handover of the property can be grounds for initiating corporate insolvency resolution proceeding under the IBC
- As liquidity remains tight for self-employed segment, they could face pressure on their borrowing costs

REGULATORY DEVELOPMENTS

During the FY 2021, the transition of supervision of HFCs from NHB to RBI was announced. With this change, all players in the housing finance sector are now governed by a single regulator. Subsequently, RBI issued consolidated Master Directions for HFCs on 17.02.2021, namely, the RBI HFC Master Directions 2021. However, responsibility of enforcement of RBI regulations still lies with the NHB. Hence, it can be said that for HFCs, there is two-fold regulatory structure, i.e., RBI and NHB.

To strengthen the Housing finance sector, RBI has raised: -

- Capital Adequacy Ratio (CAR) to 13% from March 2020 from 12% and raising it to 15% in a staggered manner by 2022.
- Cap on borrowing at 14 times of Net Owned Funds (NOF) by March 2020, 13 times of NOF by March 2021 and 12 times by March 2022



**ANNEXURE TO THE DIRECTORS' REPORT
MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

We believe that the growth of housing sector would provide the Company considerable opportunity to achieve scale and robust growth.

3. OPPORTUNITIES AND THREATS

Opportunities:

After unlocking began, Housing Loans witnessed strong growth - pent-up demand, lower interest rates, favourable government incentives helped in the sector's growth.

As per Financial Express, affordable Housing (loans up to Rs 35 lakhs) contributed to nearly 82 per cent of sourcing volumes with growth driven by Tier II and Tier III cities. There has been increasing share in overall originations across rural, semi-urban and urban segments over the last 4-5 year in the affordable segment, which indicates shifting trends from high ticket sizes. These emerging trends are very encouraging for the Company since it caters to affordable segment customers who are normally not served by the traditional lending institutions due to the lack of formal income proof. The company operates in a segment with good growth opportunities, given the healthy demand.

Threats:

Since the HFCs caters to the borrower segment which largely includes economically weaker sections and lower middle-income categories having low-income buffers, therefore these borrowers are vulnerable to economic shocks. With the Covid-19-induced disruptions impacting the cash flows of some borrowers, some of the HFCs may see higher vulnerability of their portfolio and higher volatility in delinquencies especially in softer buckets. The higher work force to keep increased diligence on portfolio and stress resolution can increase the operational costs of the HFCs. The extent to which COVID-19 outbreak will impact the business models and portfolio risk is difficult to estimate as the situation is still evolving

Company expects the losses on delinquencies to be limited considering the secured nature of the portfolio and the company's ability to manage the adverse impact of the Covid-19-induced stress.

4. SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

In terms of lending operations, cumulative loan sanctions aggregated Rs 376.99 Crores (from Rs 184.89 Cr at end of the previous financial year) - all to middle- and lower-income urban families who are generally excluded from the mainstream banking sector. The total loans outstanding figure was Rs 463.17 Cr (over Rs 241.38 Cr. at end of the previous financial year) as per owned book prepared in terms of IGAAP. The Company currently operates in 13 states.

In terms of portfolio quality, the Company had 0 loan accounts as on year end 31.03.2021 which were classified as non-performing assets ("NP As") per the prudential guidelines issued by the NHB.

In terms of funding, the Company did not raise any fresh equity during the year, and with retained profits, net worth has declined to Rs 80.95 Crores (PY Rs 86.72 Crores) due to increase in the deferred revenue expenditure. Your Company enjoy the patronage from various lending partners which includes the likes of largest nationalized bank i.e. State Bank of India and commercial banks



**ANNEXURE TO THE DIRECTORS' REPORT
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such as Axis Bank, IndusInd Bank term loan which was guaranteed by DFC - U.S. International Development Finance Corporation (DFC). The Company's loan portfolio continues to qualify as priority sector as defined by the Reserve Bank of India ("RBI").

Based on our excellent relationships with our current bankers and the company's financial and portfolio performance we are confident of arranging additional debt to cover projected growth plans. The Company is very well capitalized with capital adequacy ratio at 23.81% of risk weighted assets as against the minimum requirement of 14%.

FUNDING SOURCES

Company has a diversified lender mix, with participation from banks, financial institutions, NBFCs, International Lenders and NHB. As on March 31, 2021 the Company had INR 415.17 crores of debt on its balance sheet.

During the year under review, the Company managed to successfully raise 249.70 Crores from leading private banks, public sector banks, financial institutions, Global Lenders and NHB. The Company's cost of borrowing has been same i.e 13% in FY20 to 12.85% in FY21.

5. OUTLOOK

The outbreak of COVID-19 pandemic and the resultant lockdown and halt to economic activities, disrupted the Company's business mainly during end March 2020 to June 2020 in terms of fresh loan disbursements. However, with the resilient leadership supported by highly motivated workforce, Company witnessed a V-shaped recovery in its business and came roaring back with the more loan disbursement numbers than the previous year. Company's strong liquidity position helped it to recover quickly once the unlock began. The Company disbursed loans amounting to Rs. 246.20 Crores against Rs.129.84 Crores during previous year. The Company expects to repeat its strong performance in FY22.

The Company has leveraged technology infrastructure to ensure business continuity during uncertain times of Covid. The Company sees no material impact on its balance sheet in the medium and long term as it has adopted conservative practices

However, the present uncertainties regarding the pandemic remain a concern for the Company as well as the industry. Company will continue its focus on maintaining adequate liquidity, balanced ALM and robust asset quality. Further, its efforts towards enhancing efficiency with digitalization of processes and systems will be a significant support toward streamlining its operations and scaling up the business

6. RISK AND CONCERNS

The Company must manage various risks such as credit risk, liquidity risk, interest rate risk and operational risk etc. Company has a comprehensive Risk Management Policy in place and has laid down a well-defined risk management framework to identify, assess and monitor various elements of risk involved in the business and strengthen controls to mitigate risks. As mandated under the RBI HFC Master Directions 2021, the Company has constituted a Risk Management Committee which is responsible for putting in place a progressive risk management system, risk management policy and strategy to be followed by the Company.



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The Risk Management Committee and the Asset Liability Management Committee review and monitor these risks at regular intervals. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

The Company manages its credit risk through stricter credit norms in line with the business

requirements and continues to follow the time-tested practice of personally assessing every borrower, before committing credit exposure. This process ensures that the expertise in lending operations acquired by the Company over the past years is put to best use and acts to mitigate credit risks.

Successful mortgage lending requires/calls for timely identification, careful assessment and effective management of the credit, operational, market (interest-rate and liquidity) and reputation risks. The Company has adopted efficient risk-management policies, systems and processes that seek to strike an appropriate balance between risk and returns. The Company has also introduced appropriate risk management measures, such as accessing the applicant's credit history with credit information bureaus, field investigation of the applicant's credentials, adoption of prudent loan/value ratio and analysis of the borrower's debt-service capacity in addition to in-house scrutiny of the legal documents, risk-based loan pricing and property insurance. The Company has employed qualified personnel to value properties and track property price movements.

Operational risks arising from inadequate internal processes, people and systems or from external events are adequately addressed by the internal control systems and are continuously reviewed and monitored. The Senior Management Team regularly assesses the risks and takes appropriate measures to mitigate them. Process improvements and quality control are ongoing activities and are built into the employees' training modules as well. The Company ensures better control over transaction processing and regulatory compliance.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a well-placed, proper, adequate and documented internal control system commensurate with the size and nature of its business. The primary objective of the internal control system is to ensure that all its assets are safeguarded and protected and to prevent any revenue leakage and losses to the Company. Such controls also enable reliable financial reporting.

The Company has an Internal Auditor which conducts regular internal audits to examine the adequacy and compliance with policies, plans and statutory requirements. The Internal Audit Reports are directly placed before the Board of Directors in the Board Meeting.

The present reporting structure ensures independence of the internal audit function and embodies best corporate governance practices

8. DISCUSSION ON FINANCIAL PERFORMANCES WITH RESPECT TO OPERATIONAL PERFORMANCES

Financial Performance during FY21. The financial performance during the period under review is as:

- Company earned an income of Rs. 89.06 Crores from its operations (Rs.44.51 crores during the previous year).
- Company made a profit before tax (PBT) of Rs 2.23 Crore (Rs 3.87Crores during the previous year).



**ANNEXURE TO THE DIRECTORS' REPORT
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- After providing Rs 0.30 Crores for tax, net profit (PAT) with the company is Rs, 1.93 Crore during the year under review (Rs. 2.45 Crores (PAT) in the previous year after providing Rs 1.29 Crores for tax).
- Reserves and Surplus as at 31.03.2021 for Company is Rs. 54.35 Crores (Rs. 52.41 Crores in the previous financial year). Company has transferred Rs. 0.38 Crores to Special Reserve u/s 29C of NHB Act.
- Company has availed of Rs. 36.50 Crores from NHB as refinance under regular refinance scheme of NHB and Rs. 4.5 Crores under Additional Special Refinance Facility (ASRF).

Business Update/Operational Performance:

Company continues to be one of the fastest growing housing finance companies servicing the low- and medium-income customers in the informal segment. During FY 2021, the assets under management grew by about 92% over FY20. The number of active loans grew by over 90%. The business has witnessed a disbursement momentum of more than Rs. 25.00 crores per month from September 2020 onwards and achieved high monthly disbursement of Rs. 51.56 crores in the month of Nov 2020.

Portfolio Quality:

As a HFC, Company is exposed to credit risks along with risks associated with the real estate sector. It has been our endeavor to put in place people, processes and controls to address all the relevant risks to the portfolio. We have been quick to respond to changes in the external environment and have implemented credit policy restrictions at the onset of the pandemic after our experienced risk & credit policy leaders conducted exhaustive research and impact assessment of COVID-19 and associated lockdown on various industry and portfolio segments. Credit policy advisory has thereafter been guided to teams on a regular and frequent basis incorporating modifications commensurate with change in external conditions.

We have also imparted regular and rigorous training to sourcing and underwriting teams to further strengthen the quality of originations and ensure business numbers exceed previous achievements without any compromise on credit standards.

The pandemic is expected to cause increase in portfolio delinquency in the coming financial year, the expertise and strength of our collections, recovery, sales and service teams combined with the superior quality of our recent portfolio is expected to stand us in good stead in future.

Company ended the year with a NNPA of 0% and continues to follow a provisioning policy that is more conservative than the norms prescribed by regulations.

Asset Liability Management:

The NBFC/HFC sector has been facing headwinds for nearly two years now, having to negotiate through the liquidity squeeze triggered by the IL&FS default. The COVID-19 pandemic and the resulting worsening macro-economic environment has posed new challenges. Company has always focused on maintaining adequate liquidity, minimizing risk and ensuring that capital is deployed responsibly. The Company held Rs 23.73 Crores in cash, bank balances and liquid investments as on March 31, 2021. Due to this planned approach to liquidity management, the Company is well-poised not only to support its growing business fully but also to emerge stronger as compared with its competitors in the affordable housing finance space), in the post-pandemic period.



**ANNEXURE TO THE DIRECTORS' REPORT
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Company has historically maintained a prudent approach to liquidity and cash management. The treasury team undertakes daily tracking of the Company's liquidity and cash flow position. The Company regularly adjusts and undertakes remedial measures to ensure its liquidity and solvency position is not compromised under any situation.

Company had a total borrowing of Rs415.17 crores as on 31 March 2021. The Company has a Asset Liability Management Committee ('ALCO') which meets every quarter and continuously monitors asset-liability mismatches to ensure that there are no imbalances on either side of the Balance Sheet and review macroeconomic conditions affecting housing finance business, liquidity situation and interest rate environment, and provide direction to treasury on fund planning and business metrics.

Technology:

Company has significant dependency on its IT system for operations, controls, and reporting. The Application Software and IT System are upgraded from time to time. A decline in manual intervention has enhanced information accuracy, reduced rework, eliminated process duplication, rationalized the turnaround time in responding to loan requests and strengthened the MIS with real-time transparency leading to proactive remedial action. Company also takes initiative in maintaining adequate control for data integrity and its confidentiality.

Customer Service:

The Company continues to keep the customer at the centre of all its processes and policies. The disintermediation initiative taken by the company enabling faster resolution of customers' queries has been welcomed by at large by our customers.

9. MATERIAL DEVELOPMENT IN HUMAN RESOURCES INCLUDING NUMBER OF PEOPLE EMPLOYED

Employees' contribution is vital to the Company's performance both qualitative and quantitative. Accordingly, the Company's performance management system & Developmental initiatives are used effectively to improve staff capabilities in areas such as leadership, team building, knowledge accessibility and productivity enhancement. During the year, all Training & Developmental activities were moved to Virtual Mode.

The number of permanent employees on the rolls of Company as on 31.03.2021 was 1304.

10. CAUTIONARY STATEMENT

Some of the 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.

